Simulation *Market orders*
Case note for participants

Your objective in the simulation

Your objective in this simulation is to hold 2,000 BestPizza shares at the end of the simulation.

At the start of the simulation, you own an account worth **€10,000 in cash** and **1,000 BestPizza shares**, which allows you to buy and sell stocks of the company.

During this simulation, you can send <u>market orders only</u>.

Learning goals

The learning goals of this simulation are the following:

➢ Evaluate the impact of the passage of a market order on the order book and market data (price and volume of transactions)

➢ Evaluate the risk associated with a market order (uncertainty around the execution price)

➢ Master the passage of market orders.

What you can do during the simulation

☐ You can launch the simulation several times. At each launch of the simulation, send one market order only to evaluate its impact on the market:

➢ A buy or sell order

➢ Orders with different amounts or quantities.

☐ Observe then the impact of your order on the market in the pages « Trading » and « My position » of the trading platform.

☐ Build a strategy that allows you to achieve your simulation goal (hold at least 2,000 BestPizza shares at the end of the simulation): how many orders? Which amount or quantity? Timing of the order? Buy orders only?

To help you

☐ Give the definition of a market order and explain how it works (placement and execution). Determine the interest of market orders in terms of trading, and the risk associated with the use of market orders. Then illustrate the interest and the risk of market orders by placing various market orders (especially orders with different amounts or quantities).

- ☐ On the « Trading » page:

  - ➢ Evaluate the impact of the placement of your order for the following elements: your available cash and your available assets, the order book and the history of transactions (price and quantity). *Reminder: your impact on the market (order book and transactions) appears in blue on the « Trading » page.*

  - ➢ Explain how the gain (in green) or the loss (in red) of your position evolves through time. *Reminder: the gain or the loss during the simulation corresponds to the variation of your position since the beginning of the simulation.*

- ☐ On the page « My position »:

  - ➢ Explain how your market orders have been executed.

  - ➢ Explain the link between your orders and your transactions.

- ☐ Questions that you can answer:

  - ➢ What is the market? How is it represented in the trading platform?

  - ➢ Why does the stock price go up or down?

  - ➢ Do market orders allow you to reach easily the objective of the simulation (hold 2,000 BestPizza shares at the end of the simulation)?

  - ➢ Is it easier to reach the objective of the simulation with market orders rather than with limit orders?

To know more about market orders
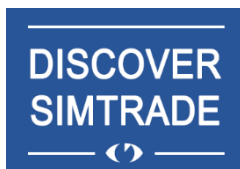
DISCOVER SIMTRADE — Take the course *Discover SimTrade* to know more about the SimTrade trading platform, especially the two main pages of the platform: the « Trading » page to send orders to the market and the « My position » page to monitor your position.

EXCHANGE ORDERS — Take the course *Exchange orders* to know more about market orders (sending an order to the market, order execution, impact on the order book, impact on market liquidity, use of market orders).