

# CME Group's 2019 Trading Challenge

Competition Rules, Regulations and Requirements

# Overview

CME Group, in coordination with CQG, hosts an annual electronic trading competition exclusive to currently enrolled college and university students at the graduate and undergraduate levels.

This electronic trading team competition is designed to provide student teams with an educational experience consistent with that of professional trading of CME Group products. Teams trade using live data in a simulated environment.

- Students compete as school teams. Registered teams of 3 to 5 currently enrolled students will compete for cash prizes and unique CME Group experiences.
- Teams will use the CQG Integrated Client trading platform to execute trades on the CME Globex platform. CQG will provide access to the technical analysis and trading software as well as training before the competition begins. CQG's software only works on a PC platform and port 2823 must be open in firewalls. The CQG help line is 24 hours a day.

Teams should refer to the website [www.cmegroup.com/tradingchallenge](http://www.cmegroup.com/tradingchallenge) for updates and daily trading results during the competition.

# Competition Eligibility

- 3 graduate and 3 undergraduate teams are eligible to compete per school.
- Each team is required to have 3 to 5 students from the same undergraduate or graduate program.
- Every student involved must be enrolled in an accredited college or university at the undergraduate or graduate level. All participants must be enrolled for the duration of the competition at the university identified by the team lead in the registration form.
- Faculty Advisors are highly recommended to oversee each school's participation.
- **Please Note:**
  - Teams may not mix graduate and undergraduate members.
  - Recent graduates are not eligible to participate.
  - Creating a team of students from different universities is not permitted.

**NOTE:** If it is discovered at any time before, during or after the competition that a team/individual does not meet ALL of the requirements listed above, that team/individual will be immediately disqualified and will forfeit any prizes.

*Disclaimer: Eligibility to receive competition prizes is only open to residents in the United States (US), Canada (CA) excluding Quebec, United Kingdom (UK) excluding Northern Ireland, Germany (DE), Netherlands (NL), Switzerland (CH), Republic of Korea (KR), Taiwan (TW), and Japan (JP).*

## Registration

During the registration process, the faculty advisor or student leader is required to acknowledge that their entire team and its individual registrants are currently enrolled students. CME Group reserves the right to request official student enrollment verification at any time before, during or after the competition.

Teams will be confirmed as registered on a first-come, first-served basis. The team lead will receive an e-mail confirmation after their team has successfully registered. If your team has registered after the maximum number of teams has been reached, the team lead will be notified that they have been put on the Challenge waitlist. CME Group will contact waitlisted teams 72 hours after the close of registration with acceptance or denial of team status.

Teams can register at [www.cmegroup.com/tradingchallenge](http://www.cmegroup.com/tradingchallenge)

- Pre-registration (via Faculty Advisor) opens Tuesday, August 27 2019 @ 9:00 a.m. CT
- Registration for general student population opens Monday, September 09, 2019 @ 9:00 a.m. CT
- Registration for the competition closes on Tuesday, October 01 @ 5:00 p.m. CT

## Competition Contracts

Teams will be able trade all CME Group futures products through CME Globex on CQG's trading applications during the competition.

CME Globex is an open access marketplace that allows you to directly enter your own trades and participate in the trading process, including viewing the book of orders and real-time price data.

To access CME Globex, participants will use CQG's CME Group-certified trading applications and connectivity.

Competition products do not have specified contract months. Teams are responsible to be aware of first notice day and expiration days.

Teams are penalized \$1,000 for each contract not liquidated by expiration. All profits for these trades are expunged.

**View the CME Group product slate here:**

<https://www.cmegroup.com/trading/products/#pageNumber=1&sortAsc=false&sortField=oi>

# Competition Dates

Trading hours vary per contract. Please refer to contract specifications on the 2019 Challenge Page for open and closing times.

NEW FOR 2019: CHALLENGE IS ONE ROUND WITH A DURATION OF 4 WEEKS.

## PRACTICE ROUND

- Teams will be given a login 72 hours after registration so that they can become familiar with the software.

## LIVE COMPETITION

- Begins Sunday, October 06 @ 5:00 p.m. CT
- Concludes Friday, November 01 @ 4:00 p.m. CT

*The top 5 \*eligible teams receive a cash prize and are determined by the final account balance at the conclusion of trading. All open contract commissions and penalties will be calculated and applied to determine final balance. Eligibility to receive competition prizes is only open to residents in the United States (US), Canada (CA) excluding Quebec, United Kingdom (UK) excluding Northern Ireland, Germany (DE), Netherlands (NL), Switzerland (CH), Republic of Korea (KR), Taiwan (TW), and Japan (JP).*

# CQG Software

Students are able to use three applications to execute trades during the competition.

Each team will receive:

- A shared system login for CQG Integrated Client
- A live trading login for every member of the team for use on ALL applications

It is important that each team member read the below instructions on how to access the competition for each application so your trades count. NOTE: ONLY ONE TEAM MEMBER CAN BE LOGGED INTO CQG IC AT A TIME. All remaining team members can simultaneously use CQG Mobile for iPhone and CQG Desktop in either mobile mode or desktop mode to execute trades. Your live trading login will be the same for both CQG IC, CQG Mobile and CQG Desktop. CQG IC will still require a system login.

<b>Software</b>		
CQG Integrated Client	<a href="#">DOWNLOAD</a>	All teams will need to be in the LIVE TRADING SIMULATOR for your trades to count. Please <a href="#">CLICK HERE</a> to prepare your system for live trading.
CQG Mobile	<a href="#">DOWNLOAD</a>	All team members need to make sure they are logged in through LIVE MODE for trades to count.
CQG Desktop	<a href="#">Access CQG Desktop from your browser</a>	All team members need to make sure they are logged in through DEMO MODE for trades to count.

# Challenge Specifications

Teams will use the CQG Integrated Client, CQG Mobile and CQG Desktop trading platforms to execute trades on the CME Globex platform. CQG will provide access to the technical analysis and trading software as well as training before the competition begins. CQG's software only works on a PC platform and port 2823 must be open in firewalls. The CQG help line is open 24 hours a day.

- CQG will create a simulated trading account for each team.
- Only one team member can be logged into the CQG IC trading platform at a time. If a second team member logs in while another team member is in the system, the first team member will be logged out.
- Algorithmic trading is not permitted.
- The top 5 teams, determined by the final account balance at the conclusion of the Live Competition, receive a cash prize. All cash prizes are distributed amongst confirmed registered team members. Each team member will receive their own check with their prize money. No lump sums will be awarded to the team lead or other team member. Eligibility to receive competition prizes is only open to residents in the United States (US), Canada (CA) excluding Quebec, United Kingdom (UK) excluding Northern Ireland, Germany (DE), Netherlands (NL), Switzerland (CH), Republic of Korea (KR), Taiwan (TW), and Japan (JP).
- No restrictions to participate, only to receive a cash prize.
- Please note, only team members that were confirmed prior to the start of the round are eligible for the prize.
- All members of a team receiving a cash prize will be required to fill out an individual W-9 or W-8 form and submit an unofficial transcript to claim their prize.
- All pertinent information regarding the competition will be communicated via e-mail to the e-mail addresses provided at registration. While each member of the team will receive this communication, it is the team leader's responsibility to make sure all members are adequately updated.
- It is the team's responsibility to be aware of the terms and conditions, trading rules, restrictions, contract specifications and expiration dates.
- Teams are penalized \$1000 for each contract not liquidated by expiration. All profits for these trades are expunged.

PLEASE NOTE: Any errors, omissions, or discrepancies in competition related materials and team trading activity that occur before, during or after the competition are subject to resolution by CME Group and CQG only. No exceptions.

# General Rules for Trading

- Beginning account balances: - \$500,000
- Teams are required to execute at least 10 contracts per day in one competition product or a combination of the competition products. Daily required minimum is 10 contracts, can be an entry (long or short) or an exit. It can also be any combination of 10 contracts which can result in open positions.
- Teams are penalized \$1,000 per trading day for every day they execute less than 10 contracts. Note: this means team volume traded each day must be a minimum of 10 contracts. If a spread trade is made in one of the exchange traded spreads, volume is the number of those spread contracts traded.
- We are accepting calendar spread trading when the spread is an exchange traded spread. Syntax for the spreads are symbols followed by S1 for calendar spreads and W1 for reverse calendar spreads followed by the first month of the spread. For Example: CLES1H5 is buying the March Crude Oil Futures contract and selling the April Crude Oil Futures contract. Calendar spreads always buy the front month and sell the back month. The calendar spread symbols are CLES1, NGES1, GCES1, ZCES1, ZSES1, GLES1, MPOS1. Reverse calendar spreads always sell the front month and buy the back months. The reverse calendar spreads symbols are EPW1 and EU6W1. The system will automatically offset the margin on the position. All accounts should maintain proper margin at all times. Margin rates may fluctuate during the competition. Rates are available at [CME Group's Performance Bonds/Margins FAQ](#). Margins are also available on CQG Integrated Client (under the more button click on CSpec).
- Note: if a spread is “legged” the position will be margined as if it was two separate positions. • The number of contracts traded is limited to the margin requirements posted in the rules. • Teams are penalized \$10,000 a trading day for trades outside the specified products and \$1,000 for each contract not liquidated by expiration. All profits for these trades are expunged. • A commission of \$2.50 is charged per traded contract (side). • If a team loses 20% of its available account balance in one day, the account is locked for the remainder of the trading day. • All accounts should maintain proper margin at all times, including the practice round. Margin rates may fluctuate during the competition. Rates are available at <http://www.cmegroup.com/clearing/cme-clearing-overview/performance-bonds.html> • If a team's available balance drops below the required margin level, only orders that reduce or exit a position will be accepted.

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## Penalties

- Not executing 10 required contracts per day – \$1,000 per day.
- Teams are penalized \$1,000 per contract not liquidated by expiration.
- Open contracts at the conclusion of a round – \$1,000 per contract plus commission expenses on the open contracts. Open trade equity profit and loss will be removed to determine the final account balance.

# Prizes

Competition is open to all eligible students. Eligibility to receive competition prizes is only open to residents in the United States (US), Canada (CA) excluding Quebec, United Kingdom (UK) excluding Northern Ireland, Germany (DE), Netherlands (NL), Switzerland (CH), Republic of Korea (KR), Taiwan (TW), and Japan (JP).

The top 5 teams, determined by the final account balance at the conclusion of the Live Competition, receive a cash prize.

All cash prizes are distributed amongst confirmed registered team members. Each team member will receive their own check with their prize money noted below. No lump sums will be awarded to the team lead or other team member. Please note, only team members that were confirmed prior to the start of the preliminary round are eligible for the prize.

First Place Team: \$2,000 per student

Second Place Team: \$1500 per student

Third Place Team: \$1000 per student

Fourth Place Team: \$750 per student

Fifth Place Team: \$500 per student

All members of a team receiving a cash prize will be required to fill out an individual W-9 or W-8 form and submit an unofficial transcript to claim their prize.

## Contact Information

**For all software related questions and concerns:**

**CQG Support**

**E-mail: [TradingChallenge@cqg.com](mailto:TradingChallenge@cqg.com)**

**Phone: [CQG Help Desk](tel:18008000000)**

**For all other questions:**

**CME Group**

**Corporate Marketing & Event Management**

**E-mail: [trading.challenge@cme.com](mailto:trading.challenge@cme.com)**

# Additional Resources

[CME Group Glossary](#)

[Futures Fundamentals](#)

[CME Group Stories of Financial Ingenuity and Innovation](#)

[CME Group Visitor Information](#)

[CME Group Magazine and Blog](#)

[CME Group Education](#)

[CME Group Electronic Trading](#)

[CME Group Media Room](#)

[CME Group Trading Challenge Homepage](#)

[CQG Trading Challenge Homepage](#)

## Challenge Specific Definitions

- Trade – Teams are required to execute at least 10 contracts per day in one competition product or a combination of the competition products. Daily required minimum is 10 contracts, can be an entry (long or short) or an exit. It can also be any combination of 10 contracts which can result in open positions. Teams are penalized \$1,000 per trading day for every day they execute less than 10 contracts. Note: this means team volume traded each day must be a minimum of 10 contracts.
- Open equity – the unrealized gain or loss of an open position.
- Marked to market – Calculating the total equity or open equity based on the most recent day's settlement price.
- Daily account value – based on the closed trades at the end of the day and does not reflect open trade equity of positions.
- Commission – \$2.50 per contract side (= \$5.00 per trade). When trading the required amount will be charged a minimum of \$25.00 commission per day.

# Profit and Loss

- Profit / Loss Calculation Example:

If you buy 10 lots of NYMEX Crude Oil at \$94.43 and liquidate the position by selling 10 at \$95.27, you have made \$0.84 (points) on 10 lots. The price per tick for NYMEX Crude Oil is \$10.00. The following procedure provides an elementary example of calculating profit or loss.

\* Refer to the Contract Specifications page for calculation details.

\*\* Always use the decimal point in the calculation.

Step 1: Calculate Point Difference

Sell Price (95.27) – Buy Price (94.43) = Point Difference (.84)

Step 2: Calculate Profit/Loss

Point Difference (.84) \* Contract Size (1,000 ) \* # of Contracts (10)=  
Profit/Loss (8,400)

Profit of \$8,400.00

## Buying and Selling

If you buy to initiate a position, your account is “long.”

If you sell to initiate a position, your account is “short.”

If you are long 10 lots of April Crude Oil, you can sell 10 lots of April Crude Oil to liquidate the position and become “flat”. You can also increase your position or reverse and go short 10 contracts by selling 20.

Open positions are marked to market (the most recent day's settlement price). You do not realize a profit or loss until you liquidate your position. Note: Net change in CQG is calculated from last trade not settlement by default.

To calculate your profit or loss, you should use the criteria specific for each commodity.

All executions should be manually recorded and checked daily against the CQG trade log.

# Order Types

**Market Order (MKT)** – The order is submitted without a price.

A Market order is executed immediately at the current bid or offer.

Buy orders are executed at best offer, sell orders are executed at best bid.

**Limit Order** – The order is submitted with a specific price limit or better.

You will be filled at the stated price limit.

Buy Limit orders should be entered below the current market.

Sell Limit orders should be entered above the current market.

**Stop Order ( X )** - A Stop order is a resting order used to initiate or offset a position at a specific price level, however the order may not be filled at the exact price selected.

A Stop order becomes a Market order when the market reaches the stated price level and are executed at the best bid for sales and the best offer for buys at that time.

Sell Stop orders should be entered below the current market.

Buy Stop orders should be entered above the current market.

## How are your orders filled?

Market orders are filled immediately at the best bid for sales or the best offer for buys.

Limit orders are filled when the market trades at the limit price.

Stop orders become market orders and are filled when the market trades at the stop price.

# Disclaimer

Neither futures trading nor swaps trading are suitable for all investors, and each involves the risk of loss. Swaps trading should only be undertaken by investors who are Eligible Contract Participants (ECPs) within the meaning of Section 1a(18) of the Commodity Exchange Act. Futures and swaps each are leveraged investments and, because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for either a futures or swaps position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles and only a portion of those funds should be devoted to any one trade because traders cannot expect to profit on every trade.

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