



**ETC Quarterly Report Ending May 2000**  
**Summary**

<p><b>Courses &amp; Seminars Using the ETC</b></p> <ul style="list-style-type: none"> <li>• 4FI3 Commerce – Trading in Financial Markets</li> <li>• MBA F722 - Market Trading and Risk Management (September 2000)</li> <li>• 2FA3 Commerce – Intro to Finance</li> <li>• FTS Case – Simulation</li> <li>• School of Business Open House</li> <li>• General sign-up presentations</li> </ul> <p>See page 2 for details</p>	<p><b>ETC Advisory Board</b></p> <ul style="list-style-type: none"> <li>• Establishment of The ETC Advisory Board</li> <li>• The first meeting was held at the TSE on March 2, 2000</li> <li>• The second meeting is schedule for June 27, 2000 at the TSE</li> </ul> <p>See page 4 for details</p>
<p><b>Student Activities</b></p> <ul style="list-style-type: none"> <li>• Accounting / Marketing students</li> <li>• Research for interviews</li> <li>• Finance Students</li> <li>• International Business Students</li> </ul> <p>See page 5 for details</p>	<p><b>ETC Media Coverage</b></p> <ul style="list-style-type: none"> <li>• The Hamilton Spectator</li> <li>• StockDummies</li> <li>• The Globe and Mail</li> <li>• Canadian Business Magazine</li> </ul> <p>See page 5 for details</p>
<p><b>Recommendations &amp; Comments Received by ETC</b></p> <ul style="list-style-type: none"> <li>• ETC Evulation from Commerce 1SO3</li> <li>• ETC Evaluation forms are available at the Centre</li> </ul> <p>See page 5 for details</p>	<p><b>Number of Users to Date</b></p> <ul style="list-style-type: none"> <li>• Over 4000 ETC users and guests.</li> <li>• 40 students and faculty attended the mini-course ETC 101 (Intro. to Financial Markets) and FTS simulations this quarter</li> </ul> <p>See page 7 for details</p>
<p><b>ETC Tools Available</b></p> <ul style="list-style-type: none"> <li>• Reuters 2000 (Terminal, Graphics)</li> <li>• Reuters 3000 (Equity, Money Mkt, Fixed Inc)</li> <li>• Reuters 3000 Fixed Income manual</li> <li>• Reuters 3000 Equities manual</li> <li>• Options Toolbox</li> <li>• Financial Trading System (FTS)</li> <li>• FactSet</li> <li>• Bloomberg</li> </ul> <p>See page 7 for details</p>	<p><b>Bulletin Board</b></p> <ul style="list-style-type: none"> <li>• Referendum</li> <li>• Distinguished Alumni Award Dinner</li> <li>• Summer hours</li> <li>• ETC Web page</li> <li>• Canadian Securities Institute Courses</li> <li>• Library Resource Centre</li> <li>• Rental of ETC</li> <li>• Employment Opportunity – VIP training</li> </ul> <p>See page 9 for details</p>
<p><b>Guest List</b></p>	
<ul style="list-style-type: none"> <li>• Pratt and Whitney</li> <li>• Dr. Peter George and Guests</li> <li>• Dr. Bob Mark and Michel Crouhy</li> <li>• Swift Trade</li> <li>• Brock University</li> <li>• Scholar for September</li> </ul>	<ul style="list-style-type: none"> <li>• Johnathan Wellem</li> <li>• Kawal Jit Singh, Madhukar Malhorta, Rahul Anand (Guests from India)</li> <li>• Alan Vesprini</li> <li>• MPP – David Christoperson</li> <li>• Honourary PhDs.</li> </ul> <p>See Page 8 for details</p>

## **ETC Report May 2000**

The following report covers the Educational Trading Centre activities for the period starting March 2000 to May 2000.

In April 2000, four students were hired for summer employment at the ETC. Three of the students were previous employees of the Centre. One student was hired as a co-ordinator and is familiar with the Centre's systems. An additional employee was hired specifically to handle the administration side of the Centre.

The volunteer internship program (VIP) is in full gear and is available to any McMaster student interested in obtaining some practical trading room skills. The skills developed in VIP training may qualify applicants for a position at the ETC. Students with VIP training will be given employment priority.

### **Courses and Seminars**

The ETC has given seventeen presentations this quarter by the ETC Supervisors and co-ordinators. This brings the total presentations to 156 for the year. The presentations were offered to all students to acquaint them with the capabilities of the ETC and to encourage the faculty to incorporate the ETC into their courses. Furthermore, some of the presentations were customized to meet the needs of the individual courses. For example, the MBA Fixed Income students, the first year business students, second year finance students and fourth year International Business students. The response by students who attend the presentations was positive.

#### **Commerce 4FI3 – Trading in Financial Markets – (January 2000)**

The course uses a combination of lectures, presentations, supervised trading and unsupervised trading in an attempt to develop practical skills in trading securities. Securities such as fixed income, equities, futures and options are covered. The course focuses on trading strategies

based on market analysis and risks management using the Reuters products and simulated trading programs such as Financial Trading System (FTS).

### **MBA F722 - Market Trading and Risk Management (September 2000)**

The course attempts to develop practical skills in trading financial securities with a focus on risk management and return enhancement. The course deals comprehensively with the increased importance played by risk and uncertainty in today's financial markets. Classes and trading sessions will be conducted at the Educational Trading Centre.

The following is the list of ETC presentations:

#### **ETC 101 Presentation**

2FA3 Commerce – Introduction to Managerial Finance (Dr. Deaves)

Four ETC 101 presentations were given to about 160 students. The presentation included topics such as news and quotes retrieval, graphing securities and historical performance.

Two ETC 101 presentations have been given to about 40 first-year students, during the week of March 1, 2000. The presentations included topics such as currency, news quotes and equity analysis using the Reuters 2000, Reuters Graphics and Equity 3000. The students enjoyed the presentations and the feedback was positive.

#### **ETC Weekly Seminars – ETC 101**

Every week the Centre offers general presentations on the use of Reuters 2000, and Reuters Graphics and Excel. The weekly seminars are offered to anyone interested in acquiring basic ETC operating knowledge. Sign up sheets are placed outside the door of the ETC at the beginning of every week. The sign-up presentations proved to be popular and several sessions were offered.

## **FTS Simulations**

Financial Trading System is a collection of cases developed by Carnegie Mellon University to illuminate the principles of business in a simulated and real market environment. Over 40 cases are available to faculty and students to enhance the learning experience. The FTS cases range in topics from Efficient Markets Hypothesis, CAPM, Security Trading, Financial Analysis, to Risk Management. In addition to their use in classes, the data collected from these cases can be used in research, in areas such as Markets structure, market integration, pricing models, investor/trader behaviour, price discovery, role of public and private information, expectations, and arbitrage.

The first case (RE1) deals with the concept of market efficiency, trading mechanics (bidding and offering), market making, and market taking in a simulated market environment. In particular, students experience market dynamics associated with price formation in a simple stock market economy. The case also measures students' trading performance for each session, relative to other traders in the market. Twelve of these simulations were given to about 120 students.

## **School of Business Open House**

On March 18, 2000 approximately 350 potential business students toured the facility. Seven presentations were given to the prospective students and their parents regarding the operations and benefits that the ETC has to offer business students.

## **The Educational Trading Centre Advisory Board**

The second ETC Advisory Board meeting is scheduled for June 27, 2000 at the TSE. Mr. Peter Jarvis will chair the meeting. Items on the agenda include the following: the function of the ETC and the role of the Advisory Board.

## **Student Activities**

The traffic at the Centre has been continuously increasing as a result of the students' activities. Students' activities include, preparing assignments and projects, gathering information and data for research, preparing for employment interviews, investments clubs, and investments challenges. Increase in the level of activity has also been due to the Trading course, encouraging students to come into the room to trade and track their stocks, options and futures on a daily basis.

## **Media Coverage**

StockDummies - StockDummies.com declared the ETC as the site of the week

Article about the ETC in The Hamilton Spectator (March 2000)

Article about Professor Nick Bontis in The Globe and Mail (March 2000)

Article about the ETC in Canadian Business (May 2000)

## **Recommendations & Comments received by ETC**

An evaluation of the ETC presentations was conducted by Professor R. Cossa's 1SO3 commerce students (over 200 students participated). What follows is a summary of the students' comments:

### **Aspects of the ETC presentation/experience that students liked**

- Used technology/software that is actual used in the real world
- Liked the realism of the room
- Hands on experience
- Opportunity to understand how the markets operate
- Liked the translux boards and live updates

- Liked the speed at which they retrieved information
- Liked using at the analytical tools available
- Liked having the manuals by the computers
- Enjoyed that each student had their own computer
- Room was very well organized
- Well trained and friendly employees
- Speakers were very informative, knowledgeable and professional
- Helpful presenters
- Liked that students ran the center and gave presentations
- Students were able to follow along with the presentations by using the computers
- Visuals were helpful, same thing on overhead as on computer screens
- Showed how the room can be used for research in many courses
- Liked that it was open to all students
- Opportunity to volunteer and work at the center to better job prospects
- Seats were comfortable

### **Aspects of the ETC presentation/experience that students would like improved**

- More clarity needed prior to presentation
- A lot of prior knowledge assumed
- A basic approach to explaining the contents of the room
- Information was covered too quickly
- Needed more time for the presentations
- Did not have enough time to take in all the information
- Have smaller groups at the center
- More instructors needed for one-on-one help
- Have two people on duty, one for presentation, one for helping students along
- Need an assignment to force students to learn the system on their own time
- Would like trading simulations
- More audience participation
- More emphasis should be made on training sessions

- Outline practical uses of the ETC other than for classes
- Should have a hand-out explaining the software
- Software was not too user-friendly
- Would like on-line help information
- Some computers did not perform as expected
- Increase the number of computers in the center to accommodate more students
- Need more instruction on how to use computers
- Would like printers
- Would like bigger monitors
- Presentation was too long
- Too specific to finance

### **Number of Users**

The ETC has approximately twelve students at any time trading and doing research. To date the centre has had approximately 4000 visitors.

### **ETC Tools Available**

The centre currently has Reuters 2000 and 3000 products, access to Reuters' intranet, Microsoft office and Options Toolbox on all 21 workstations. The students of the Trading Course frequently use these programs.

The ETC recently installed the Financial Trading System program on all 21 terminals. The Financial Trading System (FTS) brings the excitement of a trading floor to the classroom. It exploits advances in technology to integrate classroom instruction with real-time market participation, to create a unique environment for financial education.

The ETC has an Options Toolbox program on all 21 terminals. The Toolbox covers basic definitions, principal factors affecting an option's price, placing an order, LEAPS, Index options, equity options and how to construct and test a simulated option position.

FactSet has been installed on a tryout basis (on the main computer), FactSet seminars are planned for the faculty this summer. FactSet is a comprehensive, one-stop source of financial information and analytics. For more details consult the FactSet website at [www.FactSet.com](http://www.FactSet.com).

Bloomberg terminals will be introduced to the ETC this summer. Bloomberg offers real-time data feed delivery, historical and descriptive data. Bloomberg is an analytical software that provides tools used by market analysts.

### **Information:**

The ETC has developed two manuals. The first, is designed to help students use Reuters' terminal, Reuters' graphics, the interface with Excel, saving tick data and intra-day graphs to assist students with assignments and projects. The second manual is for Reuters 3000 Equities that is available for Commerce, MBA students and ETC members.

A third manual for Reuters 3000 Fixed Income is currently being developed and will be available. All of these manuals can be accessed through the ETC web site.

### **Guest List**

The ETC has received numerous distinguished visitors and recruiters from the industry.

March 15, 2000: Pratt and Whitney

March 18, 2000: School of Business Open House

March 24, 2000: Dr. Peter George and Guests

March 27, 2000: Dr. Bob Mark and Michel Crouhy from CIBC

April 27, 2000:	Swift Trade
May 2, 2000:	Dean Martin Kusy, and from Accounting and Finance, Don Cry and Howard Nemiroff, Brock University
May 8, 2000:	Student from the Cultural Exchange Program from India
May 9, 2000:	Allison Bain, September 2000, McMaster Scholar for the School of Business
May 10, 2000:	Johnathan Wellem, Georgian Capital Kawal Jit Singh, Madhukar Malhorta, Rahul Anand (Guests from India)
May 17, 2000:	Alan Vesprini, Credit Swiss Bank, Switzerland
May 19, 2000:	David Christopherson, MPP
May 30, 2000:	Honourary PhDs.: Allen Thomas Lambert and Lawrence Grenville Tapp

The ETC also held tours to students considering McMaster University for their undergraduate and MBA endeavours.

## **Bulletin Board**

### **Referendum**

On Friday March 31<sup>st</sup> and Monday April 3<sup>rd</sup> a student Referendum was conducted by the MBA Society and Commerce Society in the lobby of The Michael G. DeGroote School of Business. The topic of the Referendum was the implementation of an ETC fee; revenues generated from the fee will assist the Centre in obtaining additional financial software and to

help employ more students at the Centre. The students voted to select the highest proposed fee, 92% of the commerce students and 74% of the MBA students voted in favour of the universal fee. The Centre offers its sincere gratitude to all commerce and MBA students.

### **Distinguished Alumni Award Dinner**

Commencing in the millennial year 2000, the Distinguished Alumni Award will be presented annually to an alumnus or alumna of the School of Business whose personal accomplishments, reputation and character have, by association served to enhance the reputation of the Michael G. DeGroote School of Business.

The inaugural recipient of this prominent award will be **Mr. Wayne Fox, Vice-Chairman, CIBC**. Wayne Fox is among the business school's most distinguished alumni, and has been one of its greatest champions. Rising recently to the level of vice-chairman of one of Canada's largest banks, Mr. Fox has reached the upper echelon of the Canadian business establishment. His support for McMaster's business school has been outstanding. His involvement and early support was pivotal in the creation of the Educational Trading Centre, and he actively serves on the University's Board of Governors. On behalf of the Centre and all who use it, Congratulations and best wishes.

### **Summer Hours**

The Educational Trading Centre is operating on summer hours from May 1<sup>st</sup> 2000 to September 1<sup>st</sup> 2000. The hours of operation are Monday to Friday 9:30am until 5:30pm and closed Saturday and Sunday. The ETC will be closed on May 22, July 3 and August 7 due to the satutory holiday.

### **ETC Web Page**

The ETC's web page is about 95% completed; please consult our web page at <http://etc.mcmaster.ca>. It will feature all the ETC activities and progress.

## **Canadian Securities Institute Courses**

The Centre has established a partnership with the Canadian Security Institute to offer CSI courses and CSI licences through the Centre. This is the first time such partnership is established with a University. This summer, the Centre is planning to offer the newly established CSI technical analysis course/licence. Although traditional technical analysis is not a subject offered at Universities, a growing number of US Universities have included technical analysis in the academic curriculum. McMaster is the first Canadian University to offer a technical analysis course.

## **Library Resource Centre**

Two new bookshelves have been installed in the ETC. They contain financial information that both students, faculty and ETC members have access to by handing in their ID to the coordinator on duty. The materials can only be viewed in the ETC in order for the Centre to ensure that material will not be lost. Items on display include the following: Commerce 4FI3 weekly reports and final exam reports, various financial books and analysis reports, and donated items to the ETC. Donations to the ETC library are greatly appreciated and are tax deductible.

## **Rental of the ETC**

ETC facilities are offered to the business community to be used for meetings, seminars, and in-house training. In addition the Centre offers its expertise in designing and tailoring seminars to fit the needs of the clientele.

## **Employment Opportunity - VIP Training**

The ETC is advertising job opportunities for the co-ordinator positions, beginning September 2000 term soon. Students in the VIP continue to come into the centre and learn the software. Interested students can submit their resumes to the attention of the Director of the ETC.

**For further information:**

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