



CHC
Capitol Hill Challenge™

Generously underwritten for
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2023 Capitol Hill Challenge (CHC) Rules

January 30 – May 5, 2023

(Trading Ends May 4, 3:55pm ET)

Teacher Role & Agreement

I agree that I am a teacher or senior administrator at the school that 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 guidelines outlined below and available online 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 guidelines outlined below and available online at <https://www.stockmarketgame.org/capitol-hill-challenge.html>.

Participation and Winner Eligibility

- CHC is offered free of charge.
- Participation is only by invitation from SIFMA Foundation, with priority consideration given to Title I public middle and high schools demonstrating need as per federal school assistance programs.
- Up to two schools per Member of Congress with up to 10 teams per school and 3-5 students per team may play.
- Students taking part in a separate Stock Market Game™ (SMG) session may also take part in CHC; however, students may only participate on one CHC team.
- All advisors must submit student team rosters by the Team Roster Submission Deadline (March 10, 2023 5pm ET) to be eligible to win. (Rosters must include only student first name and last initial, not full student names.)
- Students cannot switch teams during the competition and no substitutions are allowed.
- The 10 teams with the top-ranked portfolios that abide by all program rules and conditions are eligible for awards and national recognition at the culminating celebration to be held in June, virtually or in person (depending on health and safety considerations).
- Only one team per school and one team per Member of Congress is eligible to win.

Important Dates

- **Portfolio Trading Begins:** Monday, January 30, 2023, 9:30 am ET
- **Team Roster Deadline:** Friday, March 10, 2023, 5 pm ET
- **Diversification Deadline:** Friday, April 7, 2023, 4 pm ET
- **Portfolio Trading Ends:** Thursday, May 4, 2023, 3:55 pm ET
- **CHC Session Ends (Portfolio Settlement Day - No Trading):** Friday, May 5, 2023, 4 pm ET
- **Winners' Celebration:** June 2023



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Portfolio Rules

1. **Cash:** Each team begins with \$100,000 in cash. There is no margin available to borrow in CHC.
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. SIFMA Foundation reserves the right to cancel transactions in these securities.
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. Only teams that abide by all program rules and guidelines will be eligible to win, regardless of final portfolio rank. For more information on ranking methodology, please [click here](#). **Please note:** Teams do not have to liquidate their portfolios (i.e., sell all positions) 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. SIFMA Foundation reserves the right to cancel such transactions.
6. **Liquid and Stable Stocks:** CHC does not permit buying stocks or mutual funds with a prior closing price at or below \$5 per share or buying stocks with a prior closing market capitalization at or below \$100 million. These low-priced stocks, also known as “penny stocks,” are risky and volatile investments. SIFMA Foundation reserves the right to cancel such transactions. Sell transactions for stocks and mutual funds trading at or below \$5 or for stocks with market capitalization under \$100 million will be accepted for existing positions held in inventory.
7. **Minimum Shares and Bond Increments:** All stock and mutual fund buy orders must be for a minimum of 10 shares. Sell orders for less than 10 shares are permitted for existing positions held in inventory. Municipal and corporate bonds can only be traded in \$1,000 increments, and Treasury bonds can only be traded in \$100 increments.



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8. **Pricing Attributes:** CHC is an End-of-Day game with all transactions priced at daily closing prices. Orders placed during market hours may be cancelled up to that day's market close, except on **Thursday, May 4, 2023, when trading closes at 3:55 pm ET**. Orders placed after market hours may be cancelled prior to market close the next business day.
9. **Market Hours:** CHC is run Monday to Friday with hours of operation from 9:30am ET to 4pm ET, **except on Thursday, May 4, 2023**, when trading closes at 3:55 pm 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 cash available to execute the entire order. There are no partial fills.
11. **Commission and Fees:** There is a \$5-per-trade commission on all transactions. An SEC fee is also charged on all sells.
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, it can be traded. The same rule applies to trades rejected if they are incorrectly pricing below \$5 or with market capitalization under \$100 million. Once the pricing has been corrected, the security can be traded. There is no post-dating of trades due to the system being down or 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 (merger, acquisition, spinoff, delisting, trade halt, etc.), which may include the standard three-day settlement period. In some cases, it may be necessary to suspend trading of a given security until the corporate action can be processed. Canadian stocks trading on U.S. 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 request their advisor notify the CHC Coordinator by email at CapitolHill@sifma.org of any issues or discrepancies.

Diversification Rules

14. **Maximum Equity:** Teams may not invest more than 20% of *Total Equity* in any one security. If a security in a team's portfolio increases in value above 20% of *Total Equity*, the team will be unable to purchase additional shares of that security. Teams do not have to sell the increase.
15. **Asset Diversification:** Each CHC team must make an initial investment of at least \$10,000 per asset class (stocks, bonds, and mutual funds) by **Friday, April 7, 2023, 4pm ET** and hold the value of the investment until the end of the competition (**Friday, May 5, 2023, 4 pm ET**). If the value of an investment decreases below the \$10,000 minimum, teams do not need to invest more; however, if teams sell some or all a position in an asset class, they must make an investment of similar value in the same asset class to remain diversified. Team portfolios will be subject to periodic random review to confirm the \$10,000 initial investment per asset class and ensure that diversification has been maintained. Please note that all ETFs (including bond ETFs) are classified as stocks, and all bond mutual funds are



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classified as mutual funds. **Teams that do not comply with this Asset Diversification rule will be disqualified from winning the competition, even with a top-ranked portfolio.**



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Code of Participation

1. CHC advisors must be a teacher or senior administrator employed by the registered school. Student teams must include only students attending the registered school. Students may only participate on one team in the competition and cannot switch teams during the competition. No student substitutions can be made after the team roster submission deadline has passed.
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* outlined here and [online](#).
3. Any violation of the *CHC Program Rules & Code of Participation* may result in the invalidation of a transaction. Teams that do not comply with the *CHC Program Rules & Code of Participation* will be ineligible to win and potentially be removed from portfolio rankings and/or disqualified from the competition. The authority to invalidate a transaction, remove a team from rankings, or disqualify a team lies solely with the CHC Coordinator and 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. 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 team disqualification. If a team believes a stock price or other market information is incorrect, the team advisor should notify the CHC Coordinator by email at CapitolHill@sifma.org.
7. In the event of an error on the part of SIFMA Foundation or coordinator organization(s), the liability to a participant shall be limited to the refund of CHC registration fees paid, if applicable.