

Trade Rules

1. TRADING DATES & INITIAL CASH BALANCE

The beginning and ending dates of the trading period, as well as the initial cash balance, are specified by each professor. Please note the *STOCK-TRAK* offices will be closed on school and market holidays.

2. TRADING TIMES

STOCK-TRAK offers several methods for you to place your trades. Before making any trades, you must be prepared with your account number, password, and the ticker symbols of the securities. The cut off time for all trades is 4 p.m. Eastern time. 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.

- **WWW Home Page (www.stocktrak.com)**

The *STOCK-TRAK* web page is a comprehensive, functional, and educational site. Visit our home page to:

- Make trades on your account,
- Review your account activity,
- Research stocks,
- Obtain price quotes and charts,
- And to review your class ranking.

This is the best way to trade because it is fast, accurate, and convenient. Stock, option and future trades made on the web will be processed at 20 minute delayed prices.

To make a trade on our web page, go to www.stocktrak.com, click on "Make a Trade," and you will see icons for a stock trading pit, a mutual fund trading pit, an option trading pit, etc. If you wish to trade stocks, click on the stock trading pit icon and submit your stock trades on the stock order screen. If you then wish to trade mutual funds, you must then go to the mutual fund trading pit. You cannot trade mutual funds from the stock order screen.

- **Fax Line (fax number: 678-475-0645)**

Students can also fax their trades in 24 hours a day. All faxed trades must be on a single sheet of paper (no cover pages please), and include your account number, password, name, buy/sell, number of shares, ticker symbols, the date and time sent, and a phone number. All fax trades are executed at closing prices. Please call the next day to confirm.

- **Office Hours/Customer Service**

If you have questions about your account, you may call for *STOCK-TRAK* customer service during our office hours. These hours are as follows:

Monday thru Friday
9:30 a.m to 6 p.m. (Eastern)
8:30 a.m. to 5 p.m. (Central)
7:30 a.m. to 4 p.m. (Mountain)
6:30 a.m. to 3 p.m. (Pacific)

When calling, please be prepared with your account number, password, and the trade confirmations that you received from the web page.

3.SECURITIES THAT CAN BE TRADED

- **STOCKS:** You can buy, sell, buy on margin, and sell short all NYSE, AMEX, and NASDAQ stocks (common and preferred) listed in the major financial publications that are trading at \$5.00 or more. You can also trade certain foreign stocks trading on exchanges such as London, Paris, Frankfurt, Tokyo, Hong Kong, Taiwan, Sydney, South Korea, Mexico City, and others. These foreign stocks will be quoted in their respective currencies and converted into U.S. Dollars based on the currency exchange rates. Please see our web page for more information on trading foreign stocks.

All stock trades must be in multiples of 25 shares. Adjustments will not be made for any cash dividend less than \$0.25 or any stock dividend less than 2%. Most small-cap stocks cannot be traded; new issues are available within several days of the initial public offering.

- **STOCK OPTIONS:** You may also buy, sell, and write most stock options listed in the major financial publications; LEAPS and options with unusual strike prices are excluded. See Rule #14 for more information on stock options.
- **MUTUAL FUNDS:** You can trade most of the popular mutual funds. Ask your *STOCK-TRAK* broker if there is a smaller fund you are interested in; if we can get a quote on it, then you can trade it. Mutual fund purchases must be in multiples of \$500. Closed end funds are traded just like stocks. Since available cash balances earn interest, we do not trade money market funds.

- **INDEX OPTIONS, FUTURES, FUTURES OPTIONS, 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. Those securities that are not on this list are excluded from trading. The securities on this list have been chosen to give students the opportunity to trade the most popular securities within each type of investment instrument.

4. TRADING TERMINOLOGY

Many people and books use different terminology to describe the same type of transaction. To avoid any communication problems that may occur during the trading process, please refer to the following list of terms that *STOCK-TRAK* uses to place orders for various types of transactions.

- **STOCKS** There are four basic ways in which stocks can be traded. 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 (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 back to close your short position, it is called "covering" your short position. You cannot hold a long and short position in a stock at the same time. You cannot short against the box.
- **OPTIONS** As with stocks, there are four basic transactions. You can "buy to open" to take a long position in an option and then you can "sell to close" it. The terminology for taking a short position is a bit different. "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 considered naked unless a short position is held on the underlying security.
- **FUTURES** When trading futures, you must always specify whether you are making an opening or closing transaction. For a long position, you can "buy to open" or "sell to close." For short positions you can "sell to open" or "buy to close." If you are short 25 contracts and you wish to have a long position of 25 contracts, you must first "buy to close" 25 contracts and then "buy to open" 25 contracts.

5. QUOTED PRICES & VOLUME RESTRICTIONS

Stock, option and futures trades made on the web page will be made at 20 minute delayed prices. All other trades will be made at the "last trade" price of the security for each day. 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. All stock trades must be in multiples of 25 shares; all mutual fund purchases must be in multiples of \$500. Orders are market orders; limit and stop orders will not be accepted. Occasionally prices vary from one quote source to another. Adjustments will not be made because of price discrepancies, unless the price was outside the range quoted in the WSJ.

To force some degree of diversification, students may not put more than 50% of their initial cash balance into any single stock, option, or future.

6. TICKER SYMBOLS

When making trades, you must know the ticker symbol of the securities to be traded. Stock ticker symbols can be found in *The Wall Street Journal*, in *Investor's Business Daily*, and on our web page. (Most city papers show only the abbreviation of the company name, not the ticker symbol.)

Stock option symbols are easily constructed if the ticker symbol for the underlying stock is known. See Rule #14 for more information regarding 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. The symbols for futures and future options can be changed for the desired expiration month according to Rule #15. Index options follow the rule for stock options.

7. COMMISSION

A brokerage commission is applied to all transactions. The commission for most trades made on the web page is a flat \$25. For trades that are not made on the web, the commission for stock trades is calculated as \$50 plus \$5 per 100 shares; for other trades, the commission is \$50 plus \$5 per contract. Commissions will be charged to both opening and closing transactions. *STOCK-TRAK* trades all mutual funds with a 1% front-end load, regardless of the actual fees.

8. MARGIN REQUIREMENTS

The 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. Starting with \$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 is \$1,000 per naked contract and \$5,000 for writing naked index options. The margin requirement for trading most futures contracts is \$2,000 per contract (\$20,000 for SP, ND, NK index futures); the margin requirement for writing futures options is \$2,000 per contract. There is no maintenance margin for futures; therefore, you may lose everything, or more, if you don't cut your losses.

9. INTEREST EARNED

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 5%.

10. INTEREST CHARGED

Interest will be charged on all loan balances and will be debited at the close of each day. The rate will be three percentage points above the money market rate.

11. CALCULATION OF EQUITY

A portfolio's equity or value is calculated as follows:

Cash - Debit bal. + Credit bal. + MV of long positions - MV of short positions
Where Debit = loan balance, Credit = short sales proceeds, and MV = current market value.

12. DISPUTES AND ERRORS

Given the nature of stock price quoting services, prices may vary among sources at any given time. If current prices are not available for any reason, transactions may be posted at the latest pricing date available. When you make a trade on the web page, you will receive a confirmation. You must keep copies of your confirmations. If you believe an error has been made on your account, please call during our office hours. **Don't call without the confirmation number of the trade in question.** The management of *STOCK-TRAK* has the ultimate authority to settle disputes.

13. PORTFOLIO STATEMENTS

Student account statements will be sent to the professor every one or two weeks according to the request of the professor. Account activity can also be reviewed at www.stocktrak.com. Professor summary reports, which show class rankings, will be distributed each week to the professor. It is important to keep copies of the statements received since they cannot be reprinted.

14. STOCK OPTIONS

When trading stock options, remember that each option contract covers 100 shares of stock and that stock options expire on the third Friday of each month. Also note that not all stocks have options traded on them; please refer to our web page or *The Wall Street Journal* to see what options are available. Long options that remain on accounts at expiration will be sold if they are in the money. Short option positions that remain on accounts at expiration will be closed out by purchasing the option contract.

To trade stock options you must know the stock option ticker symbol. These symbols consist of the stock symbol followed by the expiration month code and the strike price code. These codes are as follows: (Examples: "CPQ-DK" is the Compaq April 55 Call and "MSQ-PE" is the Microsoft April 125 Put)

EXPIRATION MONTH CODES			STRIKE PRICE CODES			
Month	Calls	Puts	Strike	Code	Strike	Code
January	A	M	5	A	65	M
February	B	N	10	B	70	N
March	C	O	15	C	75	O
April	D	P	20	D	80	P
May	E	Q	25	E	85	Q
June	F	R	30	F	90	R
July	G	S	35	G	95	S
August	H	T	40	H	100	T
September	I	U	45	I	7.5	U
October	J	V	50	J	12.5	V
November	K	W	55	K	17.5	W
December	L	X	60	L	22.5	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. Please check a financial newspaper to see what expiration months are currently being offered. The month codes are as follows:

EXPIRATION MONTH CODES

Month	Code/Year	Month	Code/Year
January	F0	July	N0
February	G0	August	Q0
March	H0	September	U0
April	J0	October	V0
May	K0	November	X0
June	M0	December	Z0

Remember, the margin requirement for trading most futures contracts is \$2,000 per contract (\$20,000 for SP, ND, NK index futures); the margin requirement for writing futures options is \$2,000 per contract. There is no maintenance margin for futures; therefore, you may lose everything, or more, if you don't cut your losses.

16. NUMBER OF TRANSACTIONS

Your professor determines the number of transactions. Most accounts are limited to 100 (although some professors allow students 200) transactions. Each buy counts as a transaction and each sell counts as another transaction. For example, if you buy a stock and sell another stock, you will be charged with 2 transactions.

17. MISCELLANEOUS

- On the last day of the trading period, portfolio liquidation is not required; portfolios will be valued at closing prices for that day.
- Trading may be temporarily halted during severe weather conditions or other unforeseen events.
- Trading may be halted on a particular security if significant news comes out after the market has closed.
- These rules are subject to modifications without notice.
- You should understand that *STOCK-TRAK's* Portfolio Simulations are 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 number, 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

With your *STOCK-TRAK* account you can trade any common and preferred stock more than \$5.00 per share, any stock option, the most popular mutual funds, and the following index options, futures, futures options, and bonds.

- **INDEX OPTIONS** *STOCK-TRAK* trades the options listed in the major financial papers on the indexes listed below. Index option ticker symbols follow the same format as stock options, (see Rule #14) just ignore the hundreds digit. The ticker is dependent on the strike price. Please see our web page for more information regarding index option ticker symbols.

Ticker	Description	Contract Size
DJX	Dow Jones Industrial Average	100
SPX,SXB	S&P 500 Index	100
OEX,OEW	S&P 100 Index	100
NDX,NDV	Nasdaq 100 Index	100

Example ticker: SXB-LJ is the S&P Index December call option with a strike price of 9950.

- **INDEX FUTURES** *STOCK-TRAK* trades the futures listed in the major financial papers on the commodities listed below. Please see Rule #15 for more information regarding complete ticker symbols.

Ticker	Description	Contract Size
DJ	Dow Jones Industrial Average	10
SP	S&P 500 Index	250
ND	Nasdaq 100 Index	100
NK	Nikkei 225 Index	5
DX	U.S. Dollar Index	1,000
RL	Russell 2000 Index	500

Example ticker: SP-Z4 is the S&P 500 Index future expiring in December 2004.

- **FINANCIAL FUTURES** *STOCK-TRAK* trades the futures listed in the major financial papers on the financial futures listed below. Please see Rule #15 for more information regarding complete ticker symbols.

Ticker	Description	Contract Size
US	Treasury Bonds	100,000
FV	5 Yr Treasury Notes	100,000
TB	Treasury Bills	1,000,000
EM	Libor	3,000,000
ED	Eurodollar	1,000,000
MB	Muni-Bond	1,000

- **COMMODITY FUTURES** *STOCK-TRAK* trades the futures listed in the major financial papers on the indexes listed below. Please see Rule #15 for more info.

Ticker	Description	Contract Size
C	Corn	5,000
O	Oats	5,000
S	Soybeans	5,000
SM	Soybean Meal	100
W	Wheat-CBT	5,000
FC	Cattle-Feeder	50,000
LC	Cattle-Live	40,000
LH	Hogs	40,000
PB	Pork Bellies	40,000
LB	Lumber	80,000
CC	Cocoa	10
KC	Coffee	37,500
SB	Sugar-World	112,000
CT	Cotton	50,000
JO	Orange Juice	15,000
HG	Copper-High	25,000

GC	Gold	100
PL	Platinum	50
SI	Silver	5,000
CL	Crude Oil	1,000
HO	Heating Oil No 2	42,000
HU	Gasoline-NY Unleaded	42,000
NG	Natural Gas	10,000

- **FOREIGN CURRENCY FUTURES** *STOCK-TRAK* trades the futures listed in the major financial papers on the foreign currencies listed below. Please see Rule #15 for more information regarding complete ticker symbols.

Ticker	Description	Contract Size
JY	Japanese Yen	12.5 Mil
DM	Deutschmark	125,000
BP	British Pound	62,500
CD	Canadian Dollar	100,000
SF	Swiss Franc	125,000
ME	Mexican Peso	500,000
AD	Australian Dollar	100,000

Example ticker: JY-Z4 is the Japanese Yen future expiring in December 2004.

- **FUTURES OPTIONS** *STOCK-TRAK* trades options on the following futures contracts:

Type of Futures	Options trade on these
Foreign Currency Futures	JY, DM, BP, CD, SF
Financial Futures	US, FV, ED
Commodity Futures	C, W, GC, SI

- The ticker symbols for futures options work differently than stock options. First you must know the ticker for the underlying futures, such as "JY-Z0." Secondly you must choose put or call and use a "P" or "C." And lastly you must know the strike price (it is best to get these out of the financial newspapers).
- Example ticker: JY-Z0C9500 is a Call option expiring in December 2000 on the Japanese Yen future with a strike of 9500.
- Example ticker: C-Z0P210 is a put option expiring in December 2000 on the Corn Future with a strike price of 210 cents per bushel.
- **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 the following spot contracts:

Ticker	Description	Contract Size
C-A0	Corn, No 2 Yellow	1
W-A0	Wheat, No 2 soft red	1
GC-A0	Gold, HH base	1
SI-A0	Silver, HH base	1
JY-A0	Japanese Yen	12.5 mil
DM-A0	D-mark	125,000
BP-A0	British Pound	62,500
CD-A0	Canadian Dollar	100,000
SF-A0	Swiss Franc	125,000

- **U.S. TREASURY BONDS , STRIPS, AND CORPORATE BONDS** *STOCK-TRAK* trades the following bonds, each 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.

Ticker Symbol	Description	Ticker Symbol	Description
B-T006	Aug 2000 6	B-T	ATT 8 1/8 2022
B-T018	May 2001 8	B-BN	Borden 8 3/8 2016
B-T026	July 2002 6	B-CMB	Chase Man. 6 1/8 2008
B-T0512	May 05 12	B-CNV	Converse 7s 2004

B-T067	Jun 2006 7	B-ROK	Rock. Intl. 6 5/8 2005
B-T0510	May 5-10 10	B-SAL	Salomon Smith Barney 6 03
B-T0614	Nov 6-11 14	B-LU	Converse 7s 04
B-T0812	Aug 8-13 12	B-GMZ	GMA zr 2015
B-T189	Nov 2018 9	B-F	Ford Cr 6 3/8 2008
B-T218	Nov 2021 8	B-GMC	GMAC 6 1/8 08
B-T266	Feb 2026 6	B-HWP	Hewlett P. zr 2017
B-ST01	Oct 01 Strip	B-IBM	IBM 6 3/8 00
B-ST02	May 02 Strip	B-IBZ	IBM zr 2009
B-ST04	Feb 04 Strip	B-KBH	Kaufman Brd 9 3/8 03
B-ST06	Feb 06 Strip	B-LIL	LgIsLt 9 3/4 21
B-ST09	Nov 09 Strip	B-MOT	Motrla zr 2013
B-ST15	Feb 15 Strip	B-ODP	Off Dep zr 2008
B-ST18	May 18 Strip	B-PAC	Pac Bell 7 ½ 2033
B-ST21	Feb 21 Strip	B-PNF	Penn Traffic 9 5/8 2005
B-ST24	Nov 24 Strip	B-RN	RJR Nabisco 7 5/8 2003
B-GN07	gnma 30yr 7	B-RLLY	Rally's 9 7/8 2000
B-GN08	gnma 30yr 8	B-SWY	Safeway 10s 2001
B-GN09	gnma 30yr 9	B-TOM	Tommy Hilf. 6 1.2 2003
		B-STO	Stone Cont. 9 7/8 2001
		B-TVA	Tn Val. Auth. 8 5/8 2029
		B-TWX	Time Warner 9.15s 2023
		B-XON	Exxon 6s 2005
		B-WBB	Webb 9s 2006