

# Oklahoma SMS Rules

## 1. Initial Cash Balance

The initial cash balance is \$100,000. You must make at least 1 trade before the end of the 3<sup>rd</sup> week or your account will be deactivated.

## 2. How To Trade

Before making any trades, you must have your team number, password, and the ticker symbols of the securities you wish to trade.

There are two ways to make a trade:

**Oklahoma SMS home page ([www.oklahomasms.com](http://www.oklahomasms.com))**

Visit the home page to submit trades, review your team's activity, research stocks, obtain quotes, find ticker symbols, and review your team's ranking. This is the best way to trade because it is fast, accurate, and convenient.

### **Fax Line Toll-Free: 1-888-275-0969**

Your teacher may fax in your trades 24 hours a day. You must send your trade request in on the fax form provided to your teacher. The form may be found as a link on the left navigation bar. The fax form can be viewed and printed using Adobe Acrobat Reader. All information must be filled in completely with dark ink for your trade to be processed. This includes your team number, password, your advisor's name, signature, and phone number, fax number and all information pertaining to your trades.

**Trading Stocks:** There are four basic ways to trade stocks: buy, sell, short sell, and short cover. When buying a stock, you are taking a "long position" with the hope that the price per share will increase. When you sell a stock, you close that long position. Selling short is selling a stock that you don't own (you actually borrow the stock from the broker) with the hope that you can later buy the stock back at a lower price. When you buy the stock to pay back what you borrowed, it is called "covering" your short position. To buy or short sell a stock, specify how many shares you want, rather than how much money you wish to spend. You may not be long and short in the same stock at the same time.

**Trading Funds:** You may buy or sell mutual funds with the SMS. Mutual funds are traded in dollar amounts not by number of shares. Mutual funds must be traded in lots of \$500. Like stocks, in order to trade mutual funds you must have the ticker symbol. All mutual fund ticker symbols are five letters long ending in "X".

## 3. Trading Times and Prices Received:

**Stocks:** Trades made via the web page will receive 15-20 minute delayed prices if placed while the market is open (generally 9:30 am – 4:00 pm ET). Trades placed after the market has closed will receive the next day's open price. Trades made via fax and received before market close will receive that day's closing price. Trades made after market close will receive the next day's closing price.

**Mutual Funds:** Mutual Funds are always traded at the end of day price (NAV or net asset value). Trades received before market close will be placed at the closing price for that day. Trades made after market close will receive the next day's closing price.

#### **4. Splits and Dividends:**

All stock splits and all dividend payments over \$0.10 will be credited to your portfolio. Splits that have been credited to your portfolio have the appearance of a buy or short sell, but the price per share is \$0.00. Dividends will appear in your portfolio with a "DIV" attached to the ticker symbol. In order to receive a split and/or dividend, a team must have a current open position in the stock by the Ex-Date (The ex-date is usually two business days before the record date. It is indicated in newspaper listings with an x.). Splits and dividends will be posted in accounts by the "Ex-Date."

#### **5. Securities that can be traded:**

**Stocks:** You may buy, sell, sell short, and cover a short almost all NYSE and NASDAQ-AMEX stocks (common and preferred) that are trading at \$5.00 or more. IPOs are usually available the afternoon that the new stock starts trading on the exchanges. Stock trades may be in any whole number of shares greater than 25 (i.e., 25 share minimum but you can trade 26 shares or more).

**Mutual Funds:** All mutual funds may be traded.

#### **6. Volume and Purchase Restrictions:**

- Throughout the simulation, teams may invest no more than \$50,000 in any one stock.
- Teams may not buy or short sell stocks trading for under \$5 per share (no penny stocks).
- The maximum number of shares a team may trade is limited to the actual volume on the stock that day.
- Mutual funds must be traded in lots of \$500.
- You may not hold a short and a long position in the same stock at the same time.
- Duplicate trades on the same day are not allowed.

#### **7. Ticker Symbols:**

You need to know the ticker symbol for the security before you can trade it. Please note that most local newspapers show only the abbreviation of the company name, not the ticker symbol. The Wall Street Journal and the web page are two really good sources to help you find the ticker symbols you need.

#### **8. Commission:**

A broker's commission is applied to most transactions. The commission for stock trades is a flat fee of \$25 on each transaction regardless of the number of shares. If you sell one stock and buy another you will be charged two commission fees. The commission charged for all mutual funds is 1% of the purchase price. A commission is not charged when selling mutual funds.

#### **9. Margin Requirements:**

The margin requirement for the simulation is 50%. Initially, this means that since you are starting with \$100,000, you may borrow another \$100,000, making your total buying power \$200,000. You may buy and short sell stocks on margin.

**10. Interest Earned:**

Interest will be earned on all available cash balances and credited at the close of each day. During the simulation, cash balances will earn 3% interest, compounded daily.

**11. Interest Charged:**

Interest will be charged on all loan balances and will be debited at the close of each day. During the simulation, loan balances will charge 8% interest.

**12. Portfolio Statements:**

There will be no hard copy statements printed for teams. Account details (statements) may be printed from the web page 24 hours a day. Team activity and teams rankings are updated every business day on the web page.

**13. Number of Transactions:**

Each team is limited to 100 transactions during the trading period. Each buy, sell, short sell or short cover counts as a transaction. For example, if you buy a stock and sell another stock you will be charged with 2 transactions.

**14. Competition Eligibility:**

Teams wishing to be eligible to be declared winners must follow this rule: Teams must make at least 3 trades by the 4<sup>th</sup> week with no more than \$50,000 in any one stock.

**15. End of the Simulation:**

You do not need to convert all of your investments to cash on the last day of the simulation. Your portfolio will be valued at the closing prices for that day.

**16. Disputes and Errors:**

- If you and your teacher believe an error has been made in your portfolio, your teacher may call 1.866.SMS.DESK to discuss the problem. Please review your statements and report any problems immediately.
- Trades that result from cases of stolen passwords, those submitted by a team member without the consent of his or her team mates, and/or trades that result due to human error will not be deleted from accounts.
- The management of Stock-Trak, Inc. is not responsible for trades or quote prices that are incomplete, incorrect or not received.
- The management of Stock-Trak, Inc. may use various methods (such as time and tape analysis) to resolve disputes and has all decisions made are final.
- The management of Stock-Trak, Inc. has the right to adjust or delete trades that are believed to be incorrect, and the right to terminate any account that they believe may have attempted to exploit, manipulate, or sabotage any part of the SMS trading system and/or web page.
- The management of Stock-Trak, Inc. has the ultimate authority to settle disputes.
- The management of Stock-Trak, Inc.'s liability is limited to the fee paid for the service.