

Do You Know the Rules?

Please answer the following questions in complete sentences.

1. Excluding interest earned, with how much cash does each team begin The Stock Market Game?
2. Does The Stock Market Game pay dividends?
3. Will transactions entered with a limit price be held past the initial pricing transaction?
4. What is one reason a team will not appear in *Rankings*?
5. In an End-of-Day game, which day's closing price will a trade entered on a Friday at 6:30pm receive?
6. What is the minimum number of shares for a buy order?
7. What is the amount of commission charged on all trades?
8. What is the annual percentage rate charged to teams with a negative cash balance?
9. What is the annual percentage interest rate that cash balances (money not yet spent) will earn?
10. Do teams have to liquidate (sell everything off for cash) their portfolios at the end of their trading session?



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Answer Key

1. Excluding interest earned, each Stock Market Game team begins the game with a cash balance of \$100,000. This is stated in The Stock Market Game's first rule: "Each team begins the simulation with \$100,000 in cash."
2. Yes, The Stock Market Game pays dividends. It can be inferred from Rule 16, where it states: "Stock and cash dividends and stock splits are automatically computed into portfolios."
3. No, trades entered with a limit price that is not met at the initial attempt to price the transaction will not be held. This is stated in Rule 11: "Transactions entered with a limit price will not be held past the initial attempt to price the transaction during market hours. This applies to both Real-Time and End-of-Day games."
4. One reason a team will not appear in *Rankings* is that they have not successfully entered their first trade. This is stated in Rule 5: "A team will not receive a portfolio ranking nor be listed in regional rankings until its initial transaction is entered successfully."
5. In an End-of-Day game, a trade entered on Friday at 6:30PM ET will receive the following Monday's closing price. If the following Monday is a holiday and the markets are closed, it will receive Tuesday's closing price. This is stated in Rule 10: "Stock trades entered after close of market (4PM ET) or on weekends and market holidays will be priced at the next business day's opening price for Real-Time games and at the next business day's closing price for the End-of-Day games."
6. According to Rule 8, "All stock and mutual fund buy orders and stock short sell orders must be for a minimum of 10 shares."
7. Rule 13 states: "A \$5-per-trade commission fee is charged on all transactions."
8. According to Rule 2, "Interest is charged weekly on negative cash balances at an annual rate of 7%, and credited weekly on positive cash balances at an annual rate of 0.75%."
9. According to Rule 2, "Interest is charged weekly on negative cash balances at an annual rate of 7%, and credited weekly on positive cash balances at an annual rate of 0.75%."
10. No, according to Rule 6, "Teams do not have to liquidate their portfolios at the end of the game."



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