

Trading Agent Competition with Autonomous Economic Agents

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Abstract: We provide a case study for the Autonomous Economic Agent (AEA) framework; a toolkit for the development and deployment of autonomous agents with a focus on economic activities. The use case is the trading agent competition (TAC). It is a competition between autonomous agents with customisable strategies and market parameters. The competition is facilitated by the AEA framework's native support for decentralised ledger technologies, i.e. permissionless blockchains and smart contract functionality, for immutable transaction recording and trade settlement. We provide an open-source implementation, study the result of the competitions we ran, and compare it to theoretical results in the economics literature. We conclude by discussing its real-world applications in crypto-currency, digital assets and token trading.

1 Introduction

Motivation. Agent frameworks (Kravari and Bassiliades, 2015) and multi-agent systems (MAS) have only found limited real-world applications despite being developed in the research community (Sonenberg et al., 2012; Wooldridge, 2009) for multiple decades (Lesser, 1995). One reason might be the absence of a native digital financial layer that enables economic activities.

In general, economic models and activities are an integral part of MAS (Shoham and Leyton-Brown, 2008). In particular, deployable MAS applications often incorporate an element of trade between agents. Examples include those utilising any of the following notions: incentives (Novikov, 2016), rewards/punishments (Hao and Leung, 2016), negotiation (McBurney et al., 2003), and so forth. It is likely that the realisation of such applications hinges upon access to a native financial and settlement system designed specifically to address the needs of MAS applications.

The advent of distributed ledger technology (DLT) (Maull et al., 2017) makes it possible to finally provide a native digital financial system that is both decentralised and *trustless* (Chohan, 2019; Klems et al., 2017), two properties fundamental to MAS itself.

This study, together with its associated implementation, serves as a practical demonstration of the synergies between MAS and DLT. It forms an early step

in our efforts to bring multi-agent system applications to large-scale deployment.

Competition. We introduce a Trading Agent Competition (TAC) as a reusable software package¹ and use case of the AEA framework (Minarsch et al., 2020); a framework that enables the development and deployment of autonomous agents with a focus on economic activities.

The competition focuses on a scenario that involves one of the most fundamental forms of economic interactions; bilateral trades. A society of agents, each starting with a number of goods, engages in one-to-one trades using a numeraire *money* token as their medium of exchange.

Each agent, in the real world, would represent an individual or a group of people, tasked with looking after their interest by maximising their utility. To this end, the agents must be made aware of their owners' preferences (von Neumann and Morgenstern, 1944) and values (Atkinson and Bench-Capon, 2016). In the competition, this is simulated by explicitly giving each agent a representation of their owners' preferences over goods at the beginning of each round. During the competition, the goal of each agent is to maximise its owners' interests by engaging in profitable trades, taking into account their preferences.

¹The TAC framework is accessible here: <https://github.com/fetchai/agents-tac>.

Application. The trading agent competition is facilitated by, and serves as a use case of, the AEA framework. As such, it exploits different features of the framework that correspond to the various facets of a multi-agent system, such as search and discovery services, agent communication, and transaction settlement.

The competition itself has applicability in multiple areas. It can be used as a multi-agent game, for instance to trade crypto tokens on the Ethereum blockchain (Wood et al., 2014). It is a general Walrasian market simulation tool which also allows for studying the effects of different agent strategies on trading performance (Kendall and Su, 2003). The authors use it as an end-to-end test environment for building scalable multi-agent systems.

2 Model

2.1 The economy

The competition encapsulates a Walrasian economy (Walras, 2014) with indivisible goods.

(Agents) There is a set A of agents partitioned into $A_{baseline}$ and $A_{model-based}$ such that $A = A_{baseline} \cup A_{model-based}$. Note that $A_{baseline}$ or $A_{model-based}$ can be empty as long as the minimum number min_agent of agents register for the competition (see Section 2.3). Section 3 describes the two types of agents in more detail. There is also a special agent c , called the *controller*, which runs the competition, and due to its special role, is not included in A . Section 2.4 describes this agent in more detail.

(Goods) There is a tuple of n sets of goods $X = \langle X_1, \dots, X_n \rangle$ where each $i \in \{1, \dots, n\}$ represents one type of good (e.g. a fungible token) and each element of the set X_i is an instance of that good type (e.g. equivalent instances of the same fungible token). In general, we may have $|X_i| \neq |X_j|$ for any two $i, j \in \{1, \dots, n\}$ where $i \neq j$; that is, the number of available good instances (their aggregate supply) could be different for two different goods.

(Money) There is a special type of good, indexed by 0, the *numeraire good* or money. It serves as a unit of account and medium of exchange to agents.

(Endowments) Agents are provided with *endowments* in goods and money. That is, each agent $a \in A$ has an endowment $e^a = \langle e_1^a, \dots, e_n^a \rangle$, a tuple of length n , where the set $e_i^a \subseteq X_i$ is the endowment of agent a in good i . Each agent is given at least some *base_amount* > 0 of each good, thus for any $i \in \{1, \dots, n\}$, we have $base_amount \leq |e_i^a| \leq |X_i|$. We assume that endowments are allocated such that for

each $i \in \{1, \dots, n\}$ we have $\bigcup_{a \in A} e_i^a = X_i$; that is, all endowments for a good sum to the total instances of that good. Finally, every agent is endowed with the same $e_0^a = money_amount > 0$. Goods and money can only be traded in integer amounts, that is they are non-divisible.

(Current holdings) Each agent a 's *current good holdings* are denoted by $\mathbf{x}^a = \langle x_1^a, \dots, x_n^a \rangle$ where for any $i \in \{1, \dots, n\}$, $x_i^a \subseteq X_i$ is the set of instances of good i that agent a currently possesses. Therefore, $|x_i^a| \in \{0, \dots, |X_i|\}$; note how agents can have no instance of a good i at some point in time but trivially never a negative amount. That is, there is no borrowing of goods. We further assume that for each $i \in \{1, \dots, n\}$ we have $\bigcup_{a \in A} x_i^a = X_i$; that is, all agents' current good holdings of a given good sum to the total instances of that good available. At the beginning of a round in the competition, before any trades take place, the good holding of any agent is equivalent to its endowment. Furthermore, each agent a 's *current money holding* is denoted by x_0^a and it must always be the case that $\sum_{a \in A} x_0^a = |A| \times money_amount$ and for each agent a , $x_0^a \geq 0$, that means there is also no borrowing of money.

(Preferences) Agents are assigned *preferences* for goods and money by the controller agent c . Specifically, each agent $a \in A$ has a preference relation \preceq_a on goods which totally ranks any possible combination of good bundles. Preferences are assumed to be transitive, thus for any three arbitrary goods x, y and z , $x \preceq_a y$ and $y \preceq_a z$ means $x \preceq_a z$. For the purpose of this competition, each agent a has a utility function u^a which is quasi-linear in goods and money:

$$u^a(x_0^a, \mathbf{x}^a) = x_0^a + g(\mathbf{x}^a) = x_0^a + \sum_{i \in \{1, \dots, n\}} s_i^a \times f(|x_i^a|) \quad (1)$$

such that $s_i^a > 0$ and

$$f(|x_i^a|) = \begin{cases} \ln(|x_i^a|) & \text{if } |x_i^a| > 0 \\ -L & \text{otherwise} \end{cases} \quad (2)$$

Breaking down the utility function in Equation 1, x_0^a is agent a 's money holding, s_i^a is the utility parameter agent a assigns to good i , and $f(|x_i^a|)$ parameterizes the number of instances of good i that agent a has. The logarithmic nature of $f(\cdot)$ implies decreasing returns; i.e. the agent values acquiring each additional instance of a good less than acquiring the previous instance. $L > 0$ is a large constant.

An agent a 's utility parameters for goods are represented by $s^a = \langle s_1^a, \dots, s_n^a \rangle$ where s_i^a is the utility parameter agent a assigns to good i . Equation 3 ensures the sum of the utility parameters for all goods are the same for every agent a :

$$\sum_{i \in \{1, \dots, n\}} s_i^a = 1 \quad (3)$$

With the specific design of the utility function in Equation 1, we are implementing the well studied Cobb-Douglas function (Brown, 2017) for $g(\mathbf{x}^a)$ which has the gross-substitutes property. This property means that an increase in the price of one good causes agents to demand more of the other goods.

The framework can be extended to utilise other utility representation, the only requirement imposed is that the utility representation provides a complete ranking of all goods.

In the context of the competition, the utility function serves as the metric which the agents have to maximise. The agent which best achieves this goal becomes the winner of the competition.

(Trade cost) We introduce a *trade cost* k to explicitly model transaction costs that would incur as a result of settling trades, with special focus on DLT-based financial systems. The trade cost has the side benefit of limiting against some forms of denial-of-service (DOS) attacks, provided the attacker cares about winning the competition. Each transaction incurs the same cost k .

2.2 Relation to Economic Theory

Under certain assumptions, e.g. if transaction costs are zero and goods are divisible, the gross-substitutes property ensures that the game has a unique equilibrium.² Note however, that since we introduce a trade cost and goods are indivisible, our game may have many equilibria.

Furthermore, in the interest of tractability and to guarantee an equilibrium, the gross-substitute property limits preferences in that goods cannot be complements.

Our simulation framework can benefit economic analysis. It allows studying the properties of a Walrasian economy populated by agents with non-standard preferences. And, it enables the analysis of interactions of heterogeneous trading strategies and preferences in the same environment.

2.3 Trading game phases

The trading game has the following three phases:

Pre-trading: in which agents register with the controller agent. Only if a *min_agent* number of agents register, then the competition moves to the next phase.

Trading: consists of k game instances g_1, \dots, g_k where at each game instance g_i :

- The controller sends every participant a new draw of endowments and preferences.

²This competitive equilibrium is achieved via a so called *Walrasian auctioneer* (Walras, 2014).

- Agents trade with each other.
- After some set time period or a sustained period of no trades, whichever occurs first, the game instance finishes and the controller constructs the league table for this game instance.

Post-trading: the controller reports the final league table as the weighted average of all game instance league tables.

2.4 Controller Agent

A distributed ledger technology (DLT) (Maull et al., 2017) is a secure and decentralised system for storing information and executing smart contract (Clack et al., 2016) functionality.

In principle, a DLT provides all the functionalities to facilitate the running and management of the TAC. In particular, it allows goods and money to be represented as fungible (or non-fungible) tokens and stores the transaction history of participants in a TAC.

As a first step towards a fully DLT-based TAC, we decided to emulate its functionalities in the TAC via a special controller agent c . This agent takes on the dual responsibilities of transaction settlement and competition management, effectively making it the only entity that holds the global state of the competition.

The controller agent's responsibilities are detailed below:

- At the beginning of each game instance, the controller generates and assigns the endowments in good \mathbf{e}^a and money \mathbf{e}_0^a , and the preferences \mathbf{s}^a of every participating agent a , ensuring they are somewhat orthogonal.
- During each round, the controller registers and settles transactions, ensuring the satisfaction of the feasibility constraints listed in *current holdings* in Section 2.1. This means that the controller essentially keeps track of the good and money holdings of every participating agent during the competition.
- For every transaction submitted to the controller, it ensures the transaction is cryptographically signed by all parties involved. Transactions with invalid signatures are rejected and deemed invalid.
- At the end of the competition, the controller constructs a league table containing the final scores and ranking of all participating agents.

2.5 Trustless exchange

The trading environment in this competition is designed to minimise the trust that agents need to place in each other.

Specifically, the controller agent ensures that every transaction sent to it is signed by all parties involved in the transaction. Because the controller is the only entity with the competition's global state, this makes it impossible for agents to submit invalid transactions according to current holdings, e.g. fake authenticity or attempt double-spending.

In the current implementation, agents have to rely on the controller as a trusted third party. There is however another version where this responsibility of the controller is pushed to a smart contract on a permissionless DLT system.³

2.6 Network Environment

The competition is held over a network. The environment consists of a so-called *Open Economic Framework (OEF)* node, a controller agent, and a set of participating agents. One functionality of the OEF node is message relaying. This means that through appropriate APIs, agents send and receive messages to each other, and the OEF handles the low level delivery of the messages over the underlying network. Another functionality of the OEF node is service registration and search. Agents can register services (e.g. descriptions of goods to sell/buy in terms of data models) and search for registered services.

3 Agents

There are two types of agents in this competition: *baseline* and *model-based*. In this section, we will first describe what is common across these two agent types. We then briefly present the negotiation system the agents use in the competition in Section 3.1. We then devote specific sections 3.2 and 3.3 to each agent type, describing their differences in architecture and strategy.

Regardless of their type, agents in the competition focus on discovering how they can arrive at an optimal bundle - as defined by their preferences - through successive trades. Emphasis for agents is placed on a) finding the right agents to trade with, and b) doing the right trade with them. This might involve identifying other agents' needs to arrive at the optimal trading sequence. However, a dummy agent which simply selects random bargaining partners and trades if it is beneficial to it, without any longer term plan is still able to improve its score in the competition.

The agents are designed to exhibit goal-oriented

³A reference to a preliminary newer version is available on our TAC repository linked to above.

behaviour while having the capability to react to changes in the environment (Wooldridge, 2009; Padgham and Winikoff, 2004). From a technical perspective, the agents have a so called *main loop* and an *event loop*. The former controls the agent's proactive behaviour, where at each 'tick' of the loop, the agent moves towards achieving its goal. The event loop on the other hand is responsible for processing incoming events. Events in the competition are represented as messages, much like typical multi-agent systems, which are placed in a queue by the event loop for processing in the main loop.

More specifically, the main loop ticks e.g. every 10th of a second, and each time through the loop it:

1. Processes any incoming messages,
2. Updates the agent's internal state,
3. Allows the agent to make decisions and act,
4. Waits until it is time to 'tick' again.

The key is ensuring that any message handling and internal state update happens fast enough to always (or mostly) avoid going over the allowed tick duration. The benefit of this architecture is that the whole process is kept single threaded and the code straightforward to read. If there is a need for some heavy processing, then one of the following is done:

- Splitting the task up into chunks and processing them over several ticks (storing any intermediate internal state).
- Concurrently executing the task in a single thread (e.g. using co-routines in Python).
- Splitting the process across different threads, having the main thread wait for all threads to finish with their jobs.

3.1 Negotiation

The negotiation protocol agents use in the competition is inspired by the FIPA ACL (Committee, 2001). This means, there is a multi-step dialogue during which agents send messages of the form $P(c_1, \dots, c_n)$ where P , called a *performative*, conveys the type of the message and c_1, \dots, c_n are the contents (e.g. $\text{Request}(\text{resource})$, $\text{Propose}(\text{offer}, \text{price})$). Table 1 lists the allowed messages and for each message specifies its valid replies.

An agent A initiates a negotiation by sending a CFP (call-for-proposal) to their counter-party B . If B processes a CFP, it replies with either a Propose or a Decline. Decline sent at any point in the negotiation by anyone terminates the negotiation.

A Propose contains a list of offers, which partially or totally match the query delivered in the CFP. Once

Table 1: Negotiation messages

Message	Contents	Replies
$cfp(q)$	$q : \text{query}$	$propose(o, p)$ $decline()$
$propose(o, p)$	$o : \text{offer}$ $p : \text{price}$	$propose(o', p')$ $accept()$
$accept()$		$match-accept()$
$decline()$		
$match-accept()$		

agent A receives the offers, it will either Accept or Decline. Upon acceptance, A will send a message to the controller agent c , confirming its transaction with B . The negotiation is successfully completed if B as the counter-party follows suit with a matching Accept and another transaction submission to the controller. However, B might also Decline at this stage, which would be the case if its trading position has changed between when it made the proposal and when it receives A 's Accept.

The second Accept is referred to as a *Match-Accept*. Without it, B would have to send the transaction to the controller after sending its proposal, which is very limiting. This is because at this point there is a high probability that the negotiation breaks down, because other simultaneous trades/negotiations impacting this one might be more beneficial. The reason for this is that any transaction submitted to the controller must be considered in the *forward looking* state of the agent, i.e. the state the agent finds itself in once all the trades it committed to have been settled by the controller agent c .⁴

3.2 Baseline Agents

Baseline agents are the more basic agents of the two types participating in a competition.

Recall each agent a has a utility function $u^a(\mathbf{x}^a, x_0^a)$, which given a good holding \mathbf{x}^a and money holding x_0^a , gives a number representing "how good agent a 's current situation is". The utility number is used by the agent to compare different states and helps in decision making. For instance, when deciding how much better off the agent would be if it acquired another copy of a good i . This is equivalent to comparing the utility values u^a of the two hold-

⁴Depending on their design, DLT systems provide different degrees of transaction finality. A transaction which is included in the chain and therefore confirmed and executed might still be reversed until it reaches finality (Rauchs et al., 2018). Therefore, depending on the underlying DLT system the forward looking state will have to be defined differently.

ings $\langle x_1^a, \dots, x_i^a, \dots, x_n^a \rangle$ and $\langle x_1^a, \dots, \tilde{x}_i^a, \dots, x_n^a \rangle$ where $|\tilde{x}_i^a| = |x_i^a| + 1$.

In general, an agent a compares two states with good and money holdings of respectively \mathbf{x}^a, x_0^a and $\tilde{\mathbf{x}}^a, \tilde{x}_0^a$, by calculating the *marginal utility* $u^a(\tilde{\mathbf{x}}^a, \tilde{x}_0^a) - u^a(\mathbf{x}^a, x_0^a) = g(\tilde{\mathbf{x}}^a) - g(\mathbf{x}^a) + \tilde{x}_0^a - x_0^a$. This is the quantity by which the agent assesses whether an exchange resulting in its good and money holdings to change from \mathbf{x}^a to $\tilde{\mathbf{x}}^a$, respectively x_0^a to \tilde{x}_0^a , pays off. In particular, for the exchange to pay off, the change in the marginal utility has to be positive.

A baseline agent without a world model $a \in A_{baseline}$ will trade as follows. For each good i in its current holding $\langle x_1^a, \dots, x_n^a \rangle$, the agent simultaneously offers to buy an instance, and sell an instance if it has at least two. The price p the agent is willing to sell the instance for is *equal or more than* the agent's marginal utility for i in the goods component only, i.e. $p \geq g(\mathbf{x}^a) - g(\tilde{\mathbf{x}}^a)$, where $\tilde{\mathbf{x}}^a$ is the current good holding \mathbf{x}^a minus the instance to be sold. On the other hand, the price p' the agent is willing to pay to acquire an instance is *equal or less* than the agent's marginal utility for i in the goods component only, i.e. $p' \leq g(\tilde{\mathbf{x}}^a) - g(\mathbf{x}^a)$, where $\tilde{\mathbf{x}}^a$ is the current good holding \mathbf{x}^a plus the instance of the good to be bought.

With the above trading strategy, the agent will never make any profit in negotiations where it proposes a price. It can only make a profit in negotiations where it receives a proposal.

3.3 Model-based Agents

A model-based agent uses information it gains from acceptances and declines of its proposals to create a price model for each good. It then uses the price model to offer the price it assumes has the highest likelihood to becoming a successful trade.

The algorithm that a model-based agent uses is presented in pseudo-code in Algorithm 1. It resembles a multi-armed bandit type model. The agent starts with a beta distribution with parameters $\alpha = 1.0$ and $\beta = 1.0$ (i.e. a uniform distribution), one for each price bin with resolution 0.2 (see INIT). During the competition, each time an agent gets a success or failure (Accept/Decline respectively) for a specific price bin and good, it updates the distributions (see UPDATE). The prices can then be sampled from the model by checking for the distribution with the highest success probability. The choice must be taken according to the agent's role in the negotiation (i.e. buyer/seller) and the last proposed price.

Algorithm 1 Multi-armed bandit model of price

Input: goods $1, \dots, n$

```
1: function INIT( $a$ )
2:   GoodPriceModels  $\leftarrow$  []
3:   for  $i \in \{1, \dots, n\}$  do
4:     GoodPriceModels[ $i$ ]  $\leftarrow$  []
5:     for  $price \in \{0.0, 0.2, \dots, 20.0\}$  do
6:       GoodPriceModels[ $i$ ].append( $\mathcal{B}(1.0, 1.0)$ )
7:     end for
8:   end for
9: end function
10:
11: function UPDATE( $i, price, outcome$ )
12:   modelToUpdate  $\leftarrow$  GoodPriceModels[ $i$ ][ $price$ ]
13:   if  $outcome$  then
14:     modelToUpdate. $\alpha$  += 1
15:     modelToUpdate. $\beta$  -= 1
16:   else
17:     modelToUpdate. $\alpha$  -= 1
18:     modelToUpdate. $\beta$  += 1
19:   end if
20: end function
```

4 Simulation Results

We have held an in-person version of the competition using the provided framework as well as running the competition in the form of a simulation, on which we report the results in this section. The simulation runs contained 10 agents, with half of the agents baseline, and the other half model-based. We ran the simulation 103 times, each time with a different seed and otherwise identical configuration. For the details on the configurations chosen please consult the repository.

We first analyse the scores. The null hypothesis we test for is that model-based agents have a weakly smaller mean score than baseline agents. The alternate hypothesis is that the model-based agents have a strictly larger mean score than the baseline agents. A one-sided t-test allows us to reject the null hypothesis at a significance level $\alpha = 0.0001$. Figure 1 shows the distribution of scores for the two groups of agents. It illustrates that model-based agents have a statistically significantly higher score than baseline agents. The mean score of the model-based agents is 325.07 whilst the baseline agents achieve a mean score of 319.53.

We next look at the number of trades completed by the two groups of agents on average. The null hypothesis we test for is that model-based agents have a weakly larger average number of transactions than the baseline agents. The alternate hypothesis is that

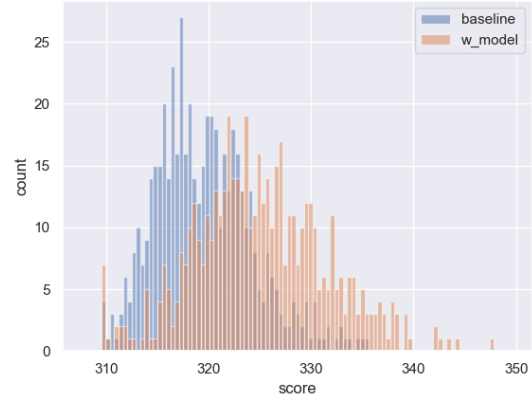


Figure 1: Histogram of scores (in bins) achieved

the model-based agents have a strictly smaller average number of transactions than the baseline agents. We test the hypothesis for the number of transactions from both the seller and the buyer perspective and the number of transactions from the buyer perspective.

A one-sided t-test allows us to reject the null hypothesis at a significance level $\alpha = 0.0001$ in the case of both the buyer and seller perspective. The mean number of seller transactions of the baseline agents is 10.72 whilst model-based agents transact on average 7.00 times as sellers. The mean number of buyer transactions of the baseline agents is 10.80 whilst model-based agents transact on average 6.93 times as buyers.

Figure 2 visualises the distribution of number of transactions. The graphs show that the baseline agents transact significantly more (both statistically and economically) than the model-based agents.

Lastly, we look at the prices charged by the two groups of agents. The null hypothesis we test for is that model-based agents have a weakly smaller mean price than baseline agents. The alternate hypothesis is that the model-based agents have a strictly larger mean price than the baseline agents.

A one-sided t-test allows us to reject the null hypothesis at a significance level $\alpha = 0.0001$. The mean price charged by the baseline agents is 3.02 whilst model-based agents charge on average 3.18. Figure 3 shows the distribution of prices charged by the two groups of agents. It illustrates that on average, model-based agents charge higher prices than baseline agents.

The simulation suggests a number of interesting findings. Firstly, baseline agents trade much more than their model-based counter-parts. They do so at lower prices than model-based agents on average. This leads to outcomes where model-based agents have a higher score on average than baseline

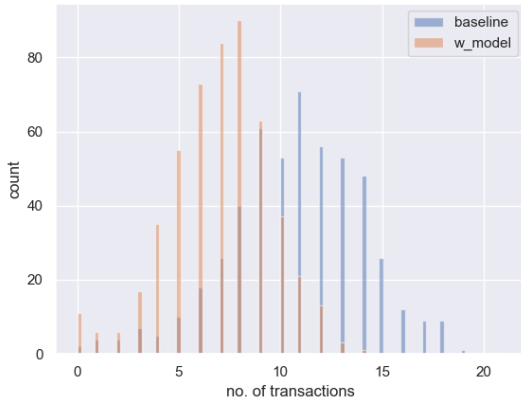
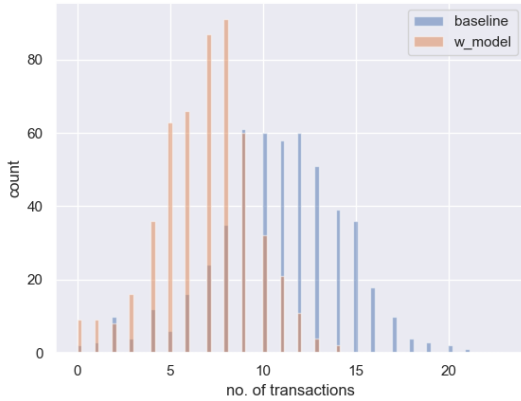


Figure 2: Histogram of buyer (top) and seller (bottom) transactions

agents. Since both types of agents operate at the same frequency, these findings suggest that model-based agents make offers which do get rejected more often. However, when they do get accepted they lead to a relatively larger gain for them.

5 Discussion

The competition setup mirrors a *Walrasian Exchange Economy*, the workhorse model in economics for representing a market, which demonstrates the concept of *allocative/Pareto efficiency* well, i.e. allocating resources to those who will make best use of them (Mas-Colell et al., 1995).

Since agents negotiate one-on-one, they should not be able to achieve the efficiency of the Walrasian Exchange Economy. In particular, it has been shown that in theory, an auction is more efficient than negotiation under most circumstances (Bulow and Klemperer, 1996). However, this does not mean that in-

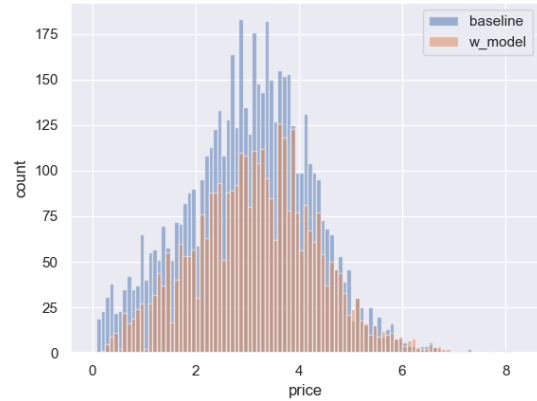


Figure 3: Histogram of prices (in bins) charged

dividual agents won't be able to outperform through negotiations relative to an auction-based market outcome. Specifically, due to the private information on preferences and good holdings, there is vast scope for some agents to perform better than others not by chance alone.

The reason for the above is that, from a game-theoretic perspective, the competition is not a zero-sum game. That is to say, an increase in one participant's score is not necessarily - and in general unlikely - at the cost of another. As a consequence, opposition to proposals and potential trade is weak in this setup since trades can be beneficial to all parties involved.

In this competition, agents' preferences and endowments are provided exogenously by the controller agent. Of course in a real-world use-case, the preferences and endowments would arise naturally. However, for the competition it is necessary to explicitly impose these on the agents to guarantee an interesting and fair setup.

Moreover, although the competition is designed so that agents would treat goods independently, for a hyper-rational agent, price changes in one good should lead to changes in demand for the other goods due to the gross-substitutes property embedded in the utility function of the agents. Hence, the aggregate supply in one good can affect the demand in another.

5.1 Real world applications

Beyond the competition aspect, this setup has other applications. The first being a research tool for understanding markets and trading strategies. Thanks to the modularity of the AEA framework, the competition package, and the architecture of agents, it is easy to change the competition's configuration and variables, describe other types of markets, and apply

custom rules. Similarly, it is straightforward to write agents which follow trading strategies other than the two described in Sections 3.2 and 3.3.

An extension of the above is studying the effectiveness of implementing reinforcement learning-based trading strategies on agents' trading performances. The AEA framework's built-in support for ML approaches to agent design facilitates this work.

Another use case is a trading platform for cryptocurrencies, tokens, and digital assets in general (Kumar et al., 2020; Radomski et al., 2018). The setup of this application is fairly close to the competition's existing setup because a) users would have well defined preferences over these assets, and b) computational representation of their preferences could be provided. Due to the above, we expect that this application is straightforward to get at with minimal alterations to the code base.

6 Future Work

There are many ways the trading environment could be made richer, and the domain more complex. A natural extension is to introduce a market through a centralised auction process that is operated in a decentralised way by a smart contract. Theoretically, this should cause the agent-to-agent negotiation to unravel (Neeman and Vulkan, 2002). However, it would be interesting to observe what happens in a multi-agent world where agents are unlikely (programmed to be) hyper-rational.

Below we list a number of features which can enrich the competition:

- **Richer strategies:** agents to be required to deploy strategies based on a variety of techniques (e.g. reinforcement learning (RL), evolutionary/genetic algorithms, logic-based).
- **Multiplicity of issues:** so several agent skills are needed and no single type of agent strategy is superior in all markets.
- **Latencies:** in real-world blockchain scenarios, the settlement of trades is not instantaneous and would need to be accounted for in the agent and smart contract design. The current implementation of the *forward looking* state in the agent can be improved upon accordingly.
- **Temporal Preferences:** agents can have different degrees of urgency for reaching the final state and different transaction costs. These two factors are relevant for applications in the real world and so it would be useful to parameterise them in the competition for further explorations.

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