

# STOCK | TRAK

GLOBAL PORTFOLIO SIMULATIONS



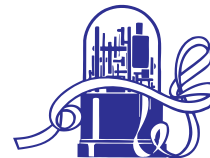
featuring stocks, options, futures, bonds, mutual funds & more

[www.stocktrak.com](http://www.stocktrak.com)

## Student Registration Materials

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 \$100,000 to \$1,000,000, 24-hour access to your account via our web page at <http://www.stocktrak.com>, a toll-free telephone number for customer service, and periodic statements of your portfolio's activity, value, and ranking among your classmates.



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

\* Buy, sell, buy on margin, and sell short most stocks, options, and funds traded in the United States and Canada

\* Buy and sell stocks from the world's major exchanges including:

- |             |             |              |
|-------------|-------------|--------------|
| ✓ London    | ✓ Spain     | ✓ Singapore  |
| ✓ Paris     | ✓ Tokyo     | ✓ Mexico     |
| ✓ Frankfurt | ✓ Korea     | ✓ Brazil     |
| ✓ Zurich    | ✓ Hong Kong | ✓ and others |

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

The *STOCK-TRAK* web page is easy to use for both novices 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**, simply follow these instructions:

1. Read these Registration Materials carefully. They contain the trading rules and many helpful hints.
2. Visit our web page at <http://www.stocktrak.com> to activate and pay for your account online with a credit card. Or, you may cut off and mail this Registration Form below along with your check to *STOCK-TRAK*.
3. Please remember to record your account number and your password in a safe place.

*STOCK-TRAK* is a registered service mark of Stock-Trak, Inc. Please direct all correspondence to:  
3483 Satellite Blvd. \* Suite 201 \* Duluth, GA 30096 \* 678-475-0745 \* 1-800-786-TRAK  
Home page: <http://www.stocktrak.com> \* Fax: 678-475-0645 \* E-mail: [help-desk@stocktrak.com](mailto:help-desk@stocktrak.com)

version: F2006



### **STOCK-TRAK Registration Form**

**Student Name:** \_\_\_\_\_

**Registration Fee:** \_\_\_\_\_

**Student Name 2 (if needed):** \_\_\_\_\_

**Account Number:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Password (4 Digits):** \_\_\_\_ \_

**City, State, Zip:** \_\_\_\_\_

**Professor Name:** \_\_\_\_\_

**Phone:** (\_\_\_\_) \_\_\_\_\_

**University/Group:** \_\_\_\_\_

# STOCK-TRAK® Portfolio Simulations

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## **1. TRADING DATES & INITIAL CASH BALANCE**

The beginning and ending dates of the trading period, the initial cash balance, the diversification rule, and whether you are allowed to day trade are all specified by each professor.

## **2. TRADING TIMES & METHODS**

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 cutoff times for US and Canadian trades is 4 p.m. ET, and 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. Stock, option and future trades made on the web will be processed at prices delayed at least 15 minutes. Other trades will be made at end of day prices.

### **b. 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 (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.

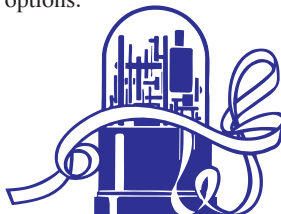
### **c. Office Hours/Customer Service**

If you have questions about your account, you may call for STOCK-TRAK customer service during our office hours. These hours are 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, buy on margin, and sell short all actively traded NYSE, AMEX, and NASDAQ 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, Paris, Frankfurt, Tokyo, 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 not be made for any cash dividend less than \$0.10 or any stock dividend less than 2%. Small-cap (Bulletin Boards) stocks cannot be traded; IPOs are available within several days of the initial offering.

**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 no-load funds. You can trade most of the popular mutual funds. If you can get a quote on the fund from our web page, 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. 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 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.

**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, otherwise at the last traded price. Universities approved for real-time data will get real-time bid/ask/last; all other universities will receive delayed data. 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. 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.

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## 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 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 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.

## 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 has been simplified to \$1,000 per naked contract or \$5,000 for writing naked index options. The margin requirement for trading futures contracts ranges from \$400 to \$20,000 per contract. (Go to the Futures Trading Pit for exact contract specifications). The margin requirement for writing futures options is \$2,000 per contract. Maintenance margin equals this initial margin. We will not close out losing positions, therefore, you may lose everything, or more, if you don't cut your losses.

## 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%.



## 10. 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  
(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:

Equity + Cash - Debit bal. - 2 x 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.

## 12. DISPUTES AND ERRORS

You must have your confirmation number when disputing a trade. 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. It is strongly recommended that you keep copies of your confirmations. If you believe an error has been made on your account, you must report it within 10 days. The management of *STOCK-TRAK* has the ultimate authority to settle disputes.

## 13. PORTFOLIO STATEMENTS

Student account statements may 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](http://www.stocktrak.com). It is important to keep copies of the statements received since they cannot be reprinted. *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 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 SYMBOL LOOKUP DIRECTIONS:** From our Option Trading Pit follow the link to the Chicago Board Options Exchange. Entering a stock ticker symbol in the left box will pull up valid option symbols with the left column being calls and the right column being puts. Remember that you can only trade 50% of the trading volume, so be sure to check the volume.

Option ticker symbols consist of the stock symbol or adjusted root symbol, an expiration month code, and a strike price code. The chart below works for most options. For NASDAQ stocks, stocks with prices over \$100, and index options, you must visit [www.cboe.com](http://www.cboe.com) for tickers.

Expiration Month Codes

Strike Price Codes

Month	Calls	Puts	Strike	Code	Strike	Code
Jan	A	M	5	A	65	M
Feb	B	N	10	B	70	N
Mar	C	O	15	C	75	O
Apr	D	P	20	D	80	P
May	E	Q	25	E	85	Q
Jun	F	R	30	F	90	R
Jul	G	S	35	G	95	S
Aug	H	T	40	H	100	T
Sept	I	U	45	I	7.5	U
Oct	J	V	50	J	12.5	V
Nov	K	W	55	K	17.5	W
Dec	L	X	60	L	22.5	X

(Ex.: KO-DK Coca-Cola is the Compaq April 55 Call and MSQ-PE is the Microsoft April 125 Put).

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## 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/Year	Month	Code/Year
January	F6	July	N6
February	G6	August	Q6
March	H6	September	U6
April	J6	October	V6
May	K6	November	X6
June	M6	December	Z6

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

## 16. 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 transaction.

## 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.
- \* Given the nature of internet based systems, trading may be halted from time to time due to unforeseen events.
- \* Trades made when the market is open cannot be canceled; trades made when the market is closed may be canceled by making the offsetting trade before the market opens. Just call and we may refund the commissions charged.
- \* 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 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

### INDEX OPTIONS

*STOCK-TRAK* trades the options on the indexes listed below. Since the ticker symbols for index options change frequently, it is strongly recommended that users follow the links on the Options Trading Pit to determine tickers. Options on the following are supported: Dow Jones Industrial Average, S&P 500 Index, S&P 100 Index, Nasdaq 100 Index.

### INDEX FUTURES

*STOCK-TRAK* trades the following index futures (ticker):

Dow Jones Industrial (DJ)	S&P 500 Index Average (SP)
Nasdaq 100 Index (ND)	Nikkei 225 Index (NK)
U.S. Dollar Index (DX)	Russell 2000 Index (RL)

## FINANCIAL FUTURES

*STOCK-TRAK* trades the following financial futures (ticker):

Treasury Bonds (US)	5 Yr Treasury Notes (FV)
Treasury Bills (TB)	Libor (EM)
Eurodollar (ED)	Muni-Bond (MB)

## COMMODITY FUTURES

*STOCK-TRAK* trades the following commodity futures (ticker):

Corn (C)	Oats (O)
Soybeans (S)	Soybean Meal (SM)
Wheat (W)	Cattle-Feeder (FC)
Cattle-Live (LC)	Hogs (LH)
Pork Bellies (PB)	Lumber (LB)
Cocoa (CC)	Coffee (KC)
Sugar-World (SB)	Cotton (CT)
Orange Juice (OJ)	Copper (HG)
Gold (GC)	Platinum (PL)
Silver (SI)	Crude Oil (CL)
Heating Oil 2 (HO)	Gasoline NY Unl (HU)
Natural Gas (NG)	Soybean Oil (BO)

## 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)	Mexican Peso (ME)
Euro Currency (EC)	

## FUTURES OPTIONS

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

Type of Futures	Options trade on these
Foreign Currency Futures	JY, ED, 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. 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, gold, silver, Yen, EURO, Pound, Canadian Dollar 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, Strips, 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!