In this experiment you will be trading securities in an open market. For participating in the experiment, you will automatically earn bonus points. Depending on your luck and your trading strategy, you could also win some money for our ongoing contest or for cash.

There will be up to four rounds of trading in this experiment. Trading will work the same way in all four rounds of the experiment. At the beginning of the round, record your initial position on your trading ledger. You will have approximately fifteen minutes to trade among yourselves. There are no restrictions on who you can trade with, and you may hold any discussions you wish. However, no trade is binding until a contract signed by both parties has been filed with me. A trade contract must take the following form (with the blanks filled in):

I, __________, trade ___ units of Security ___ to __________ at a price of ____ experimental dollars per unit. It is currently Round ______.

Signature 1  
Signature 2

All trades must be for experimental dollars. Although you may take short positions in the course of a round, you are not allowed to finish a round with negative holding of experimental dollars or any of the securities. You should keep a copy of the contract for all trades you are involved in. After consummating a trade, whoever brings up the contract must post the trade on the Excel spreadsheet being shown overhead. Notice that there are separate columns for each security. Be certain to enter the price per unit and the volume. You should also record the trade on your trading ledger under the appropriate round as well as your new position. At the end of the round, record your final position for the round on your record sheet.

You will need to turn in your record sheet and your trading ledgers at the end of the experiment. Be certain that you have filled in your name, trades, and final position legibly – if I can’t read it, you get no bonus points.

Rounds 1 and 2: In this experiment, there will be three securities: experimental dollars, Security A, and Security B. Each experimental dollar you hold at the end of the experiment will be worth 1 experimental dollar. At the end of the experiment, I will draw two numbers between 1 and 10. If the first number is between 1 and 5, each unit of Security A will be worth 2 experimental dollars. Otherwise, each unit of Security A is worth zero experimental dollars. If the second number is 1, each unit of Security B will be worth 10 experimental dollars. Otherwise, each unit of Security B is worth zero experimental dollars.

Rounds 3 and 4: In this experiment, there will be four securities: experimental dollars, Security A, Security B, and Security C. Each experimental dollar you hold at the end of the experiment will be worth 1 experimental dollar. At the end of the experiment, I will draw three numbers between 1 and 10. If the first number is between 1 and 5, each unit of Security A will be worth 2 experimental dollars. Otherwise, each unit of Security A is worth zero experimental dollars. If the second number is 1, each unit of Security B will be worth 10 experimental dollars. Otherwise, each unit of Security B is worth zero experimental dollars. If the third number is 1, each unit of Security C will be worth 10 experimental dollars. Otherwise, each unit of Security C is worth zero experimental dollars.

At the end of the experiment, I will select one student at random. I will pay this student 1 penny for each experimental dollar of earnings. This will be paid in cash at the beginning of the next class. Total earnings will be capped at $100.
<table>
<thead>
<tr>
<th></th>
<th>Experimental Dollars</th>
<th>Good A</th>
<th>Good B</th>
<th>Good C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Round 1 Starting Balance</td>
<td>60</td>
<td>30</td>
<td>30</td>
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<tr>
<td>Round 1 Final Balance</td>
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<td>Round 2 Starting Balance</td>
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<td>---</td>
</tr>
<tr>
<td>Round 2 Final Balance</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Round 3 Starting Balance</td>
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<td>30</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Round 3 Final Balance</td>
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<td></td>
</tr>
<tr>
<td>Round 4 Starting Balance</td>
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<td>30</td>
<td>15</td>
<td>15</td>
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<tr>
<td>Round 4 Final Balance</td>
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Name __________

<table>
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<th>Round</th>
<th>Experimental Dollars</th>
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<th>Good B</th>
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<td>1 Final Balance</td>
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<td>2 Final Balance</td>
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</tr>
<tr>
<td>3 Starting</td>
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<td>10</td>
<td>10</td>
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<td>3 Final Balance</td>
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<tr>
<td>4 Starting</td>
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<td>20</td>
</tr>
<tr>
<td>4 Final Balance</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>Experimental Dollars</td>
<td>Good A</td>
<td>Good B</td>
<td>Good C</td>
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<tr>
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<td>--------</td>
</tr>
<tr>
<td>Round 1 Starting Balance</td>
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<td>Round 4 Final Balance</td>
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</table>
**Trading Ledger**

Name __________

### Round 1

<table>
<thead>
<tr>
<th>Security</th>
<th>Buy/Sell</th>
<th>Quantity</th>
<th>Price/Unit</th>
<th>Holdings $</th>
<th>Holdings A</th>
<th>Holdings B</th>
<th>Holdings C</th>
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</thead>
<tbody>
<tr>
<td>Initial</td>
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### Round 2

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<tr>
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<th>Buy/Sell</th>
<th>Quantity</th>
<th>Price/Unit</th>
<th>Holdings $</th>
<th>Holdings A</th>
<th>Holdings B</th>
<th>Holdings C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>---</td>
</tr>
</tbody>
</table>
**Round 3**

<table>
<thead>
<tr>
<th>Security</th>
<th>Buy/Sell</th>
<th>Quantity</th>
<th>Price/Unit</th>
<th>Holdings S</th>
<th>Holdings A</th>
<th>Holdings B</th>
<th>Holdings C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
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<td></td>
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<td></td>
<td></td>
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</tbody>
</table>

**Round 4**

<table>
<thead>
<tr>
<th>Security</th>
<th>Buy/Sell</th>
<th>Quantity</th>
<th>Price/Unit</th>
<th>Holdings S</th>
<th>Holdings A</th>
<th>Holdings B</th>
<th>Holdings C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
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</table>
### Round 1

<table>
<thead>
<tr>
<th>Security</th>
<th>Buy/Sel</th>
<th>Quantity</th>
<th>Price/Unit</th>
<th>Holdings $</th>
<th>Holdings A</th>
<th>Holdings B</th>
<th>Holdings C</th>
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</thead>
<tbody>
<tr>
<td>Initial</td>
<td></td>
<td></td>
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<td>30</td>
<td>30</td>
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</tr>
<tr>
<td>A</td>
<td>Buy</td>
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<td>.75</td>
<td>45</td>
<td>50</td>
<td>30</td>
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</table>
I, David Cooper, trade 20 units of Security A to George W. Bush at a price of .75 experimental dollars per unit. It is currently Round 1.