



## **Stock Market Game™ Rules**

1. Each team begins the simulation with \$100,000 in cash and may borrow additional funds. How much you may borrow is dependent upon the equity in your account. Interest is charged weekly on negative cash balances at an annual rate of 7.00%, and credited weekly on positive cash balances at an annual rate of 5.00%.
2. You may trade only those stocks and mutual funds listed on the American Stock Exchange, Nasdaq Stock Market and the New York Stock Exchange.
3. All transactions are made on the basis of daily closing prices, which can be found in the next day's newspaper or by using the price quote facilities of SMG™.
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 that trade below \$5 per share. Such orders will be rejected. Sell transactions for existing long positions 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 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.
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 (4:00p.m. Eastern Time) will be priced at next trading day's closing price.

10. Teams do not have to liquidate their portfolios at the end of The Game. Winners will be determined on the basis of the equity in their portfolios at the end of the final transaction day. (Some states may use an essay contest to determine winners).

#### SHORT SELL / SHORT COVER RULES

11. All short sell orders must be for a minimum of 100 shares. Short cover orders for less than 100 shares will be permitted.

12. SMG™ does not permit short sells on stocks that trade below \$5.00 per share. Such orders will be rejected. Short cover transactions for existing short positions will be accepted, even if the price is less than \$5.00 per share. (See Rule #5 for an explanation).

#### PORTFOLIOS

13. A record of a team's portfolio and transactions will be available daily. A team will not receive a portfolio nor be listed in regional rankings until its initial transaction is entered successfully.

14. No back posting of trades will be done for trades of securities not contained within the SMG™ Security Table. Once the missing security has been added to the Security Table the security can then be traded. The same rule applies to trades rejected if they are incorrectly pricing below \$5. Once the pricing has been corrected the stock can then be traded.

15. Stock and cash dividends and stock splits are automatically computed into your portfolio. However, you are required to check them for accuracy. Promptly notify your Coordinator at their e-mail address of any problems you encounter.

16. Participants of the end of day pricing game may delete pending transactions prior to market close.

17. Any violation of the rules of the SMG™ may result in the invalidation of a transaction. Repeated violation of the rules may result in the disqualification of a team.

18. Additional rules have been developed in some states and, if applicable, have been included in your Coordinator's Information Page. It is the responsibility of your team to learn and abide by all rules.

19. You must maintain a total equity that is greater than 30% of the current value or your current holdings. If you don't, you will receive a margin call.

#### Code of Participation

1. SMG™ advisors must be responsible adults 18 years of age or older. In no case may they be a matriculated student in grades K-12.
2. SMG™ advisors will ensure that every participant on their team(s) has read and understands the SMG™ Rules and the Code of Participation.
3. Teams that do not comply with the SMG™ Code of Participation will be removed from the portfolio rankings.
4. The authority to remove a team from the rankings lies solely with the team's SMG™ coordinator organization.
5. Each team is responsible for any opening or closing transactions entered into its portfolio.
6. Teams may not enter transactions into portfolios other than their own. (Please note that when a team asserts that a transaction was entered by a non-member of that team, the team will nevertheless be ranked based on their portfolio's total equity, which will include the challenged transaction.)
7. Only transactions stored on the SMG™ database will be recognized for purposes of evaluating portfolio total equity.
8. The Foundation will be responsible for the accuracy of the market data. If a team believes a stock price or other information is in error, it shall notify its SMG™ coordinator organization.
9. In the event of an error on the part of The Foundation and/or coordinator organization(s), their liability to a participant shall be limited to the refund of registration or other fees paid.