

**1<sup>st</sup> ROTMAN EUROPEAN TRADING COMPETITION**  
*hosted by LUISS “Guido Carli” University of Rome*  
(SEPTEMBER 2010)

In September 2010, LUISS - Guido Carli University of Rome will host the 1<sup>st</sup> Rotman European Trading Competition (RETC), a three-day competition for university students who are interested in trading and investment management to meet and compete with each other.

The event will feature simulated trading cases that challenge students by engaging them in competitive trading, risk management, and analytical scenarios.

The competition’s format will closely resemble the design of the Rotman International Trading Competition (RITC), held last February 18 to 20, 2010, in Toronto, where a team of undergraduates from MIT outperformed 43 other teams from universities in North America, Europe and Asia. Complete details regarding RITC 2010 are available at [www.rotman.utoronto.ca/finance/lab/competitions-itc10-home.asp](http://www.rotman.utoronto.ca/finance/lab/competitions-itc10-home.asp).

The Rotman International Trading Competition has pioneered unique trading cases that stress the different challenges faced by traders. This year, the case formats at RITC were the following: Open Outcry, Sales & Trader, Commodities scenarios, Algorithmic High Frequency Trading, Credit Risk, Quantitative Outcry. These are “example cases” that could/would be included at RETC.

The case-sponsors of last RITC have been BP (Commodities Trading), Canadian Imperial Bank of Commerce (Algorithmic Trading), Alpha Ats (Sales & Trader).

#### **OPEN OUTCRY**

The objective of the social outcry case is to allow competition participants to interact (“to break the ice”) and to understand the progression of market technology. This segment of the competition is not included in the cumulative team score, since scores are based on individual performance. Each participant starts the session with \$1,000,000 cash and a neutral position in the futures. Participants are allowed to go long (buy) or go short(sell). Contracts in hand at the end of trading are marked-to-market at the closing spot price.



#### **SALES & TRADER**

Students receive block trade requests from buy-side institutions. Traders are then responsible for unwinding those blocks in an orderly manner on the open market. Students have a choice between executing on the main exchange, or on an alternative trading venue which offers different liquidity parameters.



## COMMODITIES TRADING

The Commodities Trading Case places competitors into a three-month trading simulation where they can transact natural gas futures contracts in an attempt to generate entrepreneurial trading profits. Traders forecast commodity prices based on both qualitative and quantitative news updates which impact supply and demand in the energy marketplace.

## ALGORITHMIC HIGH FREQUENCY TRADING

A brand new case that was introduced at RITC 2010, the Algorithmic HFT case uses the new Application Programming Interface (API) features built into Rotman Interactive Trader. Each team is required to use a market-making algorithm programmed in VBA to execute trades in a competitive manner. These algorithms capture profits from the bid-ask spread, as well as lucrative commission rebates offered by the exchange.

## CREDIT RISK CASE

This case exposes students to the dynamic world of fixed income trading and promotes an understanding of how default risk affects the prices of bonds. Students can trade a number of corporate bonds from different industries. Over the case, the bonds experience credit rating upgrades and downgrades. These credit ratings reflect the probability of default for each bond. Using this information, students have to decide whether they wish to buy, hold, or sell the bonds.

## QUANTITATIVE OUTCRY

Building on the experience of the opening night Social Open Outcry, this case combines trading, analytical, and communication skills to make outcry trading even more demanding. Participants have to use news, releases that give quantitative economic forecasts, instead of qualitative micro and macro data, to predict the direction of the market. This news needs to be analyzed and relayed to the trading crowd in an efficient manner so that trading decisions can be made on the floor.

## TENTATIVE SCHEDULE

### DAY 1 (THURSDAY)

18:00 - 19:00 Registration Opens  
 19:00 - 19:30 Welcome Reception  
 19:30 - 20:00 Outcry Tutorial  
 20:00 - 21:00 Social Outcry Trading  
 21:00 - 22:00 Cocktail Reception  
 22:00 - 22:30 Outcry Results

### DAY 3 (SATURDAY)

09:30 - 10:00 Breakfast  
 10:15 - 11:45 Commodities A  
 12:00 - 13:30 Commodities B  
 13:30 - 14:00 Lunch (*Sponsor 3 - speech*)  
 14:00 - 15:00 Algorithmic Case (Final)  
 17:00 - 18:30 Awards & Reception  
 22:30 - 00:00 Concluding Social

### DAY 2 (FRIDAY)

08:00 - 10:00 Late Registration  
 08:30 - 10:00 Breakfast  
 10:00 - 15:00 Algorithmic Case  
 10:00 - 11:30 Credit Risk A  
 11:30 - 13:00 Credit Risk B  
 13:00 - 14:00 Lunch (*Sponsor 1 - speech*)  
 14:00 - 15:30 Sales & Trader A  
 15:30 - 17:00 Sales & Trader B  
 17:00 - 17:30 Quantitative Outcry A  
 17:45 - 18:15 Quantitative Outcry B  
 18:15 - 18:30 Break  
 18:30 - 20:30 Dinner (*Sponsor 2 - speech*)  
 22:00 - 00:00 Social Event