

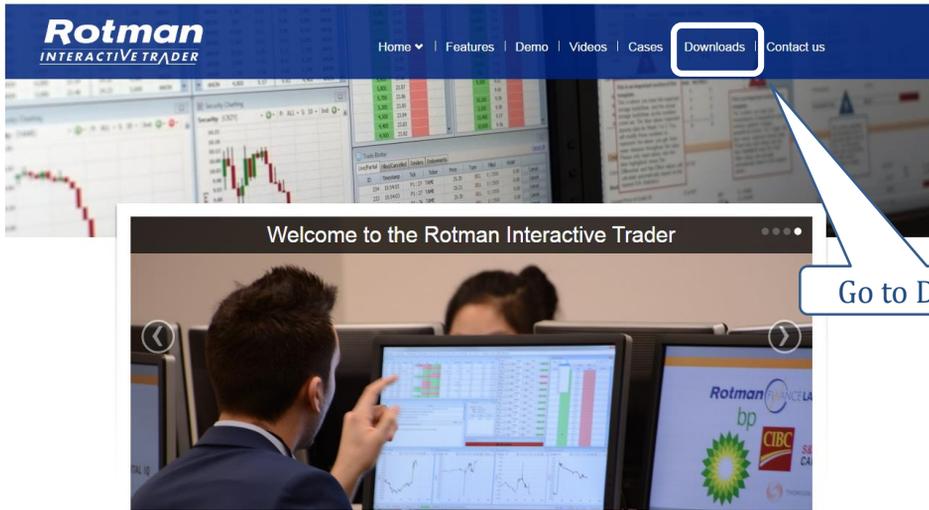
Introduction to the Rotman Interactive Trader (RIT)

Installation and usage notes

Requirements

- RIT runs under Microsoft Windows.
 - It does not run under Apple Mac OS's.
 - If you want to run RIT on your Mac, you need to install a copy of Windows and configure the *bootcamp* program to load Windows. This requires a fair degree of technical ability.
- If you don't have a Microsoft Windows machine, you can borrow one from the Stern IT helpdesk.

In your browser, → <http://rit.rotman.utoronto.ca/>



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On the download page ...

Download Links:

Please download and install both the RIT Client and the Excel Links (note that Download 2-a is for Excel 32-bit and Download 2-b for Excel 64-bit) file.

Rotman Interactive Trader Client

Version 2.00

Build 1.1.1/5

Download 1 (RIT Client)	Date Updated:	Aug 1, 2012
Download 2-a (Excel 32-bit RTD Links)	Date Updated:	Aug 1, 2012
Download 2-b (Excel 64-bit RTD Links)	Date Updated:	Feb 6, 2013

Download and install the RIT client.

The RTD link libraries allow you to make a direct connection between Excel and the RIT client. *Not necessary.*

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Using the client

- ❑ The RIT package is a screen-based trading system that is visually similar to what a broker might offer to an institutional or sophisticated retail client.
- ❑ Orders can be initiated and monitored from a graphical user interface (GUI)
- ❑ The full client documentation is posted to the web.

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When you run the client, the first screen is a login page



Rotman Interactive Trader Login

Trader ID:

Password:

Server:

TraderID: your NYU netID
 Password: sent to you in an email from me.
 In addition to your named RIT account, you can also use anonymous guest accounts: pick a traderID between *guest1* and *guest20*, and use password "anon".

jhasbrou.stern.nyu.edu
 NOT: jhasbrou@stern.nyu.edu

You can also test your install your program on the RIT Demo server at fserver.rotman.utoronto.ca

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On RIT server jhasbrou.stern.nyu.edu

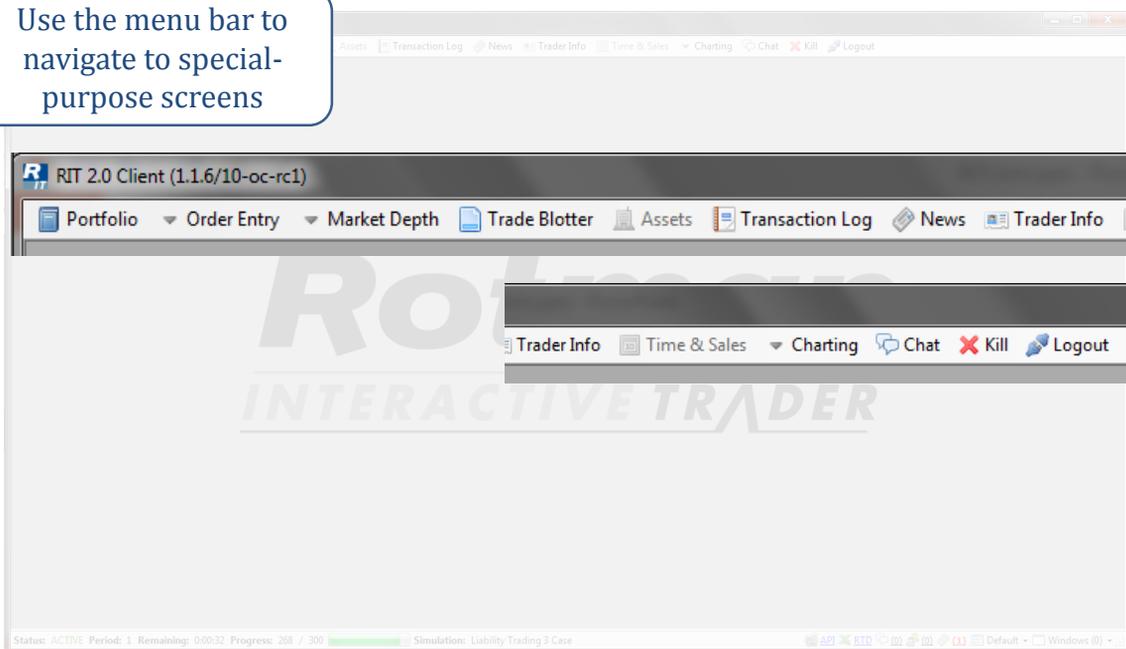
- ❑ A market will usually be running 24/7: a five-minute trading session, followed by a one-minute pause.
- ❑ The traders in the market are you, your classmates, me (sometimes), and many simulated traders.
 - Sometimes you'll simply be trading to get a feel for the market; other times you'll have an assigned role.
 - The simulated traders act just like real traders in making and taking bids and offers.
- ❑ Now we'll go through some of the more standard screens.

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Use the menu bar to navigate to special-purpose screens



The Portfolio Screen

3. What do I currently own? How much did it cost?

4. How much have I made or lost?
NLV: net liquidation value; realized (cash) and unrealized (imputed, mark to market)

Ticker	Type	Con...	Posi...	Cost	Last	Bid	Ask	NLV	Real...	Unr...	VWAP	Volume
CRZY	STOCK	1 Sh...	0	0.00	10.96	10.96	11.05	0.00	0.00	0.00	10.35	238,...
TAME	STOCK	1 Sh...	0	0.00	23.66	23.66	23.71	0.00	0.00	0.00	24.45	297,...

1. What's traded?

2. What are the current market conditions?

Available limit orders: the book trader screen

The screenshot shows the 'Book Trader' window for ticker 'TAME'. The status bar indicates 'Last: 24.56', 'Position: 0', and 'Cost: 0.00'. The bid side (left) and ask side (right) are both circled in red. The bid side shows orders from 24.53 to 24.32, and the ask side shows orders from 24.56 to 24.65.

Trader	Volume	Price	Price	Volume	Trader
ANON	4,800	24.53	24.56	3,900	ANON
ANON	5,000	24.50	24.59	4,400	ANON
ANON	5,100	24.42	24.61	5,300	ANON
ANON	4,700	24.40	24.62	4,300	ANON
ANON	5,000	24.32	24.65	4,100	ANON

The bid side of the book
(buy limit orders)

The ask (offer) side of the
book (sell limit orders)

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Available limit orders: the ladder trader screen

- There is a single price axis.
- If there are orders at a price, the total amount is displayed.
- If no orders, the quantity is blank

The screenshot shows the 'Ladder Trader' window for ticker 'CRZY'. The status bar indicates 'Last: 10.13', 'Position: 0', and 'VWAP: 0.00'. The screen displays a single price axis from 10.00 to 10.21. Bid sizes are shown in green and ask sizes in red.

Bid Qty	Bid Size	Price	Ask Size	Ask Qty
		10.21	13,700	
		10.20	10,200	
		10.19	6,700	
		10.18	8,200	
		10.17		
		10.16		
		10.15	4,500	
		10.14	5,600	
		10.13	1,600	
		10.12		
		10.11		
		10.10		
		10.09		
		10.08		
		10.07		
		10.06		
	10,800	10.05		
	24,400	10.04		
	5,900	10.03		
		10.02		
	14,600	10.01		
		10.00		

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Order entry

- Market and limit orders can be entered on the order panel.

Buy/Sell Entry

Ticker: CRZY Volume: 0 Price: MKT

BUY Submit BUY

- Market and limit orders can also be entered directly on the book trader screen.
- Limit orders can also be entered on the ladder trader screen.

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Entering one-click orders on the Book Trader screen

- One-click orders are disabled by default. To enable them:
 - Toggle the lightning bolt.
 - Set a quantity, "V" (in shares)
 - Set an offset, "O" (in cents)

Book Trader

Ticker: TRN

⚡ : OFF V: 100 O: 1

Last: 23.85 Position: 0 Cost: 0.00

Trader	Volume	Price	Price	Volume	Trader
ANON	500	23.95	24.02	100	ANON
ANON	500	23.75	24.09	500	ANON
ANON	600	23.73	24.11	600	ANON
ANON	500	23.72	24.18	500	ANON
ANON	500	23.64	24.39	500	ANON
ANON	500	23.52	24.45	500	ANON
ANON	500	23.50	24.74	600	ANON
ANON	500	23.49	25.15	600	ANON
ANON	600	23.02			
ANON	600	22.78			
ANON	400	22.52			

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With $V=100$ and $O=1$, a left-click in this region will submit a limit order to buy 100 shares priced at $23.92 + 0.01 = 23.93$.

Right-clicking anywhere on the bid side of the book will generate a market *sell* order for 100 shares.

Trader	Volume	Price	Price	Volume	Trader
ANON	400	24.16	24.20	400	ANON
ANON	600	24.11	24.20	600	ANON
ANON	500	24.07	24.33	500	ANON
ANON	300	23.92	24.39	500	ANON
ANON	400	23.90	24.40	500	ANON
ANON	600	23.88	24.41	200	ANON
ANON	600	23.84	24.41	500	ANON

- To buy with a limit order, left-click on the bid side of the book.
- To buy with a market order (lift the offer), right-click on the ask side.
- To sell with a limit order, left-click on the ask side.
- To sell with a market order (hit the bid), right-click on the bid side.

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Canceling an order.

Alt-left click on the order to cancel.

Trader	Volume	Price	Price	Volume	Trader
ANON	500	23.86	24.01	600	ANON
ANON	600	23.86	24.01	500	ANON
ANON	500	23.74	24.03	500	ANON
jhasbrou	100	23.44	24.17	500	ANON
ANON	400	23.43	24.70	500	ANON
ANON	500	22.97	24.71	500	ANON
ANON	500	21.66	25.14	500	ANON
ANON	500	21.58	25.29	500	ANON
			26.02	500	ANON
			26.95	500	ANON

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Case LT1 (Liability Trading 1)

- You'll be trading stock ticker symbol HAR in the role of a dealer/proprietary trader for "one day" (five minutes of real time).
- The case is looping on the RIT server at 50% speed (ten minutes of real time, followed by one minute of downtime).
 - In class, we'll be doing runs at full speed.
- The case brief contains a backstory.
 - There are also four discussion questions. Think about them and what they mean for your strategies.

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Role

- You'll be trading stock ticker symbol HAR in the role of a dealer/proprietary trader for "one day".
- HAR has low volatility
 - It is a stable company with predictable earnings.
 - HAR's beta is near zero: it's not driven by macroeconomic news.
- HAR is actively traded.
 - There are many other traders who will submit limit and market orders.

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Sources of profit

- Acting as a dealer you post a bid and an offer.
 - You make the spread on each buy/sell pair of orders that hit your bid and lift your offer.
- From time to time, a broker (“Robbie”) sends you 5,000-share buy and sell orders that are automatically executed against your account.
 - You’ll get an announcement when these orders arrive, and you’ll see your position go up or down by 5,000 shares.
 - Robbie’s orders are executed on terms that are very favorable to you: buyers pay \$0.10 above the last sale price; sellers receive \$0.10 below the last sale price.

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Sources of risk

- As a dealer, you’re trying to stay “flat” (with a position near zero, neither very long nor short).
 - This way you avoid risk of sudden price changes that can generate large losses (or profits).
- You’re position will get pulled away from zero by:
 - Customer orders that tend to be one-sided.
 - Robbie’s large executions against your positions.

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Accomplishing position management

- If you are very long, you should try to sell.
- Make or take?
 - You can sell by hitting other bids *or* by entering your own offers that get executed by incoming buyers.
- If you are very short, you should try to buy (by lifting others' offers or by entering your own bids).

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Practice play vs. class play

- When you play for practice, you're competing against the anonymous traders and whichever of your classmates happen to log on at the same time.
- In the class sessions, all your classmates will be logged on at once, and there is likely to be more competition.
 - In my experience, this makes the market more volatile and unpredictable.

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