Stock Trading Experiment

University of Utah Laboratory for Experimental Economics and Finance

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VISA gift card

Consent

Thank you for expressing interest in participating in this research study. This is an experiment in financial decision making. You will be paid for your participation. The exact amount you receive will be determined during the experiment and will depend on your decisions and the decisions of others. This amount will be paid to you by Visa card after conclusion of the experiment. The duration of the experiment is approximately 3 hours. If you have a question during the experiment, use the chat function of zoom and an experimenter will assist you.

The risks associated with participation in a market experiment like this one are similar to the risks you bear when you participate in any other online trading market and may include anxiety, frustration, disappointment, etc. Participation in this study is voluntary. It is up to you do decide whether or not to take part. Refusal to participate or the decision to withdraw from this study will involve no penalty or loss of benefits to which you are otherwise entitled. If you decide to take part, you are still free to leave at any time without giving a reason. Your attendance at the study session and completion of the study procedures will serve as consent to participate.

You will be given the show-up reward of $5 independent of your participation in the study.

1

Remote

This experiment is a modification of an in-person computer laboratory study. The experiment asks for **video to be on** the entire duration of the study. If you need to step away for any reason, do so.

2

Motivation

Your performance determines your payoff. Trading at favorable prices--buying below valuation or selling above--increases your performance. A **Performance Tool** is provided.

3

Valuation

While the stock has an external valuation of either $0, $1, or $2, equally likely, the value that the stock has to you will depend on your holdings and the prevailing prices. A **Valuation Tool** is provided.

4

Rounds

10 rounds of trading:

2 manual-only lasting 10 minutes each; and,

8 manual+robot lasting 4 minutes each

Practice periods precede manual and robot rounds.

5

Payoff

Two of the 10 rounds will be selected at random; your total performance in the selected rounds is your payoff normalized to a $15 average per round (total of $30 on average for the two), plus $5 for coming to the experiment, plus $15 for participating in practice rounds.

6

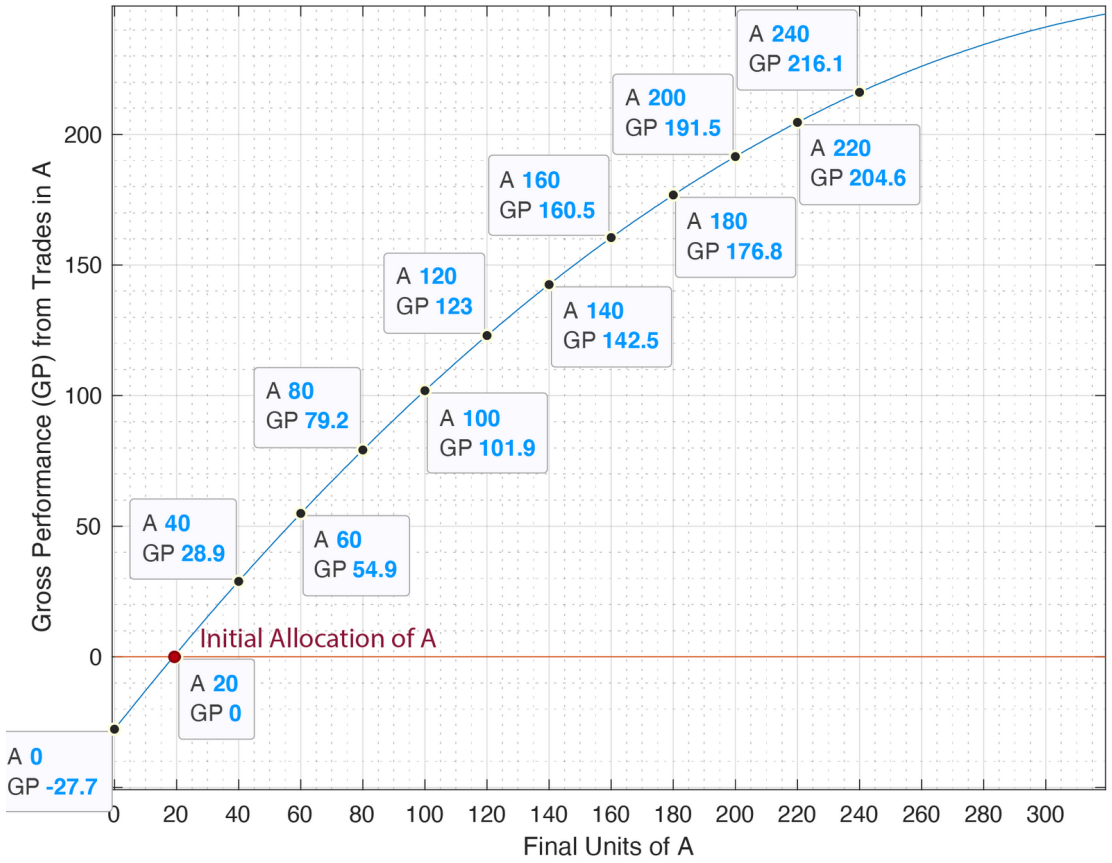
Tools

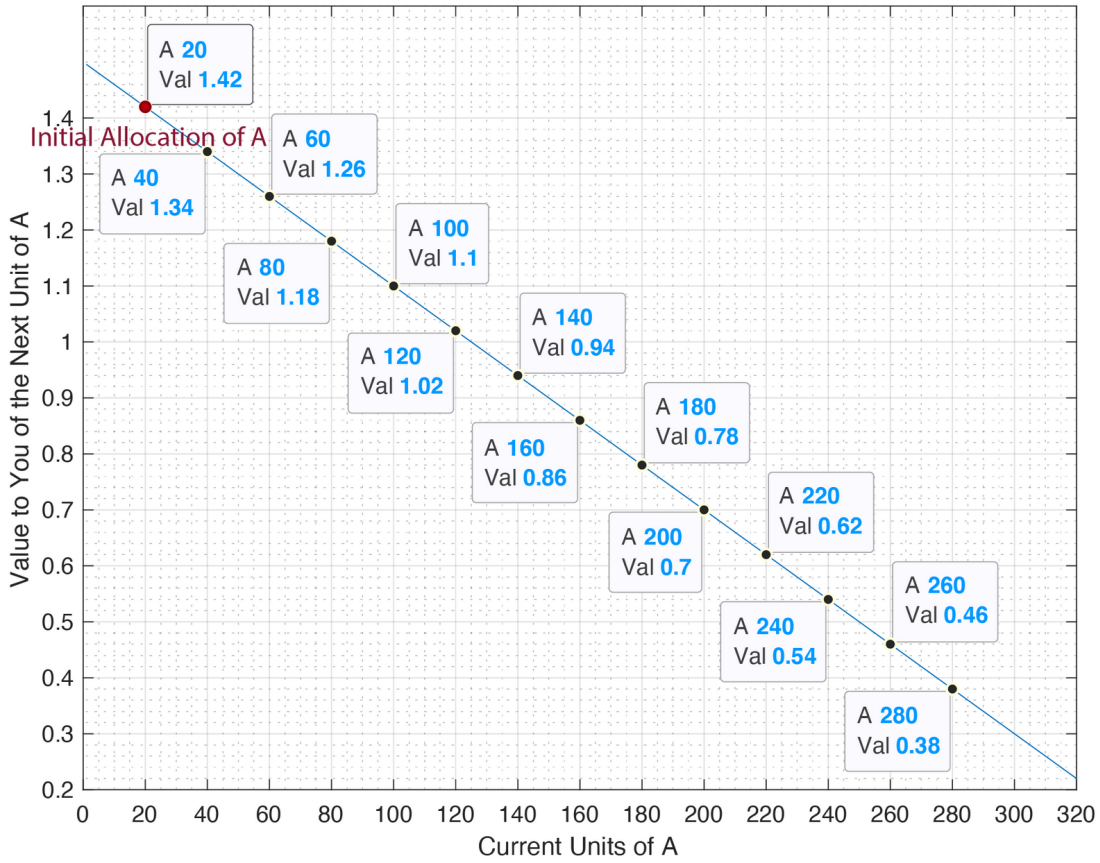
Four tools are provided: performance tool; valuation tool; manual trading tool; and, robot trading tool.

Payoff **scenarios**

Your ***Performance Tool*** and ***Valuation Tool*** take into account
total number of A, B, and Cash (more is better) and **penalizes for imbalance between A and B**

	Stock A	Stock B	Cash
Scenario I	**$2**	$0	$1
Scenario II	**$0**	$1	$1
Scenario III	**$1**	$2	$1





Performance Tool

If you sell 20 units, performance decreases by $27.70. If each unit is sold for $1.50, net performance will increase: -$27.70 + 20 * $1.50 = $2.30.

If you buy 20 units, performance increases by $28.20. If each unit is bought for $1.00, net performance will increase: $28.20-$20.00 = $8.20.

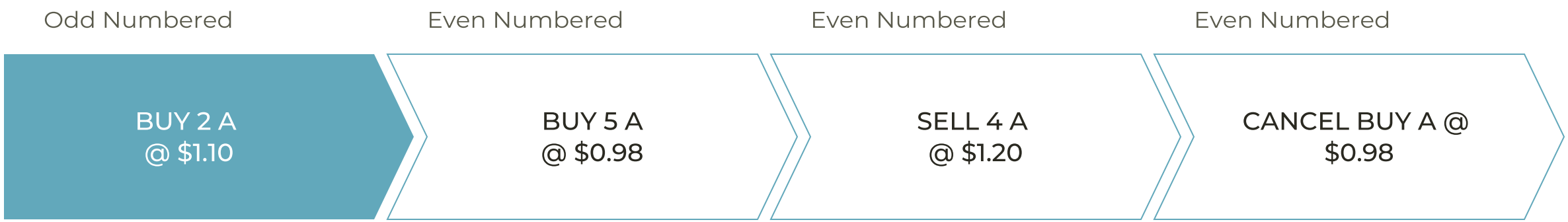
Valuation Tool

If you have 100 units of stock A, your valuation is $1.10; if you have 240 units, your valuation is $0.54.

Sign in

Placing Orders

Practice Placing Orders



Continue practice placing orders

BUY 1 A @ $1.25

SELL 1 A @ $1.00

Odd numbered

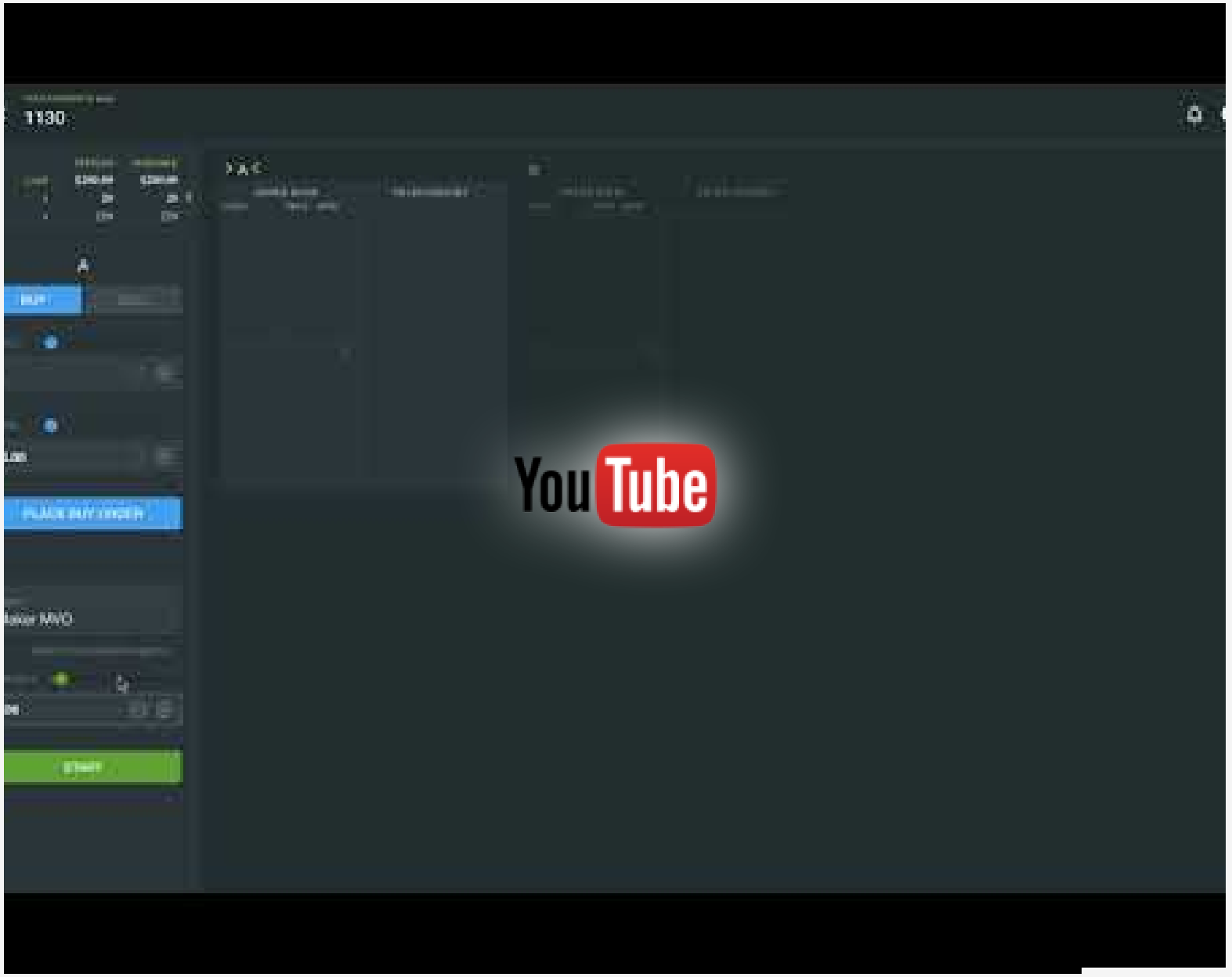
Even numbered

From previous practice odd traders have BUY orders at $1.10 and even traders have SELL orders at $

Robots

Maker	Taker
compute valuation V with configured spread S	
always submit SELL @ V + ½ S cancel prior order in book	if crossing order present in book SELL @ V + ½ S cancel if it fails to transact
always submit BUY @ V - ½ S cancel prior order in book	if crossing order present in book BUY @ V - ½ S cancel if it fails to transact

Robot Activation



END OF INSTRUCTIONS

Questions?