



Investment Student:

Welcome! You are about to manage an account in the most comprehensive investment simulation available. When you register you will receive a STOCK-TRAK brokerage account with an imaginary cash balance of \$10,000 to \$100,000,000, 24-hour access to your account via our web page at [www.stocktrak.com](http://www.stocktrak.com), and a toll-free telephone number for customer service.

Please check with your professor for your specific STOCK-TRAK assignment, but with your account you can:

- \* Buy, sell, trade on margin, and sell short most stocks, options, futures and mutual funds traded in the United States and Canada
- \* Buy and sell stocks from the world's major exchanges including:
  - London    - Bombay    - Singapore
  - Paris     - Tokyo     - Mexico
  - Frankfurt - Korea     - Brazil
  - Zurich    - Hong Kong - Many more!

- \* Test the various investment, portfolio, hedging, and technical trading strategies discussed in class.

The STOCK-TRAK web page is easy to use for both novice and experienced traders. The page is divided into 4 main parts:

- ✓ MY PORTFOLIO – Use this section to review your transactions, account summary, class rankings, and current open positions gain/loss
- ✓ TRADING PITS – Use this section to place your stock, option, futures, bond, mutual fund and spot orders
- ✓ QUOTES – Use this section to look up ticker symbols, option chains, simple and technical charts, etc.
- ✓ RESEARCH DESK – Use this section to visit the best links on the web for stock and financial markets news and research.

To register just click on the link your professor will provide for you and fill out the required information.

If you have any questions please call us at 1 800 786 TRAK.

**1. TRADING DATES & INITIAL CASH BALANCE** The beginning and ending dates of the trading period, the initial cash balance, the position limit rule, the volume rule and whether you are allowed to day trade are all specified by each professor.

**2. TRADING TIMES & METHODS** Before making any trades, you must be prepared with your username, password, and the ticker symbols of the securities. The cutoff times for US and Canadian trades is 4 p.m. ET. The cutoff times for the global exchanges is based on the closing times for each exchange. Any trade made after that time will be processed the next business day. *STOCK-TRAK* is not responsible for trades that are not received or are incomplete.

**a. WWW Home Page ([www.stocktrak.com](http://www.stocktrak.com))** Visit our web page 24/7 to make trades, review your account activity, research stocks, obtain price quotes and charts, review your class ranking, and much more. US Stocks, options, spots, most traded futures and Canadian Stock trades made on the web will be processed at real-time price. International Stocks, and the rest of the Futures trades will be processed at prices delayed by 15 minutes. Bond and Mutual fund trades will be made at around 6:30 PM Eastern Time which is when prices on these securities are reported.

**b. Office Hours/Customer Service** If you have questions about your account, you may call *STOCK-TRAK* customer service during our office hours. Hours are from 9:30 a.m. to 5:30 p.m. Eastern Time Monday to Friday.

### **3. SECURITIES THAT CAN BE TRADED**

**STOCKS:** You can buy, sell, trade on margin, and sell short all actively traded NYSE, AMEX, NASDAQ and TSX stocks (common and preferred) that are priced at \$3.00 or more. You can also trade certain foreign stocks trading on exchanges such as London, Euronext, Frankfurt, Hong Kong, Taiwan, Sydney, South Korea, Mexico City, and others. These foreign stocks will be based on the currency exchange rates. Please see our web page for more information on trading foreign stocks. Also adjustments will be made for any cash dividend on stocks trading in any of the US markets. Small-cap (Bulletin Board) can be traded on the website, however Pink Sheet stocks cannot be traded; IPOs are available only when the security is available on a major stock exchange.

**STOCK OPTIONS:** You may also buy, sell, and write most actively traded stock options listed in the major financial publications; LEAPS and options with unusual strike prices are difficult to trade because of the unusual ticker symbols. See Rule #14 for more information on stock options.

**MUTUAL FUNDS:** All mutual funds are treated as front-load and back-load funds which means we charge commission on purchases and sales. You can trade most mutual funds that are trading on the market. If you can get a quote on the fund from our web page, then you can trade it. Mutual fund purchases are placed in amount of money you want to spend on the position, as prices are reported only once a day at 6:30 PM Eastern Time.

**INDEX OPTIONS, FUTURES, FUTURES OPTIONS, SPOTS and BONDS:** In addition to trading most common stocks, stock options, and mutual funds, you can also trade any of the index options, futures, futures options, and bonds that are listed in Rule #18. We have chosen the most popular (but not all) of the securities within each type of investment class.

**4. TRADING TERMINOLOGY** To avoid any communication problems which may occur during the trading process, refer to the following list of terms that *STOCK-TRAK* uses to place orders for various types of transactions. You cannot be long and short in any security at the same time. Also, if you are long 50 and wish to be short 50, you must sell to close and then make another trade to go short.

**STOCKS:** There are four basic trades to make with stocks. They can be bought, sold, sold short, and covered. When “buying” a stock, you are taking a long position with the hope that the price per share will increase. “Selling” a stock refers to the closing of that long position. “Selling short” is selling a stock that you don’t own with the hope that you can later buy the stock back at a lower price. When you buy the stock back to close your short position, it is called “covering” your short position. You cannot short against the box.

**OPTIONS:** There are two types of placing orders on options on *STOCK-TRAK*. The first type is simple and it has four basic transactions. You can “buy to open” to take a long position in an option and then you can “sell to close” it. “Writing an option” refers to taking a short position and “buying to close” is the term used to close your short position in the option. It is also important to specify whether you’re writing a naked or covered option. When writing a call option, it is considered naked unless a long position is held on the underlying security. Written put options are naked unless a short position is held on the underlying security. The second type of option trading is spread and is used to place two orders at the same time if you are attempting to use a strategy.

**FUTURES:** When trading futures, you must always specify whether you are making an opening or closing transaction. For a long position, you “buy to open” and then “sell to close.” For short positions you “sell to open” and then “buy to close.”

**5. PRICES, VOLUME & POSITION LIMITS** Stock, option, and futures trades made on the web page will be filled at the appropriate bid/ask if quoted by the exchange. Universities approved for real-time data will get real-time bid/ask/last; all other universities will receive delayed data. The maximum number of shares each student may trade for any security is limited to one-half of the actual volume of that security on that day. Orders are market orders, limit orders, and stop orders. Occasionally prices vary from one quote source to another, so it is strongly recommended that you use our web page to get quotes. Each student is limited to position limit set by the professor. The position limit means that you can only invest a certain percentage of your portfolio value in a single security.

**6. TICKER SYMBOLS** When making trades, you must know the ticker symbol of the securities to be traded. Stock ticker symbols can be found on our web page under the symbol look-up link or in *The Wall Street Journal*. (Most city papers show only the abbreviation of the company name, not the ticker symbol.). See Rule #14 for more information on stock option symbols. When trading mutual funds, the web page is the only source for tickers. Ticker symbols for the index options, futures, futures options, and bonds that *STOCK-TRAK* trades are listed in Rule #18.

**7. COMMISSION** A brokerage commission is applied to all transactions. The commission is a flat rate and is determined by your professor. The professor has the option of applying a reduced commission rate for users that exceed a certain number of trades. To find out what your commission is please go back to your portfolio summary, under my portfolio, after you register.

**8. MARGIN REQUIREMENTS** The default margin requirement for stock purchases and short sales is 50%. This means that for stock purchases you can borrow up to 50% of the total cost. For short sales, you must deposit an amount equal to 50% of the current market value of your short positions. The minimum stock price for buying or shorting on margin is \$3.00. Starting with a default value of \$100,000, *STOCK-TRAK* may loan you another \$100,000, making your total buying power \$200,000 if you are trading marginable securities. The margin requirement for writing stock options can be calculated using the following formula:

$$\text{MR} = (\text{Number of Option Contracts} \times \text{Multiplier (default value 100)} \times \text{Option Margin Requirement (default value 25\%)} \times \text{Current Market Price (Stock)} + (100\% \text{ of MV (Option)}) \text{ and MV (Option)} = \text{Current Price (Option)} \times \text{Number of Option Contracts} \times \text{Multiplier}$$

The margin requirement for trading futures contracts ranges from \$500 to \$28,000 per contract. (Visit the following link for each contracts requirement: [http://www.stocktrak.com/Public/help/futures\\_contract.html](http://www.stocktrak.com/Public/help/futures_contract.html)). There is no margin requirement for trading futures options.

Please note the values mentioned are the default values by the system, however your professor has the right to change these values and percentages.

**9. INTEREST EARNED & INTEREST CHARGED** Interest will be earned on all available cash balances and credited at the close of each day. Interest will be calculated using a money market rate, currently 3%. Interest will be charged at a rate of 8%.

**10. CALCULATION OF EQUITY** A portfolio's equity or value is calculated as follows:

$$\text{Cash} - \text{Debit bal.} + \text{Credit bal.} + \text{MV of long positions} - \text{MV of short positions}$$

(Debit = loan balance, Credit = short sales proceeds, MV = current market value)

**11. CALCULATION OF BUYING POWER**

A portfolio's available buying power is calculated as follows:

$$\text{Equity} + \text{Cash} - \text{Debit bal.} - 2 \times \text{Margin Requirements}$$

When an account's buying power is negative, opening trades will not be accepted on the account the following day--students will only be able to close positions. In order to be able to purchase securities, students need to have positive buying power.

**12. DISPUTES AND ERRORS** Given the nature of stock price quoting services, prices may vary among sources. Due to the amount of technology involved, occasionally prices may not be available. When this occurs, transactions may be posted at the latest pricing available. If you believe an error has been made on your account, you must report it within 10 days. To report an error you could either use the contact us form on the website, or call our customer support team. When you do so, please take screen shots of what you believe to be the error and attach it to your message. The management of *STOCK-TRAK* has the ultimate authority to settle disputes.

**13. PORTFOLIO STATEMENTS** Student account statements can be accessed by students for their individual accounts and by professors for all accounts. Open positions can not be viewed as of a certain date so it is important to keep copies of any information you need on certain dates throughout the contest. *STOCK-TRAK* does not keep individual historical portfolio valuations.

**14. STOCK OPTIONS** When trading stock options remember that each option contract covers 100 shares of stock, that stock options expire on the third Friday of each month, that not all stocks have options traded on them, and that not all expiration months and strike prices are available on every stock. Long options that remain on accounts at expiration will be sold and you will receive the profit if they are in the money. Short option positions that remain on accounts at expiration will be closed out by purchasing the option contract. You must speak with a broker to exercise options.

Option ticker symbols consist of the stock symbol, followed by the last two numbers of the year of expiration followed by the day of option expiration and then a letter which specifies whether the option is a call or put and which month it expires in (the following table lists all the months and the corresponding letters) and finally the strike price of the option. For example a Google call option that expires in December 2011 and has a strike price of 540 has a symbol of GOOG1116L540.

## Expiration Month Codes

Month	Calls	Puts
Jan	A	M
Feb	B	N
Mar	C	O
Apr	D	P
May	E	Q
Jun	F	R
Jul	G	S
Aug	H	T
Sept	I	U
Oct	J	V
Nov	K	W
Dec	L	X

**15. FUTURES** With your STOCK-TRAK account you can trade any of the futures listed in Rule #18. The symbols for futures contracts consist of the ticker for the commodity, the month code, and a year code. Be aware that expiration months and dates vary; see our web page for the expiration months are being offered. The month codes are as follows:

Month	Code	Month	Code
January	F	July	N
February	G	August	Q
March	H	September	U
April	J	October	V
May	K	November	X
June	M	December	Z

Please see Rule #8 regarding margin requirements when trading futures.

**16. NUMBER OF TRANSACTIONS** The number of transactions allowed is chosen by the professor and depends on the service level you have. The number of transaction ranges from 20 trades to 300 trades. Each buy counts as a transaction and each sell counts as a transaction.

## 17. MISCELLANEOUS

- \* On the last day of the trading period, portfolio liquidation is not required; open positions and rankings as well as portfolio summaries will be frozen to the values of the last day of trading.
- \* Given the nature of internet based systems, trading may be halted from time to time due to unforeseen events.
- \* A trade can be cancelled as long as it is open and has not been processed yet. Once a trade is processed it can not be cancelled nor reversed. Trades placed after market hours will be executed when the market re-opens.
- \* Trading may be halted on a particular security if conditions warrant.
- \* These rules are subject to modifications without notice. Please check the web page for updates.
- \* *STOCK-TRAK* is intended to be as representative of actual portfolio management as possible; however, some requirements and transactions have been simplified.
- \* With the use of your specified account name, you acknowledge reading, understanding, and accepting the terms of the *STOCK-TRAK* Portfolio Simulation as described herein. You also agree that *STOCK-TRAK*, its management, and its employees will not be held liable for damages of any kind that result from the use of the account.

## **18. ADDITIONAL TICKER SYMBOLS**

### **INDEX OPTIONS**

STOCK-TRAK trades all available Index Options on the market. It is recommended that you use the symbol look up link on the website to find options as not all websites use the same symbology following are supported.

### **INDEX FUTURES**

Below are a few index futures that STOCK-TRAK trades:

Dow Jones, e-Mini S&P 500 (Globex) , Nasdaq 100, NIKKEI 225, e-Mini Nasdaq 100(Globex), Russell 2000 Mini Index, S&P 500, E-Mini Dow Jones, S&P Mid-Cap 400, E-Mini S&P Mid-Cap 400 and E-Mini S&P Small-Cap 600.

### **FINANCIAL FUTURES**

Below are a few financial futures that STOCK-TRAK trades:

EuroDollar, Federal Funds Rate (30 Days), T-Notes (2 year), T-Notes (5 year), T-Notes (10 year), Ultra T-Bond, T-Bond (30 year), 7 Year Interest Rate Swap, 10 Year Interest Rate Swap and 30 Year Interest Rate Swap.

### **COMMODITY FUTURES**

STOCK-TRAK trades the following commodity futures:

RBOB Gasoline, Ethanol, Crude Oil (Light-Sweet), Crude Oil Brent, Heating Oil, Natural Gas, Gold, High Grade Copper, Palladium, Platinum, Silver, e-Mini Gold , e-Mini Silver , , Soybean Oil, Corn, Oats, Rough Rice, Soybeans, Soybean Meal, Wheat, Cocoa, Cotton, Milk, Coffee, Lumber, Softwood Pulp Lumber, Orange Juice, Sugar #11, Cheese, Feeder Cattle, Cattle Live, Lean Hogs and Pork Bellies.

### **FOREIGN CURRENCY FUTURES**

STOCK-TRAK trades the following currency futures (ticker):

Japanese Yen (JY), Australian Dollar (AD), British Pound (BP), Canadian Dollar (CD), Swiss Franc (SF), Euro Currency (EC), US Dollar Index (DX), Brazilian Real (BR), Mexican Peso (MP), New Zealand Dollar (NE) and South African Rand (RA).

### **FUTURES OPTIONS**

STOCK-TRAK trades options on most of the Futures mentioned above.

The ticker symbols for futures options work differently than stock options. Please see the futures options trading pit on the web page for more information.

### **COMMODITY SPOT CONTRACTS**

A spot contract is not a futures or an option; when you buy the spot contract, you are taking delivery of the actual security immediately. STOCK-TRAK trades spot contracts on most Corn, Wheat, Soy, Gold, Silver, Yen, Euro, Australian Dollar, British Pound, Canadian Dollar, Mexican Peso, Brazilian Real, and Swiss Franc. Please see the Spot Trading Pit on the web page for more information.

### **U.S. TREASURY BONDS, STRIPS, AND CORPORATE BONDS**

STOCK-TRAK trades a variety of U.S. Treasury Bonds and Corporate Bonds. A complete list of the bonds traded is available at the Bond Trading Pit on the web page. Each bond has a par value of \$1,000. When you buy a bond you will also be charged accrued interest, which represents the amount of interest the bond has accrued since its last coupon date.

**Good Luck!**