



2020 Capitol Hill Challenge Rules

Teacher Role & Agreement:

By participating as a Capitol Hill Challenge (CHC) Teacher, I agree that I am a teacher or senior administrator at the school I am representing and that my student teams are from the same school. I also agree that I will:

1. Read and abide by the *CHC Program Rules & Code of Participation* and program information outlined below and also available at <https://www.stockmarketgame.org/capitol-hill-challenge.html>.
2. Ensure that my students read and abide by the *CHC Program Rules & Code of Participation* and program information outlined below and also available at <https://www.stockmarketgame.org/capitol-hill-challenge.html>.
3. Submit student team rosters to the SIFMA Foundation no later than **Friday, February 28, 2020, 5pm ET**, including a full list of participant names with corresponding CHC Team ID numbers.

General Information and Participant & Winner Eligibility:

- Participation in CHC is by invitation only, with priority consideration given to public middle or high schools demonstrating the highest need. Request for participation does not guarantee placement.
- There is no cost to participate.
- A maximum of **two** public middle or high schools per Member of Congress (MOC) can participate.
- Up to 10 teams per school with 3-5 students per team may participate in CHC.
- Students taking part in a separate Stock Market Game™ (SMG) window may also take part in CHC.
- Students may only participate on **one** CHC team and **cannot switch** teams during the competition.
- All Advisors must submit student team rosters to the SIFMA Foundation no later than **Friday, February 28, 2020, 5pm ET** as a requirement for teams to be eligible for the winners' trip to Washington, DC. Team rosters must contain a full list of participant names with each of their CHC Team ID numbers. **No substitutions allowed.**
- The dates for this year's 14-week competition are **February 3, 2020 to May 8, 2020**.
- The last day for entering portfolio transactions is **Thursday, May 7, 2020, 4pm ET**.
- 10 teams with the top-ranked portfolios are eligible for the winners' trip to Washington, DC with:
 - Only one winning team per school
 - Only one winning team per MOC

Important Dates:

- **CHC Portfolio Trading Begins:** Monday, February 3, 2020, 9:30am ET
- **Last Day to Submit Participant Names:** Friday, February 28, 2020, 5pm ET
- **CHC Last Day of Trading:** Thursday, May 7, 2020, 4pm ET
- **CHC End Date:** Friday, May 8, 2020, 4pm ET
- **Winners' Trip to Washington, D.C.:** Tuesday, June 9 – Thursday, June 11, 2020



FOUNDATION





2020 Capitol Hill Challenge Rules

Capitol Hill Challenge Rules & Code of Participation

<https://www.stockmarketgame.org/capitol-hill-challenge.html>

PORTFOLIO RULES

1. **Cash:** Each team begins with \$100,000 in cash.
2. **Interest:** Interest is earned at 0.75% for positive *Cash Balance* and charged at 7% for negative *Cash Balance*. Interest is calculated daily, summed for the week (Saturday – Friday) and posted Saturday (with Friday's date). The daily rate is based on a 365-day year. **Interest Formula:** $Daily\ Interest = Cash \times Interest\ Rate\ (as\ a\ decimal) / 365$. Bond coupon payments will be posted when due. Bond buyers will be charged (and bond sellers will receive) accrued interest since the last coupon payment. Accrued interest does not post as a separate transaction, but rather is included in the *Net Cost* of the bond on the *Account Holdings* page.
3. **Securities Available to Trade:** Teams may trade only stocks and mutual funds listed on the NASDAQ Stock Market and the New York Stock Exchange and a pre-determined group of investment-grade (S&P rating of BBB or higher) municipal, corporate, and Treasury bonds. Teams cannot trade over-the-counter or “pink sheet” stocks since they often price incorrectly. In addition, extremely volatile stocks or stocks that trade infrequently are not permitted and may be liquidated to protect portfolio stability. The SIFMA Foundation reserves the right to cancel transactions in these securities as deemed necessary.
4. **Rankings:** A record of a team's portfolio and transactions will be available daily. A team will not receive a portfolio ranking nor be listed in regional rankings until its initial transaction is entered successfully. Winners will be determined based on a portfolio's *Percent Return* as compared to S&P 500 Growth for the time period of the competition. For more information, please [click here](#). **Please note:** Teams do not have to liquidate their portfolios at the end of the competition.

TRANSACTION RULES

5. **Short-Selling and Leverage:** Teams cannot short-sell any securities or purchase inverse or leveraged ETFs.
6. **Liquid and Stable Stocks:** The minimum market capitalization for stocks in CHC is \$100 million, and CHC does not permit buying stocks or mutual funds priced at or below \$5 per share the day before and the day of execution. These low-priced stocks, also known as “penny” stocks, are risky and volatile investments. Sell transactions on existing inventory for stocks and mutual funds trading at or below \$5 or for stocks with market capitalization under \$100 million will be accepted.
7. **Minimum Shares/Bond Increments:** All stock and mutual fund buy orders must be for a minimum of 10 shares. Sell orders on existing inventory for less than 10 shares will be permitted. Municipal and corporate bonds can only be traded in \$1,000 increments, and Treasury bonds can only be traded in \$100 increments.



FOUNDATION





2020 Capitol Hill Challenge Rules

8. **Pricing Attributes:** CHC is an End-of-Day game with all transactions priced at daily closing prices. Participants may cancel any pending transactions prior to market close.
9. **Market Hours:** CHC is run Monday to Friday with hours of operation from 9:30am ET to 4pm ET. Teams may trade on any day the participating stock markets are open. Trades entered after market hours or during market holidays are priced at the next business day's closing price.
10. **Transaction Limits:** Transactions entered with a limit price will not be held past the initial attempt to price the transaction. Trades can only be processed in whole and will be rejected if there is not enough available in *Cash Balance* to execute the entire order. There are no partial fills.
11. **Commission and Fees:** A \$5-per-trade commission fee is charged on all transactions. An SEC fee is also charged on all sell transactions.
12. **Transaction Posting:** No back posting of trades will be done for trades of securities not contained within the CHC Security Table. Once the missing security has been added, the security can 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. There is no post-dating of trades due to the system being unavailable.
13. **Corporate Actions:** 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 and their advisors to check their portfolios for accuracy and notify the CHC Coordinator by email (CapitolHill@sifma.org) of any problems that are encountered.

DIVERSIFICATION RULES

14. **Maximum Equity:** Teams may not invest more than 20% of *Total Equity* in any one security. If the security in a team portfolio increases in value and places the investment beyond 20% of *Total Equity*, the team will be unable to purchase additional shares of that security.
15. **Asset Diversification:** Each CHC team must invest at least \$10,000 in each of the three asset classes (stocks, bonds, and mutual funds) by **Friday, February 28, 2020, 4pm ET**. Exchange-Traded Funds (ETFs) are classified as stocks in CHC. The \$10,000 minimum per asset class must be maintained for the duration of the competition. Team portfolios will be subject to periodic random review to confirm at least \$10,000 invested in all three asset classes. Teams that do not comply will be ineligible for the winners' trip to Washington, DC.



FOUNDATION





2020 Capitol Hill Challenge Rules

CODE OF PARTICIPATION

1. CHC advisors must be a teacher or senior administrator employed by the registered school. Student teams will include only students attending the registered school. Students may only participate on **one** team in the competition and **cannot switch** teams during the competition.
2. CHC advisors will ensure that they themselves and every participant on their team(s) have read and abide by the *CHC Program Rules & Code of Participation* and program information outlined above.
3. Any violation of the *CHC Program Rules* may result in the invalidation of a transaction. Teams that do not comply with the *CHC Program Rules & Code of Participation* will be ineligible for the winners' trip to Washington, DC and potentially be disqualified from the competition and removed from portfolio rankings. The authority to disqualify and remove a team from the rankings lies solely with the CHC Coordinator and the SIFMA Foundation.
4. Teams are responsible for maintaining the secrecy of their password and the integrity of their portfolio. Each team is also responsible for any opening or closing transactions entered in its portfolio. Teams may not enter transactions in portfolios other than their own. (When a team asserts that a transaction was entered by a non-member, the team will still be ranked based on their portfolio, which will include the challenged transaction.)
5. Only transactions stored on the CHC database will be recognized for the purposes of evaluating portfolio *Total Equity* and *Percent Return* and for determining rankings for the competition.
6. The SIFMA Foundation is responsible for the accuracy of market data. Teams are responsible for reporting any major price discrepancies found in their portfolios. Failure to do so may result in disqualification. In extreme cases of disregard for this rule, the SIFMA Foundation reserves the right to disqualify and delete the CHC team. If a team believes a stock price or other information is incorrect, the team Advisor shall notify the CHC Coordinator by email (CapitolHill@sifma.org).
7. In the event of an error on the part of SIFMA Foundation and/or coordinator organization(s), their liability to a participant shall be limited to the refund of CHC registration fees paid, where applicable.



FOUNDATION

