

Sell! Sell! Sell!

In the Stock Market Game when you sell a stock you must figure the proceeds much like the computation for a buy transaction. The number of shares you wish to liquidate is multiplied by the current price for one share.

Number of Shares to Sell x Current Price

But wait...remember the service of your friendly broker. You must pay the 2% broker's fee on the value of the transaction. That broker's fee is deducted from the proceeds of the sell. Your portfolio will be credited with the cash proceeds after the broker's fee is subtracted from the sell transaction.

Number of Shares x Current Price - Broker's Fee (2%) = Net Proceeds

Got it? Try it...

Number of Shares	x	Current Price	-	Broker's Fee	=	Net Proceeds
100		\$5.25				
250		\$9.00				
1000		\$32.75				
500		\$89.50				
403		\$11.38				

Trick Question: Why do you add the cost of the broker's fee when you buy a stock and you must subtract the cost of the broker's fee when you sell a stock?



Answer: A 2% fee is charged on all transactions. The charge is added to the transaction value of a buy so the total cost to the investor includes the broker's fee. The proceeds of a sell transaction must have the broker's fee deducted before the investor is credited a cash amount.