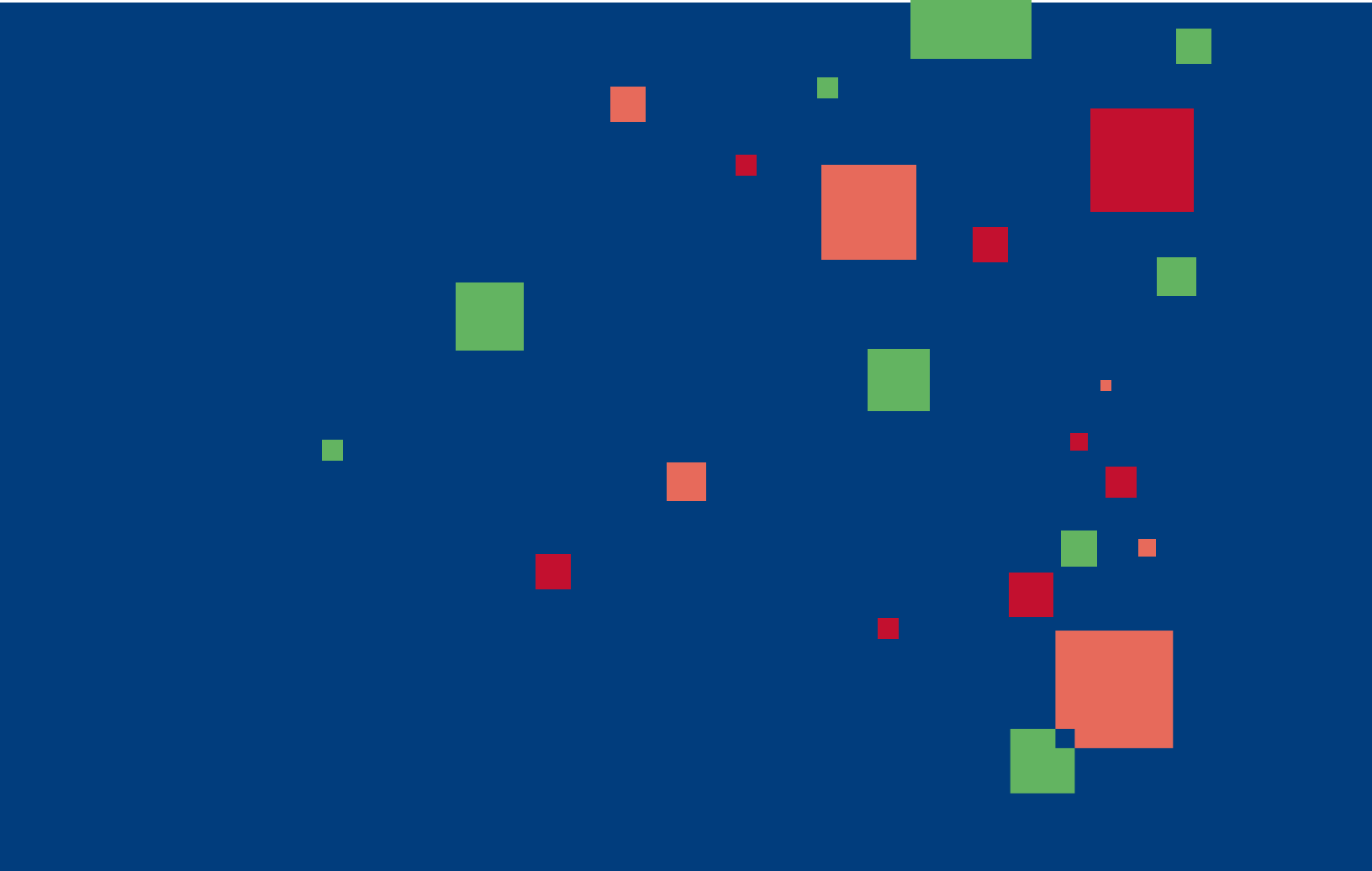


# TMX TRADING SIMULATOR QUICK GUIDE



Capital Markets  
Learning Center

TMX Trading Simulator

# Markets Hours

All market data in the simulator is delayed by 15 minutes (except in special situations as the Options Trading Simulation) compared to the regular trading hours.

## Regular Trading Hours

Market open:

9:30 AM ET, Monday - Friday

Market close:

4:00 PM ET, Monday - Friday

# Calculations

## Market Value

The formula used to calculate the market value in the Portfolio Position and Account Balance views is:

$$\text{Last} \times \text{Quantity}$$

The formulas used to calculate the market value when calculating margins are:

$$\begin{aligned} &\text{Bid} \times \text{Quantity for a Buy and} \\ &\text{Ask} \times \text{Quantity for a Sell / Sell Short} \end{aligned}$$

## Average Price

The average price in the Portfolio Position and Account Balance views represents the average originally paid to open the position.

- The average price ignores sells when long.
- The average price ignores buys when short.
- The average price is reset when the quantity of a position reaches zero.

## Weight

The weight in the Portfolio Position view is based on the entire portfolio value. It includes both the cash and the positions value.

## Daily Change

The formula used to calculate the daily change in the Portfolio Position view is:

$$\begin{aligned} &(\text{Last} - \text{Previous Day Close}) \times \text{Quantity for positions acquired before today} \\ &\text{and} \\ &(\text{Last} - \text{Today's Average Acquisition Price}) \times \text{Quantity for positions acquired today} \end{aligned}$$

## Returns

The returns displayed in the Portfolio Summary view represent unrealized gains of current positions only and do not include historical returns.

## Outstanding Orders

Buy, sell and total outstanding orders amount can be monitored from the Account Balance view. Those orders represent incoming debits and credits to the cash balance based on open order details.

# Orders

## Market Order

A market order is an order to buy or sell stock immediately at the best available price. Generally, a market order will be executed immediately. However, the price at which a market order will be executed is not guaranteed, and on active stocks, the price at which a market order will execute can deviate from the price of the last-trade or most recent quote.

<b>XIU</b> <small>TSX</small> ISHARES S&P/TSX 60 INDEX FD	<b>18.63</b> <small>LAST</small>	<b>0.03</b> <small>0.16 % DAILY CHG</small>	<b>18.61</b> <small>BID</small>	<b>18.62</b> <small>ASK</small>	<b>88,585</b> <small>VOLUME</small>	<b>9:30:00</b> <small>TIME</small>
<input type="text" value="Buy"/> <input type="text" value="Qty 100"/>						
Price						
<input type="text" value="Market"/>						
<input type="text" value="Limit"/>						
<input type="text" value="Stop"/>						
<input type="text" value="Stop Limit"/>						
						<b>PREVIEW</b>

## Limit Order

A limit order is an order to buy or sell at a specific price or better. If the specified price is not immediately reached, a limit order will be entered into the order book. A limit order is not guaranteed to execute, and can only be filled if the market price reaches the limit price.

<b>XIU</b> <small>TSX</small> ISHARES S&P/TSX 60 INDEX FD	<b>18.56</b> <small>LAST</small>	<b>-0.05</b> <small>-0.27 % DAILY CHG</small>	<b>18.55</b> <small>BID</small>	<b>18.56</b> <small>ASK</small>	<b>525,424</b> <small>VOLUME</small>	<b>9:37:00</b> <small>TIME</small>
<input type="text" value="Buy"/> <input type="text" value="Qty 100"/>						
Price						
<input type="text" value="Limit"/>						
Limit						
<input type="text" value="18.500"/>						
Duration						
<input type="text" value="Day"/>						
<input type="text" value="Day"/>						
<input type="text" value="Good Till Cancel"/>						
<b>Estimated Costs:</b>		Commission:	\$9.95	Order:	\$1,850.00	
				Total:	<b>\$1,859.95</b>	
						<b>PREVIEW</b>

## Stop Order

A stop order is an undisplayed order that is “triggered” when the specified “stop” price is reached. The order then becomes executed as a market order. Stop orders have the following characteristics:

- Sell:** The order will be activated when the stock’s last price is below or equal to the stop price. The order will then be executed at the bid price.
- Buy:** The order will be activated when the stock’s last price is above or equal to the stop price. The order will then be executed at the ask price.

<b>XIU</b> <small>TSX</small> ISHARES S&P/TSX 60 INDEX FD	<b>18.54</b> <small>LAST</small>	<b>-0.07</b> <small>-0.38 % DAILY CHG</small>	<b>18.54</b> <small>BID</small>	<b>18.55</b> <small>ASK</small>	<b>531,854</b> <small>VOLUME</small>	<b>9:37:00</b> <small>TIME</small>
Buy		Qty 100				
Price		Stop		Duration		
Stop		18.500		Day		
				Day		
				Good Till Cancel		
						<b>PREVIEW</b>

## Stop Limit Order

A stop limit order is an undisplayed order that is “triggered” when the specified “stop” price is reached. The order then becomes executed as a limit order displayed in the order book. Stop limit orders have the following characteristics:

- Sell:** The order will be activated when the stock’s last price is equal to or lower than the stop price. The order will then be executed as a limit order using the specified limit price.
- Buy:** The order will be activated when the stock’s last price is equal to or greater than the stop price. The order will then be executed as a limit order using the specified limit price.

<b>XIU</b> <small>TSX</small> ISHARES S&P/TSX 60 INDEX FD	<b>18.55</b> <small>LAST</small>	<b>-0.06</b> <small>-0.32 % DAILY CHG</small>	<b>18.52</b> <small>BID</small>	<b>18.53</b> <small>ASK</small>	<b>940,405</b> <small>VOLUME</small>	<b>9:46:00</b> <small>TIME</small>
Buy		Qty 100				
Price		Stop		Limit		Duration
Stop Limit		19.000		19.500		Day
<b>Estimated Costs:</b>						
		Commission: \$9.95		Order: \$1,950.00		
				Total: <b>\$1,959.95</b>		
						<b>PREVIEW</b>

## Day Order

A day order is a limit order that expires at the end of the trading day.

## Good Until Cancelled Order

A good until cancelled order is a limit order that will expire after 45 days if unfilled.

## Commissions

A flat commission fee will be charged for each transaction. The commission will be displayed in the order details before placing the order. If an order gets multiple fills on different days, the commission will only be charged once.

## Short Sell Stock

Short selling is a trading strategy whereby a security is sold but the seller does not own it (naked or uncovered short) or has borrowed it (covered short). Short sellers assume the risk that they will be able to buy the stock at a lower price, cover the outstanding short, and realize a profit from the difference.

- A long position holder cannot short sell the same stock (i.e. cannot hold both a long and short position on the same stock) in the same portfolio.
- One cannot go from long to short in one transaction, or vice versa.

<b>XIU</b> <small>TSX</small> ISHARES S&P/TSX 60 INDEX FD	<b>18.63</b> LAST	<b>0.03</b> 0.16 % DAILY CHG	<b>18.63</b> BID	<b>18.64</b> ASK	<b>687,865</b> VOLUME	<b>9:57:00</b> TIME
<input type="text" value="Sell Short"/>		<input type="text" value="Qty 100"/>				
Price						
<input type="text" value="Market"/>						
<b>Estimated Costs:</b>	Commission:	\$9.95	Order:	\$1,863.00		
			Total:	<b>\$1,853.05</b>	<a href="#">→ PREVIEW</a>	

## General

A position cannot have multiple open orders on the same position.

# Margins

## Introduction

Two different margin ratios are used in the system: initial (at the time of trade) and maintenance margin (currently not implemented). A margin has a different meaning for securities versus commodities. For securities, the margin is the amount of cash a client borrows. For commodities, the margin is the amount of cash a client must put up as collateral to support a futures contract.

## Initial Margin

When an order is submitted, a check is made against real-time available funds. If the execution of the order requested would result in available funds of greater than or equal to zero, the order is accepted; if the execution of the order requested would result in available funds of less than zero, the order is rejected.

## Buying Power

Buying power represents the available funds in an account, calculated as follows:

$$\text{Cash} + \text{Equities value} - \text{Initial Margin}$$

## Short Positions

Short sale proceeds are applied to cash and the short position is subtracted from equity.

## Open Orders

Open equity orders are considered when calculating initial margin.

# Margin Ratios\*

## Long position

Initial margin	If stock price > \$2.00, then 50% x Stock value
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## Short position

Initial margin	If stock price > \$2.00, then 50% x Stock value
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\* TSX Venture stocks are also eligible for margins in the system. Reduced Margins are not supported.  
Stocks under \$2.00 are not eligible for margins.

# Glossary

## Ask

The lowest price a seller is willing to sell a stock. When combined with the bid price information, it forms the basis of a stock quote.

## Ask Size

The aggregate size in board lots at the lowest price posted to sell a particular security.

## Assets

Everything a company or person owns, including money, securities, equipment and real estate. Assets include everything that is owed to the company or person. Assets are listed on a company's balance sheet or an individual's net worth statement.

## Bid

The highest price a buyer is willing to pay for a stock. When combined with the ask price information, it forms the basis of a stock quote.

## Bid Size

The aggregate size in board lots at the highest price posted to buy a particular security.

## Capital Gain or Loss

Profit or loss resulting from the sale of certain assets classified under the federal income tax legislation as capital assets. This includes stocks and other investments such as investment property.

## Cash

A special term attached to an equity order that requires the trade to be settled either the same day or the following business day for cash.

## Cash Dividend/Distribution

A dividend/distribution that is paid in cash.

## Close Price

The price of the last board lot trade executed at the close of trading.

## Commission

The fee charged by an investment advisor or broker for buying or selling securities as an agent on behalf of a client.

## Day Order

An order that is valid only for the day it is entered. If the order is still outstanding when the market closes, it will be purged overnight.

## Dividend

The portion of the issuer's equity paid directly to shareholders. It is generally paid on common or preferred shares. The issuer or its representative provides the amount, frequency (monthly, quarterly, semi-annually, or annually), payable date, and record date. The exchange that the issue is listed on sets the ex-dividend/distribution (ex-d) date for entitlement. An issuer is under no legal obligation to pay either preferred or common dividends.



## **Dividend Yield**

Equal to the indicated annual dividend rate per share divided by the security's price. For example, if the indicated annual dividend is \$1.00 and the most recent closing price is \$50.00, the dividend yield is 2%.

## **Equities**

Common and preferred stocks, representing a share of ownership of a company.

## **Ex Dividend**

The holder of shares that purchased ex dividend is not entitled to an upcoming already-declared dividend, but is entitled to future dividends.

## **High Price**

The highest price at which a board lot trade was executed during a trading session.

## **Index**

A statistical measure of the state of the stock market, based on the performance of stocks. Examples are the S&P/TSX Composite Index and the S&P/TSX Venture Composite Index.

## **Liquidity**

Liquidity refers to how easily securities can be bought or sold in the market. A security is liquid when there are enough units outstanding for large transactions to occur without a substantial change in price. Liquidity is one of the most important characteristics of a good market. Liquidity also refers to how easily investors can convert their securities into cash and to a corporation's cash position, which is how much the value of the corporation's current assets exceeds current liabilities.

## **Long**

A term that refers to ownership of securities. For example, if you are long 100 shares of XYZ, this means that you own 100 shares of XYZ company.

## **Low Price**

The lowest price at which a board lot trade was executed during a trading session.

## **Margin Account**

A client account that uses credit from the investment dealer to buy a security. A client needs to deposit a margin amount with the balance advanced by the investment dealer against collateral such as investments. The investment dealer can make a margin call, which means the client must deposit more money or securities if the value of the account falls below a certain level. If the client does not meet the margin call, the dealer can sell the securities in the margin account at a possible loss to cover the balance owed. The investment dealer also charges the client interest on the money borrowed to buy the securities.

## **Market**

The place where buyers and sellers meet to exchange goods and services. It also represents the actual or potential demand for a product or service.

## **Market Capitalization**

The total dollar market value of all of a company's outstanding shares, used to determine a company's size. Market capitalization is calculated by multiplying the number of issued and outstanding securities listed for trading for an individual issue multiplied by the trading price.

## **Market Order**

An order to buy or sell stock immediately at the best current price.

## **Net Change**

The difference between the most recent traded price and the previous day's closing price.

## **Net Worth**

The difference between a company's or individual's total assets and its total liabilities. Also known as shareholders' equity for a company.

## **Portfolio**

Holdings of securities by an individual or institution. A portfolio may include various types of securities representing different companies and industry sectors.

## **Profit/Net Income**

Net income represents the amount of money remaining after a company's operating expenses, interest, and taxes have been deducted from total revenue.

## **Risk**

The future chance or probability of loss.

## **Securities**

Transferable certificates of ownership of investment products such as notes, bonds, stocks, futures contracts and options.

## **Spread**

The difference between the bid and the ask prices of a stock.

## **Stock Split**

A corporate action that increases the number of securities issued and outstanding, without the issuer receiving any consideration for the issue. Approval by security holders is required in many jurisdictions. Each security holder gets more securities, in direct proportion to the amount of securities they own on the record date; thus, their percentage ownership of the issuer does not change. For example, a two-for-one stock split involves the issuance of two new securities for every old security.

## **Stock Symbol**

A one-character to three-character, alphabetic root symbol, which represents an issuer listed on Toronto Stock Exchange or TSX Venture Exchange.

## **Transactions**

As reported in exchange trading statistics, transactions represent the total number of executed trades during a specified period.