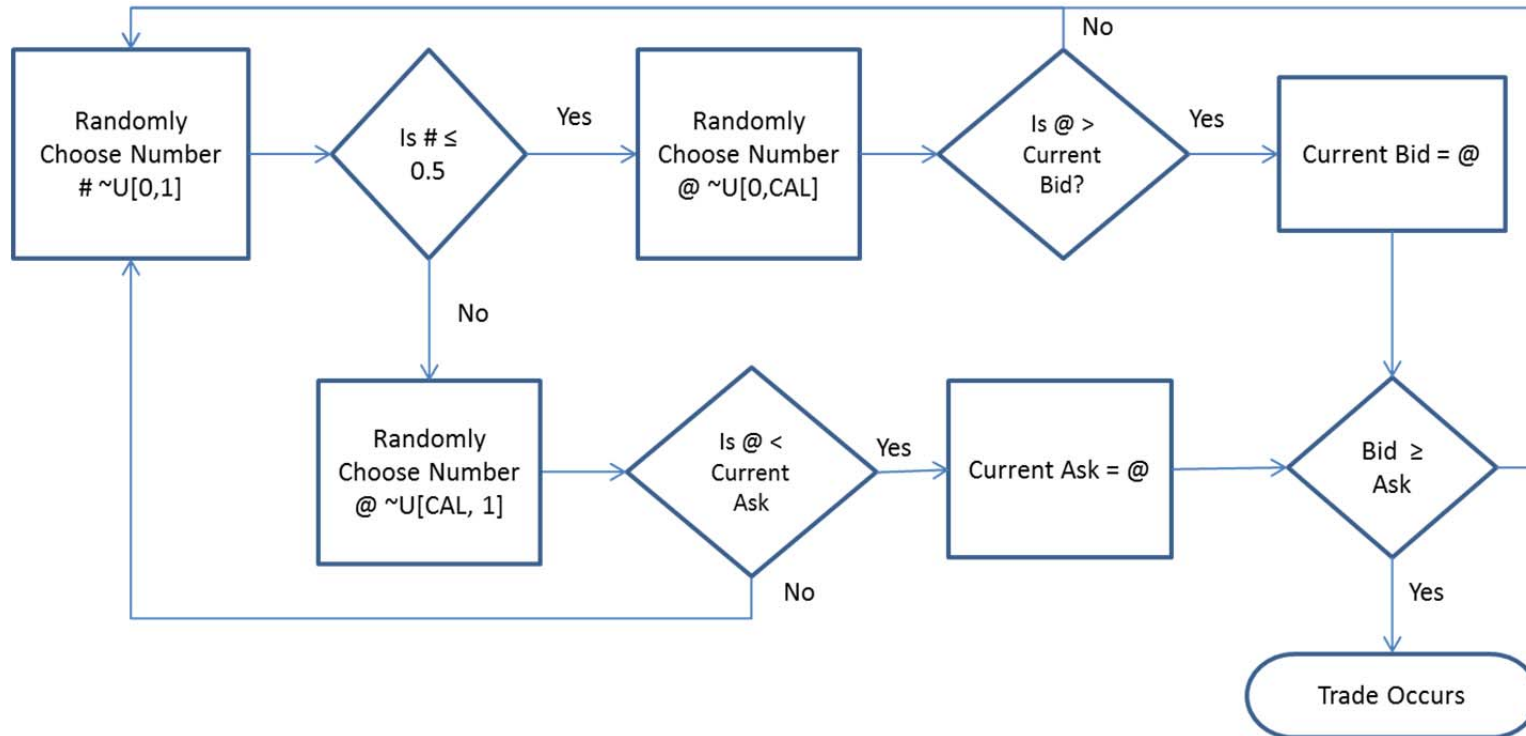**Bid, Ask, and Transactions Algorithm**

The algorithmic traders in our simulated markets send a message by first drawing a random number from a uniform distribution bounded by 0 and 1. If the number is less than or equal (greater than) to 0.5, the message is a bid (ask). If the message is a bid, the trader draws a second random number from a uniform distribution bounded by 0 and the current aspiration level (*CAL*). If the message is an ask, the second random number is drawn from a uniform distribution between *CAL* and 1. If the trader's bid is more than the highest current bid in the market, the former becomes the current bid. If the trader's ask is less than the current (lowest) ask, then the former becomes the current ask in the market. When the market bid is equal to (or exceeds) the market ask, a trade occurs at the mid-point of the bid and ask. Visit www.zitraders.com for outline of the code.

Algorithm for Setting Current Aspiration Levels (CAL's)*
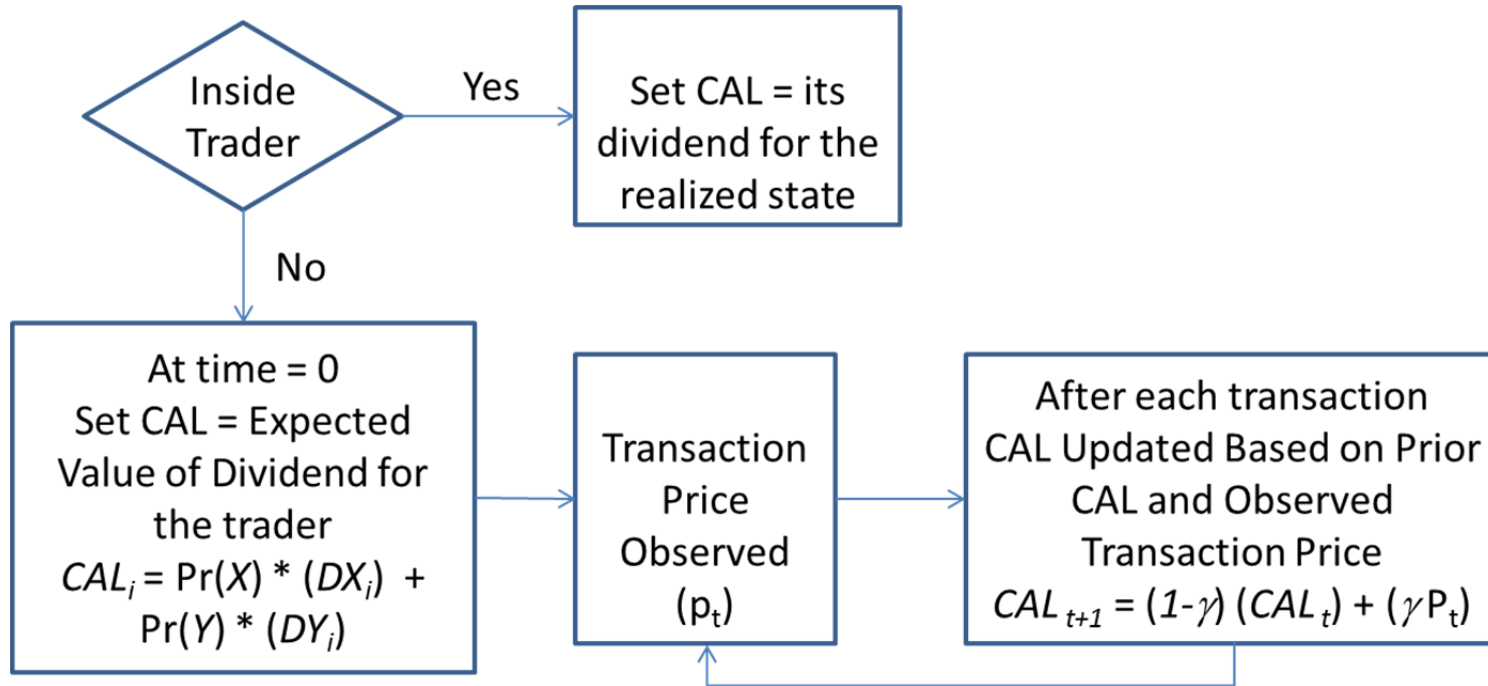
*There are two types of traders in our simulated markets--informed and uniformed. They set a current aspiration level (*CAL*) to generate bids and asks. The informed (insider) traders get a perfect signal about the realized state and set their *CAL* = their dividend in that state. The uninformed traders set their *CAL*= expected value, and then update it using a simple linear updating rule after each transaction. The end-of-period *CAL* of uninformed traders is carried forward to the next period. Informed traders do not carry forward *CAL* from previous periods. Visit www.zitraders.com for outline of the code.