

1st Annual Texas A&M Financial Trading Competition

Notes and Instructions

Rules: Basics

- Entry Fee (to cover administrative cost of operating competition): \$25
- Judges:
 - Jean-Claude Mercier – J-C Mercier & Associates, LLC
 - jc@jcmercier.com
 - Detlef Hallermann – Texas A&M University
 - dhallermann@mays.tamu.edu
- All discrepancies will be ruled upon by the judges and all decisions made are final

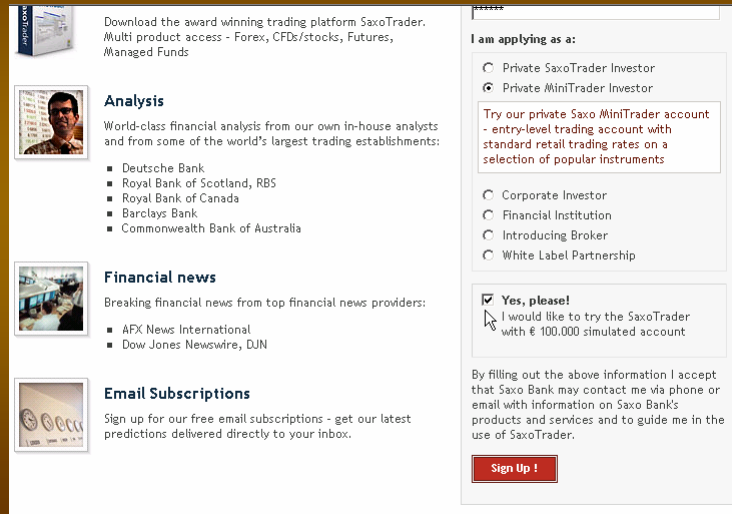
Trading Platform: Saxo Bank

- www.saxobank.com
- Students may trade any asset available on the Saxo Bank Platform
 - Stocks
 - Futures
 - Forex
 - "Contract for Difference" stock derivatives - CFD's

Saxo Bank Registration - I

- At www.saxobank.com :
 - and "Sign up for free membership";
 - and apply as a "Private MiniTrader Investor";
 - and select "Yes, please!" when asked about the SaxoTrader "simulated account" (see following page).

Saxo Bank Registration - II



Download the award winning trading platform SaxoTrader.
Multi product access - Forex, CFDs/stocks, Futures,
Managed Funds

Analysis
World-class financial analysis from our own in-house analysts
and from some of the world's largest trading establishments:

- Deutsche Bank
- Royal Bank of Scotland, RBS
- Royal Bank of Canada
- Barclays Bank
- Commonwealth Bank of Australia

Financial news
Breaking financial news from top financial news providers:

- AFX News International
- Dow Jones Newswire, DJN

Email Subscriptions
Sign up for our free email subscriptions - get our latest
predictions delivered directly to your inbox.

I am applying as a:

☐ Private SaxoTrader Investor
☒ Private MiniTrader Investor

Try our private Saxo MiniTrader account
- entry-level trading account with
standard retail trading rates on a
selection of popular instruments

☐ Corporate Investor
☐ Financial Institution
☐ Introducing Broker
☐ White Label Partnership

☒ **Yes, please!**
I would like to try the SaxoTrader
with € 100,000 simulated account

By filling out the above information I accept
that Saxo Bank may contact me via phone or
email with information on Saxo Bank's
products and services and to guide me in the
use of SaxoTrader.

Sign Up !

Saxo Bank Registration - III

- Each student will receive \$100,000 for investing purposes when they set up a SaxoTrader "simulated account" (see following page)
- Make sure to note down your auto-generated User ID and Password, and forward this info to Trade@jcmercier.com

Saxo Bank Registration - IV




SaxoTrader – 1st Steps

- Once you have your SaxoTrader platform, under the "Trading" option on the menu, you can access and read a series of "Introduction to xxx" files, plus the "Quick Start to xxx" series of files.

Rules: The Mays Portal Account

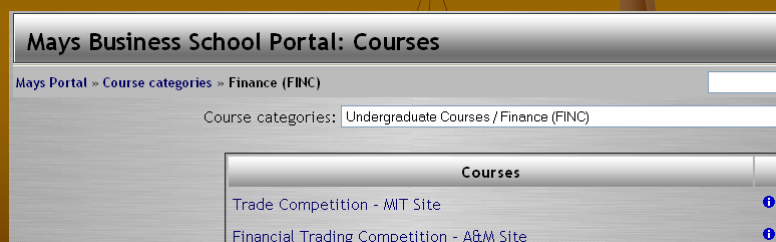
- Students will also “register” on the Mays Portal at <http://maysportal.tamu.edu/>
- Click onto the Undergraduate Finance Courses:





 MAYS BUSINESS SCHOOL	
Course categories	
Undergraduate Courses	0
Accounting (ACCT)	18
Business Administration (BUAD)	14
Finance (FINC)	20

The Mays Portal Account

- Choose either the A&M or the MIT site as per your university affiliation:



Mays Business School Portal: Courses	
Mays Portal » Course categories » Finance (FINC)	
Course categories: Undergraduate Courses / Finance (FINC)	
Courses	
Trade Competition - MIT Site	
Financial Trading Competition - A&M Site	

The Mays Portal Account

- If you do not have a Mays Portal account, create one under new accounts (see next page)
 - Use your "mit.edu" (any xxx.mit.edu is accepted other than alum.mit.edu) email account for the Portal email address
 - People using an email address other than the 2 above will be dropped from the competition
 - We do this to insure only active A&M or MIT students are part of the competition

The Mays Portal Account

Mays Business School Portal

Mays Portal » Login to the site English (en_us)

Returning to this web site?	Is this your first time here?
<p>Login here using your username and password: (Cookies must be enabled in your browser) ⓘ</p> <p>Username: <input type="text" value="dhallermann"/> <input type="button" value="Login"/></p> <p>Password: <input type="password"/></p> <p>Some courses may allow guest access:</p> <p><input type="button" value="Login as a guest"/></p> <p>Forgotten your username or password?</p> <p><input type="button" value="Send my details via email"/></p>	<p>Hi! For full access to courses you'll need to take a minute to create a new account for yourself on this web site. Each of the individual courses may also have a one-time "enrollment key", which you won't need until later. Here are the steps:</p> <ol style="list-style-type: none">1. Fill out the New Account form with your details.2. An email will be immediately sent to your email address.3. Read your email, and click on the web link it contains.4. Your account will be confirmed and you will be logged in.5. Now, select the course you want to participate in.6. If you are prompted for a "enrollment key" - use the

Rules: Competition Duration I

- The Trade Competition consists of 3 separate 2-week Trading Sessions (TS):
 - Practice round: through Fri 17 Jun
 - 2nd TS Sun 19 Jun - Fri 1 Jul
 - 3rd TS Sun 3 Jul - Fri 15 Jul

Rules: Competition Duration II

- The 1st TS will be a “Dummy Run” / “Practice Session”.
- The 2nd and 3rd TS's will be “for real” with their results being noted to determine the “Winner”.

Rules: Trading

- Open Trades / Positions and Open Orders from the 1ST TS **do not** carry over to the 2nd TS, but they **do** carry over from the 2nd TS to the 3RD TS.

Rules: Scoring

- To win the competition, Traders must have posted positive returns in both the 2nd & 3rd TS.
- Traders must perform a minimum of 5 trades in both the 2nd & 3rd TS.
- The winner is determined by the Trader having the highest Risk-Adjusted Return

Risk-Adjusted Return I

- "Risk-Adjusted Return" = "Excess Earnings" *MULTIPLIED* by the Sharpe Ratio.
- "Excess Earnings" = \$ Account Value at the end of the TS *MINUS* \$100,000 Starting \$ Account Value

Risk-Adjusted Return II

- Sharpe Ratio = [(% Return *MINUS* the % Risk-Free Return) *DIVIDED* by the Standard Deviation of Daily Returns]
- % Return = "Excess Earnings" *DIVIDED* by \$100,000 Starting \$ Account Value
- % Risk-Free Return = 3.00%, approximating the % Yield of the 1-year maturity U.S. Treasury Note

SaxoTrader - Charts

Example: EUR-USD FX



SaxoTrader - Placing a Trade

- Under the Trading & Forex Dropdown menus, click on F/X Spot Price
- You can trade at the current "Spot" price or Place an Order

The screenshot shows the "FX Spot Trade" window. The currency pair is EUR-USD. The amount is 1,000,000. The current spot price is 1.22685. The window also displays the Bid price (1.22685) and the Ask price (1.22715). The Value Date is 9 Jun 2005. The "Received Live Price" button is visible.

The screenshot shows the "FX Spot Trade" window with the "Place Order" tab selected. The currency pair is EUR-USD. The amount is 1,000,000. The "Buy/Sell" dropdown is set to "Buy EUR". The "Type" dropdown is set to "Limit". The "Duration" dropdown is set to "GTC". The "Price" field is set to 1.2270. The "Place Order" button is visible.

Tracking Trades & Orders

- Trades can be added to outstanding orders to include
 - One-cancels-other
 - Order-depends-on-other
 - You can set up an order with a stop and limit order subject to the first order executing
- After placing an order/trade, you can track your profits and losses under the "My Accounts/Orders" tab
- See following slide

The screenshot displays a trading software interface with a navigation bar at the top containing links: Forex, TradeMaker, Indices, My Account/Orders, How to trade, News, Analysis, Contacts us, and My View. The main content area is divided into several sections:

Open Orders

Order	Account	B/S	Market	Symbol	Amount	Price	Share Price	Type	Durati...	Filled	Relation
7066034	Demo_55...	Sell	Forex	EURUSD	200,000	1.2330		Limit	G.T.C.	0	OCO
7066059	Demo_55...	Sell	Forex	EURUSD	200,000	1.2235		Stop If Bid	G.T.C.	0	OCO

Below the table are buttons: Refresh, Change, Cancel Order, One Cancels Other..., If Done..., and If Done OCO...

Summary for Client: 559214

Account: Demo_559214 Owner: Detlef Hallermann | Client: 559214

Summary | Account Statement | Activity Log | Trading Conditions | Exposure | Cash Transactions | Reset Trial A

Current | History | 07 | June | 2005 | Show

Cash and Positions Summary		USD	Margin Summary		USD
Non-margin positions		0.00	Account value		99,850.00
Unrealized margin profit/loss	-150.00		Other collateral		0.00
Cost to close	0.00		Not available as margin collateral		0.00
Unrealized value of positions	-150.00		Used for margin requirements		-2,454.00
Cash Balance	100,000.00		Available for margin trading		97,396.00
Transactions not booked	0.00		Net Exposure		245,420.00
Account value	99,850.00		Exposure coverage		40.7 %
			Margin utilization		2 %

Open Positions

Instrument	L/S	Amount	Open Price	Current Price	Profit/Loss
Forex					
EURUSD	Long	200,000	1.22775	1.22700	-150 USD


Reporting Executed Trades I

- Traders are required to report their trades in the "News forum" section of the Mays Portal (this will be only visible to students from your school).
- The "Trades & Justification" info must be reported within 2 hours of the execution of the trade.
- The "Justification" is a brief strategy description supporting your trade.
- Profitable trades not posted to the Portal will not be included in your profitable returns

Reporting Executed Trades II

The screenshot displays the 'Financial Trading Competition - A&M Site' interface. On the left, a sidebar contains links for 'People' (Participants, Groups, Edit profile) and 'Activities' (Forums, Resources). The main content area shows a 'Topic outline' with 'News forum' selected. Below this, an 'Information' section lists 'Flyer' and 'Info'. A red arrow points from the 'News forum' link to a larger window titled 'Financial Trading Competition - A&M Site'. This window shows the 'News forum' page with a red box around the text 'Post your trades as a response to this forum'. Below this, a 'Discussion' section is visible, with a red arrow pointing to the 'Trades & Justification' link. The 'Started by' field shows 'Detlef Hallermann'.

Reporting Executed Trades III – Standard Format

 **Standard Format for Trade Details & Justification**
by Jean-Claude Mercier · Sunday, June 5 2005, 04:58 PM

The “standard format” for posting the Trade Detail & Justification information is as follows:

Entry: Date (dd-mmm-yyyy) · Time (hh:mm:ss GMT) · Bought or Sold · Amount · Product Code · Price

Exit Parameters: Stop Order Price · Limit Order Price

Justification:

[Show parent](#) | [Reply to forum](#)

Reporting Executed Trades IV - Examples

a. Forex

Entry: 05 Jun 2005 at 21:06:13 (GMT) Bought 100,000 EURUSD @ 1.2230

Exit Parameters: Stop Order @ 1.2195 Limit Order @ 1.2315

Justification: RSI on 8-Hour Candlestick chart below 25, and Price on Daily Candlestick chart outside Bollinger Band on the Downside

b. CFDs

Entry: 05 Jun 2005 at 21:20:10 (GMT) Sold 5 SP500.I CFDs @ 1,197.75

Exit Parameters: Stop Order @ 1,199.75 Limit Order @ 1,190.00

Justification: Price on Weekly BarOHLC chart below 200-Week Moving Average and Price on Daily BarOHLC chart Breaking outside Trend-Line Support

c. Futures

Entry: 05 Jun 2005 at 21:30:31 (GMT) Bought 2 ER2M5 futures @ 621.40

Exit Parameters: Stop Order @ 620.00 Limit Order @ 624.50

Justification: Momentum on 1-Hour Candlestick chart below -.0050, and on 8-Hour Candlestick chart 10-Period Mov Avg crossing Above 20-Period Mov Avg at Greater than 45-degree angle

Final Thoughts

- Teamwork!
 - COMMUNICATE with your fellow student Traders, and help them to become better at trading.
 - INFORM those students whom you know that have not yet entered the competition to join in on the experience!
 - For Help, queries, etc... your 1st point of contact is:
 - Bryan Gonyaw, President – Aggie Investment Club at gonyawb@tamu.edu; or
 - Andrew Lisy, Director, MIT Trading Floor- alisy@mit.edu