

## **.Rules of The Stock Market Game Program**

1. Each team begins the simulation with \$100,000 in cash and may borrow additional funds. How much you may borrow rate of 7.00%, and credited weekly on positive cash balances at an annual rate of 5.00%. Interest is calculated daily, then summed for the week (Saturday through Friday) and posted on the following Tuesday. The daily rate is based upon a 365 day year. Daily Interest = Cash \* Appropriate Interest Rate(as a decimal) / 365.

2. You may trade only stocks and mutual funds listed on the American Stock Exchange, Nasdaq Stock Market and the New York Stock Exchange that have traded within the last 7 days. Canadian stocks traded on these exchanges will be priced within these markets but the current value is calculated using Canadian exchange prices adjusted using the current exchange rate for the American dollar equivalent.

3. End of Day Game transactions are priced at market daily closing prices. These prices can be found in the next day's newspaper or by using the price quote facilities of SMG. Real Time Game transactions are priced at the market price at the time of entry.

All Mutual Fund transactions are treated as real time transactions and priced at the previous day's closing price. This applies to both End of Day and Real Time games.

Transactions entered with a limit price will not be held past the initial attempt to price the transaction. This applies to both the End of Day or Real Time Games.

4. All buy orders must be a minimum of 100 shares. Sell orders for less than 100 shares will be permitted.

5. SMG does not permit buying stocks or mutual funds that trade below \$5 per share. Such orders will be rejected. Sell transactions for existing long positions where transactions are executed at closing or real time prices will be accepted, even if the price is less than \$5.00 per share. (There are a number of reasons for this rule. Low priced stocks, known as penny stocks, are very risky and volatile investments. Accordingly, brokers will not permit their customers to trade such securities on margin, just as SMG does not. Also, penny stocks tend to have very shallow markets and their prices move sharply with large orders, unlike SMG where transactions are executed at closing or real time prices regardless of order size).

6. Trades can only be processed in whole and will be rejected if sufficient buying power does not exist to execute the entire order.

7. A 2% broker's fee is charged for all transactions. For example, if you buy 100 shares of a stock at \$10 per share, you must pay the 2% of \$1000 or \$20. On Sell or Shortsell transactions an SEC fee of \$15.30 per million gross rounded to the nearest penny is also charged.

8. The Game is run Monday through Friday. Teams may trade on any day the participating stock markets are open. Orders may be entered 7 days a week 24 hours a day.

9. Trades entered after close of market (4:00 PM ET) will be priced at next day's closing price for the End of Day Game and at opening price for the Real Time Game. Mutual Funds are always treated as real time trades but priced at the last closing price.