

Sauder School of Business Prediction Markets

Canadian Federal Election 2015 Majority Government Market

MARKET PROSPECTUS

CA15MG

Mar 1–Oct 18, 2015

Overview

This prospectus describes the futures contracts traded in the Canadian Federal Election 2015 Majority Government Market, identified by the trading symbol CA15MG, in the *Sauder School of Business Prediction Markets* (SPM). The purpose of this market is to predict the absolute majority in the forthcoming election for the Parliament of Canada on Monday, October 19, 2015. Except as specified in this prospectus, trading rules for this market are the same as specified in the online user's guide on the predictionmarkets.ca web site.

Opening and Closing

Trading activity in the CA15MG market commences on Sunday, March 1, 2015, and continues until and including Sunday, October 18, 2015, the last day before voting takes place. During each trading day, the market opens at 06:30 Pacific Time with an initial auction of limit orders that have accumulated since the last closing of the market. The market closes at 20:30 Pacific Time on all trading days. During the nighttime non-trading hours, traders may still submit limit orders through the trader interface.

Liquidation Values

Liquidation values of the contracts traded in this market are determined by the official final (not the election-night preliminary) results as determined by *Elections Canada* as published on their web site. Due to the possibility of official recounts in close races, the announcement of final results may be delayed by a few weeks after the election. Liquidation of contracts will take place within a week of announcement of the final results. Payoffs are determined by which party wins an absolute majority of seats in the Parliament of Canada. With 338 seats in the Parliament of Canada, a party that wins at least 170 seats is deemed to have achieved an absolute majority. The winning contract pays \$1, and all other contracts pay \$0. Details of the computation rules appear in our online user's guide. The judgment of the SPM Director in consultation with the SPM Advisory Board will be final in resolving questions of interpretation and typographical or clerical errors.

Contracts and Contract Bundles

Contracts are traded in 1/100 cent (basis points) increments. Bundles consisting of one share of each of the contracts in this market can be purchased from or sold to the SPM system at any time. The price of each bundle is \$1.00. The following contracts constitute a contract bundle:

Symbol	Short Name	Payoff Description
CA15MG.CPC	Conservatives	\$1 if the Conservative Party of Canada wins an absolute majority of seats in the Parliament of Canada in the Canadian Federal Election 2015, and \$0 otherwise
CA15MG.NDP	NDP	\$1 if the New Democratic Party wins an absolute majority of seats in the Parliament of Canada in the Canadian Federal Election 2015, and \$0 otherwise
CA15MG.LIB	Liberals	\$1 if the Liberal Party of Canada wins an absolute majority of seats in the Parliament of Canada in the Canadian Federal Election 2015, and \$0 otherwise
CA15MG.OTR	Other Outcome	\$1 if neither or another party wins an absolute majority of seats in the Parliament of Canada in the Canadian Federal Election 2015 (i.e., a hung parliament), and \$0 otherwise

Governing Rules

This market is governed by the rules and regulations posted on the SPM web site. Traders are required to familiarize themselves with the trading rules as posted on the SPM web site. Trading is open to all Canadian residents with a valid Canadian postal address. Minimum (\$25) and maximum (\$1,000) investment limits apply. Traders bear the risk of financial gains and financial losses. Funds in a trader's cash account are fungible across markets. There are no trading fees of any kind. Requests to withdraw funds must be submitted through the web interface. Cheques for divestments can only be mailed to Canadian addresses.