Simulation *Market maker - Risk*
Case note for participants

Your objective in the simulation

MARKET MAKER 3. RISK

Your objective in the simulation is **to animate the market for EasyPlane stocks** by being ready to buy and to sell stocks anytime. You should pay special attention to risk, the risk associated with your market making activity.

At the beginning of the simulation *Market maker - Risk*, you own an account with **€50,000 of cash** and **5 000 EasyPlane shares** (ticker symbol: EZP).

What you can do during the simulation?

☐ For the previous simulations, it was a good idea to launch the simulation and observe the evolution of the stock price of EZP shares and the stream of events occurring during the simulation. For the simulation *Market maker - Risk*, is it helpful or relevant to launch the simulation and observe the price evolution and the stream of events? What are the characteristics of the price evolutions and of the stream of events during this simulation? How does it differ from the previous simulation *Market maker – Spread*? How will you adjust your strategy?

☐ You can observe the impact of your orders on the market and the evolution of your position through the pages « Trading » and « My position » of the trading platform.

☐ You can evaluate your performance by looking at the cash (and number of shares) of your position at the end of your simulation.

To help you

☐ Recall the definition of risk.

☐ Questions to answer:
  ➢ How does risk appear in the simulation? What is the risk for your market making activity?
  ➢ Which trading strategy for your market making activity could you define to take into account risk? How does your strategy differ from the one in the previous simulation *Market maker – Spread*?
  ➢ What is the impact of your orders on the market? What is the impact of your market making activity in terms of market liquidity (around the time of known events for example)?

To know more

☐ Take the course *Market making*.

☐ Take the course *Information*.