

Sauder School of Business Prediction Markets

Canadian Federal Election 2021 Seats Share Market

MARKET PROSPECTUS

CA21SM

Aug 24–Sep 19, 2021

Overview

This prospectus describes the futures contracts traded in the Canadian Federal Election 2021 Seats Share Market, identified by the trading symbol CA21SM, in the *Sauder School of Business Prediction Markets* (SPM). The purpose of this market is to predict the share of parliamentary seats in the forthcoming election for the Parliament of Canada on Monday, September 20, 2021. 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 CA21SM market commences on Tuesday, August 24, 2021, and continues until and including Sunday, September 19, 2021, 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* and 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 the fraction of seats won by the political parties represented by the contracts. There are 338 seats in total. For example, a party that wins 101 seats would receive a share $101/338=0.2988$ of the seats, which implies a payoff of \$0.2988 for the corresponding contract. 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 |
|------------|----------------|--|
| CA21SM.LIB | Liberals | \$1 times the share of parliamentary seats won by the Liberal Party of Canada in the Canadian Federal Election 2021 |
| CA21SM.CPC | Conservatives | \$1 times the share of parliamentary seats won by the Conservative Party of Canada in the Canadian Federal Election 2021 |
| CA21SM.NDP | NDP | \$1 times the share of parliamentary seats won by the New Democratic Party in the Canadian Federal Election 2021 |
| CA21SM.BLQ | Bloc Québécois | \$1 times the share of parliamentary seats won by the Bloc Québécois in the Canadian Federal Election 2021 |
| CA21SM.GRN | Green Party | \$1 times the share of parliamentary seats won by the Green Party of Canada in the Canadian Federal Election 2021 |
| CA21SM.OTR | All others | \$1 times the share of parliamentary seats won by all other parties and independents in the Canadian Federal Election 2021 |

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.