

## Simulation *Send an order*

### Case note for participants

#### Your objective in the simulation



Your objective in this simulation is to send your first order to the market and to see how the market is impacted by your order.

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 orders of two types: market and limit orders.

#### Learning goals



The learning goals of this simulation are the following:

- Evaluate the impact of the passage of a market and limit 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) and with a limit order (uncertainty around the quantity executed)
- Master the passage of market and limit orders

#### What you can do during the simulation

- You can launch the simulation several times. At each launch of the simulation, send one order only to evaluate its impact on the market:
  - A market or limit order
  - A buy or sell order
  - Orders with different amounts or quantities
  - Limit orders with different price limits.
- Observe then the impact of your order on the market in the pages « Trading » and « My position » on the trading platform.

#### To help you

- Give the definition of each type of order (market and limit) and explain how it works (placement and execution), its interest and associated risk in terms of trading.
- 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 page « Trading ».*

- Explain how the gain (in green) or the loss (in red) of your position evolves through time. *Reminder: the gain or the loss at a point in time during the simulation corresponds to the variation of your position since the beginning of the simulation.*
- On the page « My position »:
  - Explain why your orders have been executed or not.
  - Explain the evolution through time of your limit orders (their status).
  - Explain why transactions appear or not.
  - 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?
  - Which type of order should you send to the market to be executed immediately?
  - What is the difference between market orders and limit orders in terms of execution?
  - Why do you observe transactions even though you don't send orders to the market?

## To know more about orders



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.



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