

2018 Bloomfield Hills Financial Stock to Scholarship Rules and Regulations

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 on 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 0.75%. Interest is calculated daily, then summed for the week (Saturday through Friday) and posted Saturday (with Friday's date). The daily rate is based upon a 365-day year. $\text{Daily Interest} = \text{Cash} \times \text{Appropriate Interest Rate (as a decimal)} / 365$. Bond coupon payments will be posted when due.
2. You may trade only stocks and mutual funds listed on the NASDAQ Stock Market and the New York Stock Exchange. Some competitive regions may also trade a pre-determined group of Municipal, Corporate, and Treasury bonds. Teams cannot trade over-the-counter or pink sheet stocks since they often price incorrectly; teams also cannot trade Class B stocks since they normally have a variety of ways they are written on price providers (such as ABC.B, ABC-B, ABCB, etc.) and are, therefore, difficult to price correctly. When we find these stocks in portfolios, we must cancel any related transactions, which may result in a loss for the team.
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. Bond prices are available only on the SMG website. All Mutual Fund transactions are treated as End-of-Day transactions and priced at the day's closing price. All bond transactions are treated as Real-Time transactions. 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 End-of-Day or Real-Time Games.
4. All Stock and Mutual Fund buy orders must be a minimum of 10 shares. Sell orders for less than 10 shares are permitted. Municipal and Corporate Bond orders must be bought and sold in \$1000 increments only. Treasury Bonds must be bought and sold in \$100 increments only.
5. The minimum market capitalization for stocks in the Stock Market Game is \$25 million. This rule supports the trading of highly liquid and stable stocks with low volatility.
6. SMG does not permit buying stocks or mutual funds that trade below \$3 per share the day before and the day of execution. 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 \$3.00 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). Only Bonds provided by SMG may be bought and sold. These bonds will be investment grade only with S&P ratings of "BBB" or higher.
7. Trades can only be processed in whole and will be rejected if sufficient buying power does not exist to execute the entire order.
8. A 1% 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 1% of \$1000 or \$10. On Sell or Short-sell transactions an SEC fee is also charged. Bond buyers will also be charged for accrued interest since the last coupon payment.
9. 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 during hours the system is available.
10. Stock 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. Bonds will be given last price displayed in the system and Mutual funds will be priced at next day's closing price.
11. 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 percent return above/below S&P 500 Growth. (Some states may use additional criteria to determine winners).

Short sell/short cover rules

12. All short-sell orders must be for a minimum of 10 shares. Short cover orders for less than 10 shares will be permitted. Open-ended funds cannot be short sold. Held short sell positions are marked to the market daily and the resulting gain or loss is added or subtracted from cash. No mark-to-market.

13. SMG does not permit short sells on stocks or mutual funds that trade below \$3.00 per share. Such orders will be rejected. Short cover transactions for existing short positions will be accepted, even if the price is less than \$3.00 per share. (See Rule #6 for an explanation). Mutual Funds and Bonds cannot be sold short.

Portfolios

14. 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. A student can only be assigned to ONE portfolio per game period.
15. 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. Only Bonds listed in the SMG can be traded. No post-dating of trades due to the system being unavailable will be performed.
16. Stock and cash dividends and stock splits are automatically computed into portfolios. Every effort is made to simulate as closely to real life as possible a variety of other corporate actions (mergers, acquisitions, spinoffs, etc.), which may include the standard three-day settlement period. In this case, it may be necessary to suspend trading of a given security until the action can be completed. Canadian stocks trading on US exchanges cannot be traded between a split's record date and its payout date. It is the responsibility of teams to check their portfolios for accuracy and notify their Coordinator by email of any problems that are encountered.
17. Participants of the end of day pricing game may delete pending transactions prior to market close except bonds which are processed as real time orders.

Additional rules

18. 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.
19. 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.
20. 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.

Code of participation

21. 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.
22. SMG advisors will ensure that every participant on their team(s) has read and understands the SMG Rules and the Code of Participation.
23. Teams that do not comply with the SMG Code of Participation will be removed from the portfolio rankings.
24. The authority to remove a team from the rankings lies solely with the team's SMG coordinator organization.
25. Each team is responsible for any opening or closing transactions entered into its portfolio.
26. 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.)
27. Only transactions stored on the SMG database will be recognized for purposes of evaluating portfolio total equity. Teams are responsible for maintaining the secrecy of their portfolio password.

Your Local Rules for the Stock Market Game

Teams can have no more than 33% of their portfolio in any one stock. (This translates into \$33,000, since the total possible value of a portfolio is \$100,000.)

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1. The Bloomfield Hills Financial Stock to Scholarship Challenge is open to students currently enrolled at a Macomb, Oakland or Wayne County area high school.
2. College scholarships will be awarded to the top three students who amass the largest amount of money within the parameters of the game. The top prize awarded to the first place winner is a \$5,000 scholarship to the college or university of their choice. The second place winner will be awarded a \$2,000 scholarship. The third place winner will be awarded a \$1,000 scholarship. The scholarships will be provided to the college or university upon proof of enrollment.
3. **Registration Period** - Registration for the Bloomfield Hills Financial Stock to Scholarship Challenge begins on **January 15th, 2018 and ends on January 30th, 2018**. To register please visit our website at: www.stocktoscholarship.com or email us at stocktoscholarship@yahoo.com. Upon registration we will reply with further instructions. Limit one Bloomfield Hills Financial Stock to Scholarship Challenge account per eligible student.
4. **Trading Period** – The trading period for the BHF Stock Portfolio Scholarship Challenge **is February 5th, 2018 to April 13th, 2018**.
5. **Discrepancies** - Participants should report any account discrepancy to stocktoscholarship@yahoo.com within one (1) week from the transaction date. The Discrepancies reported after one (1) week may or may not be adjusted.
6. No purchase necessary. Void where prohibited. Participants agree to hold Bloomfield Hills Financial harmless. **Winners will be notified in the month of April 2018**. Within 10 days of the date specified in the notification, winners and their parents/legal guardians will be required to execute an affidavit of originality, eligibility, and compliance with rules, a release of liability and grant of publication rights, or the prize will be awarded to an alternate winner. Winners must provide a street address where BHF can mail the winners a publicity release, affidavit of eligibility, and if applicable, a tax form.

By registering for our challenge, you have agreed to the rules and regulations stipulated and are subject to disqualification if behaviors deemed inappropriate or game rules are broken. Also, you give BHF permission to use any images of you taken for the purposes of the Stock to Scholarship game.