

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 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%. Interest is calculated daily, then summed for the week (Sunday through Saturday) 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.

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 \$41.80 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.

10. Teams do not have to liquidate their portfolios at the end of The Game. Winners will be determined on the basis of either equity or the % return above/below S&P 500 Growth. (Some states may use additional criteria to determine winners).

SHORT SELL/SHORT COVER RULES

★ All short sell orders must be for a minimum of 100 shares. Short cover orders for less than 100 shares will be permitted. Open ended mutual funds can not be short sold.

★ SMG does not permit short sells on stocks or mutual funds 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

1. 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.
2. 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 security can be traded.
3. 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.
4. Participants of the end of day pricing game may delete pending transactions prior to market close except in the case of Mutual Funds which are processed as real time orders.

ADDITIONAL RULES

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

LOCAL RULES

Teams must follow The Stock Market Game 3x3x3 Rules listed below:

1. Teams must buy a minimum of 3 stocks by the 3rd week.
2. Teams must maintain a MINIMUM of 3 stocks in the portfolio throughout the program. The type of stocks may change but there must always be at least three.
3. Teams may not invest more than 33% of their total equity in any one company of fund. If a stock or fund in a team portfolio increases in value and places the investment beyond 33% of their total equity, they will be unable to purchase additional shares of that stock or fund. This rule is the Maximum Equity rule.

The Stock Market Game system will automatically enforce this rule to encourage diversity in a team portfolio. Minimum is 100 shares per stock. Minimum cost per share is \$5.00. Portfolio transactions will receive end-of-day pricing and rankings are updated weekly