

Quantitative Outcry Positions & Forms

OVERVIEW

There will be 2 heats with 4 team members competing for each entire heat.

The 4 team members will comprise of:

- 2 Analysts
- 2 Traders

The Analysts will work at a single workstation located in the Rotman Finance Lab (upstairs, 2nd floor). At the same time, the two team members designated as traders for the heat will trade with the traders from the other teams in the Fleck Atrium (ground floor). It is mandatory that each team rotates these positions between heats and no substitution of team members is allowed. For instance, if you were a trader in the first heat, you have to be an analyst in the second heat and vice versa.

Each team will receive a Quant Package which contains:

- 2 Team Stamps
- Trading Tickets – to be used by Traders only (see Figure 1)
- Analyst Estimate Forms
- 2 Spot Trade Tickets for Heat-1- to be used by Analysts only (they will have 1 stamp from the FRTL as shown below in Figure 2)
- 2 Spot Trade Tickets for Heat-2- to be used by Analysts only (they will have 2 stamps from the FRTL as shown below in Figure 3)
- Pens

Figure 1: Sample Trading Ticket

The image shows a 'Rotman Open Outcry' trading ticket with Ticket# 023720. It is divided into four quadrants: BUYER (top-left), SELLER (top-right), VOLUME (bottom-left), and PRICE (bottom-right). Each quadrant has a small 'INITIAL' box. A legend at the bottom reads: 'White: Report - Yellow: Buyer - Red: Seller'.

Figure 2: Sample Spot Trade Ticket for Heat 1

The image shows a 'Rotman Open Outcry' spot trade ticket with Ticket# 025307. It has the same layout as Figure 1. A single 'FRTL' stamp is visible in the top-right corner of the SELLER quadrant. The legend at the bottom reads: 'White: Report - Yellow: Buyer - Red: Seller'.

Figure 3: Sample Spot Trade Ticket for Heat 2

The image shows a 'Rotman Open Outcry' spot trade ticket with Ticket# 025305. It has the same layout as Figure 1. Two 'FRTL' stamps are visible: one in the top-right corner of the SELLER quadrant and another in the top-left corner of the BUYER quadrant. The legend at the bottom reads: 'White: Report - Yellow: Buyer - Red: Seller'.

As shown above, the Spot Trade Ticket for heat 1 will have only one FRTL stamp and the Spot Trade Ticket for heat 2 will have two FRTL stamps. If an Analyst uses the wrong Spot Trading Ticket for the wrong heat, the spot trade transaction will not be recorded. No additional Spot Trade Tickets will be issued.

Only Analysts may use Spot Trade Tickets, and only Traders may use (regular) Trading Tickets. These roles will switch between heats. Please ensure the members of your team have the correct trading tickets for each heat.

GENERAL RULES

1. The 2 heats are independent. At the end of each heat, the team's position will be settled by closing out its open contracts at the final spot price.
2. Each team has a soft trading limit of **200 contracts** and a fixed hard trading limit of **500 contracts** on its **net positions**. Violation of the hard limit will result in **disqualification** from the current heat for which the team will be ranked last. In case a team violates the hard limit during the first heat, they will be able to trade the 2nd heat. Heats are independent and positions are not carried over.
3. **Use of any electronic device** as a method of communication during the Quant Outcry session is strictly forbidden; it will result in immediate disqualification from the case and the team will be **ranked last in the Quantitative Outcry Case**.
4. **Use of electronic devices by Traders in the Fleck Atrium (Fleck Atrium)** for calculation purposes is also strictly forbidden. This includes pocket calculators. Rotman staff will be monitoring the trading floor. Any use of electronics will result in immediate disqualification from the case and the team will be **ranked last in the Quantitative Outcry Case**.
5. Each futures contract has a maximum volume of **20 contracts** and each spot contract has a maximum volume of **50 contracts** per trade ticket.
6. Spot trades and futures have the same multiplier. Therefore, if you buy 1 contract spot and sell 1 futures, your net position on the underlying will be zero. There will be a brokerage commission of \$1 per contract for both futures and spot trades.
7. It is the team member's responsibility to ensure their writing on the trade ticket is legible – illegible tickets will not be recorded.

TRADERS

Traders will be trading futures contracts on the RT100 Index. The traders will only have access to news headlines and the index chart. The news headlines and the RT100 Index chart will be displayed on the screen in the Fleck Atrium.

Traders should find a method of communicating with their analysts to facilitate optimal trade in the futures contracts. Remember that analysts are located one floor above the trading floor and that it is neither practical nor permissible for traders to leave the floor to speak in person with their analyst(s). Also, electronic communication is not permitted. Traders and analysts should devise a non-verbal and non-electronic system of communication. Commonly, traders communicate via hand signals.

During the trading heats traders will use their team stamp (provided in the Quant package) to identify themselves as either a buyer or seller before submitting the trade ticket to the ticket taker. At the end of each

heat, all submitted trade tickets will be reviewed and each team will be given a counterparty score based on the number of different trading counterparties with which it transacted with throughout the trading heat.

Spot Price: indicates the actual level of the index. Traders will be trading futures contracts for which the underlying is the RT100 Index.

Outcry Instructions:

Please watch our tutorial video:

<http://www.youtube.com/watch?v=6khiOK1Uh-A&feature=youtu.be>

ANALYSTS

Throughout the trading heat, Analysts will have access to news headlines, news details, the index chart, and their proprietary Excel model. The latter will not be provided by Finance Lab personnel; it must be developed by the teams in advance of the competition.

Analysts are required to submit a point estimate of where they forecast the RT100 will settle at the 15 and 30 minute marks. These estimates are due by 10 and 25 minutes of trading. Since analyst estimate forms are colour-coded for each trading session, Analysts should take care to use the correct analyst estimate form for submission.

Note that there will be updates of actual GDP figures for each country at the 15-minute mark. This provides an opportunity for Analysts to calibrate their estimates for the next 15 minutes. At the 30-minute mark, the actual GDP figures for each country will be released again. This is also the final index value for Heat 1.

Heat 1 and Heat 2 are independent of each other. The RT100 Index in Heat 2 starts from 1000.

Analyst Estimates Forms Details:

Heat	Time Due	Form Colour
Heat 1 Form 1	10 minute mark	PINK
Heat 1 Form 2	25 minute mark	BLUE
Heat 2 Form 1	10 minute mark	GREEN
Heat 2 Form 2	25 minute mark	PURPLE

Below, an example of how the Heat 2 Analysts from team "FRTL" should submit their analyst estimate form for Heat 2, Quarter 2.

In the box "Index Estimate", the Analysts should write their estimate of where they forecast the RT100 will settle at the 15-minute mark (in the picture above they forecast that the spot index will be 1015). The team's name will be printed in the box "This Form Belongs To". Please ensure the code printed matches your assigned team code.

Heat 2 Form 2

Analyst Estimate Form

Please submit a point estimate of where the RT100 index will be at the 30 minute mark

Index Estimate:	This Form Belongs To:
1012	FRTL

Please submit this form before **25 minutes** of trading has elapsed

Spot Trades Explained

Spot Price:

Spot price indicates the actual level of the index. Traders will be trading futures contracts for which the underlying is the RT100 Index.

Using Spot Trade Tickets:

Note: Spot trades can only be executed by Analysts (not Traders).

There are six spot trade tickets in the case package. Each team has 2 spot trades per heat and can trade up to 50 contracts per trade. Tickets with one "FRTL" stamp are for Heat 1 while tickets with two "FRTL" stamps are for Heat 2. Analysts need not use any or all of their spot trade tickets, but they cannot transfer tickets between the heats.

Submitting Spot Trade Tickets:

There will be spot trade counters set up in the Rotman Finance Lab for the Analysts upstairs. To execute a spot trade, the Analyst needs to fill out the "Quantity" and stamp the team code under either "Buy" (if s/he wants to buy) or "Sell" (if s/he wants to sell). Please leave the "Price" and counterparty sections blank.

Analysts can go to any one of the counters to submit the spot trades. The RITC staff at the counter will accept the ticket and record the transaction price based on the spot price as shown on the display at the moment that the ticket is submitted. RITC staff will determine the price at which the spot trades are transacted based on the staff member's observation of the spot price on display. Spot trades are final and irretrievable.

After submitting the spot trade ticket, the trades are considered executed. Therefore, for monitoring purposes, each team should make adjustments on the team's net trading position accordingly.

Spot Trade Example (Refer to the **appendix** below)

The Analyst observes that the spot price of the index is currently at **1054** (Figure 1). Suddenly, the headline shows there was a pirate attack (Figure 2). Interpreting this as alarming news, the Analyst immediately clicks on the headline to read the details (Figure 3). The news detail indicates that German Manufactured Good sector will be hurt by \$10B. Confronted by this apparent opportunity, the Analyst decides to short 10 contracts at the current spot price of 1054. The Analyst fills out one of the team's spot trade tickets by indicating ONLY the desired volume of contracts (10 contracts in this case) in the "Volume" box. In this example, the "Price" box and the "Buyer" box will be left blank. Then the Analyst will bring the ticket to the RITC staff member who will then determine the price at which the spot trade will be transacted and complete the "Price" box on the form. Once the spot trade is completed, the RITC staff member will also stamp "FRTL" on the ticket as the counterparty of the transaction (which is in the "Buyer" box, in this case).

SPOT TRADE EXAMPLE APPENDIX

Figure 1: The Index Chart



Figure 2: News for Traders Headlines

Most Recent	PIRATE ATTACK TO GERMAN CARGO
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Figure 3: News for Analysts

Tick	Headline	R...
P1:4	PIRATE ATTACK TO GERMAN CARGO	<input checked="" type="checkbox"/>
P1:0	Welcome to the Social Outcry	<input checked="" type="checkbox"/>

Ticker: PIRATE ATTACK TO GERMAN CARGO **Time:** P1:4

Pirate attacked a fleet of German cargos off of the Somalian coast. The ships were carrying manufactured goods to Japan and were not insured. As a result, the German manufactured goods sector is expected to decrease by \$10 Billions.

Figure 4. Spot Trade sample:

Please note that the price box on the ticket will be completed by a FRTL staff member, who will also provide the FRTL stamp.

Rotman Ticket# 059610

Open **FRTL** **FRTL**
 ROTMAN INTERNATIONAL TRADING COMPETITION ROTMAN INTERNATIONAL TRADING COMPETITION

<p>BUYER</p> <p>ROTMAN INTERNATIONAL FRTL TRADING COMPETITION</p> <p>INITIAL</p>	<p>SELLER</p> <p>ROTMAN INTERNATIONAL ROTA TRADING COMPETITION</p> <p>INITIAL</p>
<p>VOLUME</p> <p>10</p>	<p>PRICE</p> <p>1054</p>

White: Report - Yellow: Buyer - Red: Seller