2019 Capitol Hill Challenge Program

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.
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. Confirm that my school is located in the district of the Member of Congress (MOC) we are matched to for CHC. **Please reconfirm your district and MOC at: www.house.gov.**
4. Submit student team rosters to the SIFMA Foundation no later than **Sunday, March 10, 2019, 11pm EDT**, including full list of participant names with corresponding CHC Team ID numbers.

General Information:

- Participation in the CHC is by invitation only, with priority consideration given to public schools. Request for participation does not guarantee placement in the competition. There is no cost to participate.
- A maximum of **two** schools per Member of Congress (MOC) can participate.
- Students taking part in a separate Stock Market Game (SMG) window may also take part on a team in the CHC competition. Students may only participate on **one** team in the CHC competition and **cannot switch** teams at any time during the CHC competition.
- All Advisors must submit student team rosters to the SIFMA Foundation no later than **Sunday, March 10, 2019, 11pm EDT**. Team rosters must contain the full list of participant names with each of their CHC Team ID numbers. This is a requirement for teams to be eligible for the winners' trip. **No substitutions allowed**.
- The dates for this year's 14-week competition are **February 4, 2019** to **May 10, 2019**.
- The last day for entering portfolio transactions is **Thursday, May 9, 2019, 4pm EDT**.

Participant & Winner Eligibility:

- Up to two public middle or high schools per Member of Congress may participate in CHC.
- Up to 10 teams per school with 3-5 students per team may participate in CHC.
- 10 teams with the nationally 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 4, 2019, 9:30am EST
- **Last Day to Submit Participant Names:** Sunday, March 10, 2019, 11pm EDT
- **CHC Last Day of Trading:** Thursday, May 9, 2019, 4pm EDT
- **CHC End Date:** Friday, May 10, 2019, 4pm EDT
- **Winners' Trip to Washington, D.C.:** Monday, June 10 – Wednesday, June 12, 2019

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Capitol Hill Challenge Program Rules (https://www.stockmarketgame.org/capitol-hill-challenge.html)

1. **Cash and Interest:** Each team begins with $100,000 in cash. Interest is earned at 0.75% for positive *Cash Balance* and charged at 7% for negative *Cash Balance*. Interest is calculated daily, summed weekly (Saturday – Friday) and posted Saturday (with Friday's date). **Interest Formula:** *Daily Interest = Cash x Interest Rate (as a decimal) / 365*
2. **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 because of unreliable pricing reports. If we find these stocks in team portfolios, we will cancel any related transactions.
3. **Short-Selling and Leverage:** Teams are not allowed to short-sell securities or purchase inverse or leveraged ETFs.
4. **Liquid and Stable Stocks:** The minimum market capitalization for stocks in CHC is $100 million. CHC also does not permit stocks or mutual funds priced at or below $5 per share. Sales of existing inventory for stocks and mutual funds trading at or below $5 or for stocks with market capitalization under $100 million will be accepted.
5. **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 are permitted. Municipal and corporate bonds can only be traded in $1,000 increments, and Treasury bonds can only be traded in $100 increments.
6. **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.
7. **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, March 15, 2019, 4pm EDT**. Exchange-Traded Funds (ETFs) are classified as stocks in CHC. The $10,000 minimum per asset class must be maintained at all times 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.
8. **Partial Fills:** 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.
9. **Pricing Attributes:** CHC is an End-of-Day game with all transactions priced at daily closing prices. Participants may delete any pending transactions prior to market close. Transactions entered with a limit price will not be held past the initial attempt to price the transaction.
10. **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.
11. **Commission and Fees:** 1% in commission/fees are charged on the total value of every transaction.
12. **Dividends/Coupons:** Dividends are automatically computed into portfolios. Bond coupon payments automatically post when due. Bond buyers are charged (and bond sellers receive) accrued interest since the last coupon payment. Accrued interest does not post as a separate transaction but is included in the *Net Cost* of the bond trade.
13. **Corporate Actions:** Every effort is made to simulate as close to real life as possible a variety of corporate actions (stock splits, mergers, acquisitions, bond redemptions, 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 to check

their portfolios for accuracy and notify the CHC Coordinator by email (CapitolHill@sifma.org) of any problems that are encountered.

14. **Recordkeeping:** A record of a team's portfolio and transactions will be available daily. 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 priced below $5. Once the price has been corrected, the security can be traded. There is no post-dating of trades due to the system being unavailable. Such trades will need to be re-entered once the system is available.
15. **Rankings:** A team will not be ranked until its initial transaction is entered successfully. Winners are determined based on a portfolio's *Percent Return* as compared to S&P 500 Growth for the time period of the competition. **Please note:** Teams do not have to liquidate their portfolios at the end of the competition.

Code of Participation

1. Students may only participate on **one** team in the competition and **cannot switch** teams during the competition.
2. CHC advisors must be a teacher or senior administrator employed by the registered school. Student teams will include only students attending the registered school.
3. 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.
4. Any violation of the rules may result in the invalidation of a transaction. Repeated violation of the rules may result in disqualification from the competition.
5. Teams that do not comply with the *CHC Program Rules & Code of Participation* will be ineligible for the winners' trip to Washington, D.C. and potentially be removed from portfolio rankings. The authority to remove a team from the rankings lies solely with the SIFMA Foundation.
6. 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.)
7. Only transactions stored on the SMG database will be recognized for the purposes of evaluating portfolio *Total Equity* and *Percent Return* and for determining rankings for the competition.
8. 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.
9. 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 SMG registration fees paid, where applicable.

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Summary Table of Rules	
Initial Cash Balance	$100,000
Interest earned on positive Cash Balance	0.75%
Interest charged on negative Cash Balance	7%
Tradable Stocks	NASDAQ and NYSE
Prohibited Stocks	OTC or "pink sheets" Leveraged and Inverse ETFs
Prohibited Transactions	Short-Selling
Minimum Market Capitalization	$100 million
Minimum Share Price	$5
Minimum Share Size	10
Tradable Bonds	Investment-Grade (BBB or higher)
Bond Increments	$1,000 – municipal and corporate $100 - Treasury
Maximum Equity	20% per company (stock or bond)
Diversification Requirement	$10,000 minimum per asset class (stocks, bonds, and mutual funds)
Pricing	End-of-Day
Market Hours	Monday – Friday 9:30am-4pm ET
Commission and Fees	1% per transaction