

# Warrior Starter Course: Quiz Answers

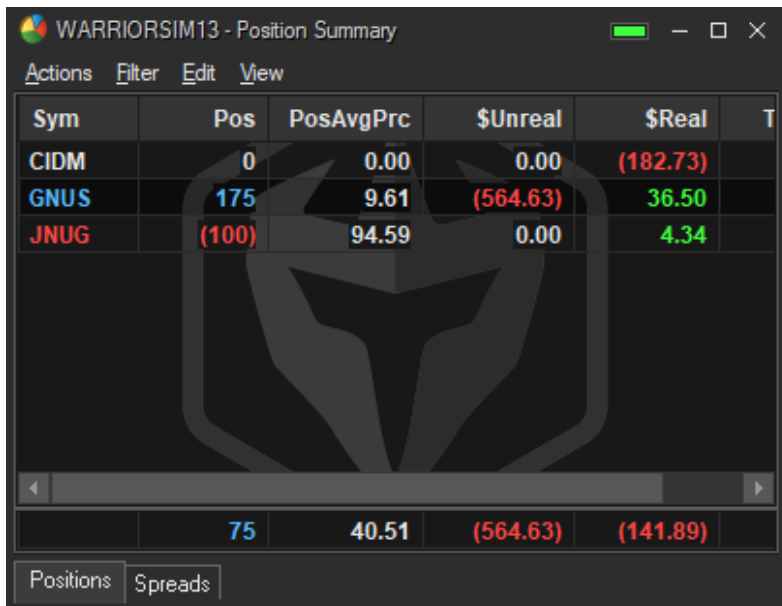
## Chapter 2: Picking Stocks for Trading

*Correct answers are bold.*

1. In the Warrior Trading live trading rooms, you **should** use capital letters for tickers (ex: SPY) but can **choose** whether or not to use a \$ cash tag. When entering a stock symbol into a trading platform, should you use a cash tag?
  - a. Yes (ex: \$AAPL)
  - b. **No.** (ex: AAPL)
2. What does DJIA stand for?
  - a. Down Jones Industrial Average
  - b. **Dow Jones Industrial Average**
  - c. Down Jones Index Average
  - d. Dow Jones Index Average
3. What does ETF Stand for?
  - a. **Exchange Traded Fund**
  - b. Electronically Traded Fund
  - c. Exchange Transferred Funds
  - d. Electronically Transferred Funds
4. Commodities like gold and oil are commonly traded as which of the following? Select all that apply:
  - a. **Futures contracts**
  - b. **Stock ETFs**
  - c. Bonds
  - d. Options
5. Is the following statement true or false? Trading options contracts are a derivative market because the value of the options are based on the value of something else. Their value is derived from the value of the underlying asset.
  - a. **True**
  - b. False

6. True or false? Once you learn one trading strategy, what you've learned will be completely irrelevant if you decide to trade a different financial market.
- a. True *This answer is incorrect. Risk management is just one example of a lesson that all traders must learn in any market.*
  - b. **False. Correct! Risk management is just one of the most common lessons that all traders must learn, no matter the market.**
7. Which of the following accounts allow for short selling?
- a. Cash account *Incorrect. You cannot short sell in a retirement account.*
  - b. **Traditional margin account**
  - c. Retirement account *Incorrect. You cannot short sell in a retirement account.*
8. A trader shorts 1,000 shares at \$10. What is the most the trader can lose on that stock?
- a. \$1,000 *This is incorrect. Short selling has unlimited risk since there is no limit to how high a stock can go.*
  - b. \$10,000 *This is incorrect. Short selling has unlimited risk since there is no limit to how high a stock can go.*
  - c. \$40,000 *This is incorrect. Short selling has unlimited risk since there is no limit to how high a stock can go.*
  - d. **A unlimited amount of money. Correct! Short selling has unlimited risk since there is no limit to how high a stock can go.**
9. If you have a negative balance because you have shorted a stock, how do you close the trade?
- a. Call your broker to tell them you don't want to borrow anymore
  - b. Close your computer and walk away. It will reset overnight
  - c. **Buy the stock**
  - d. Buy a different stock
10. What does it mean to borrow a stock?
- a. Borrowing from your broker in order to sell a position you don't already own
  - b. Borrowing from a clearing firm in order to sell a position you don't already own.
  - c. You're trying to take a short position
  - d. All of the above **\*CORRECT ANSWER**

11. True or false? You can short any stock in any trading account.
- True. *This is incorrect. Certain account types do not allow for shorting (ex: cash accounts and retirement accounts). Also, not all brokers and platforms have shares available for shorting, or only allow it for certain stocks.*
  - False. Correct! Certain account types do not allow for shorting (ex: cash accounts and retirement accounts). Also, not all brokers and platforms have shares available for shorting, or only allow it for certain stocks.**
12. What triggers a Short Sale Restriction?
- If a stock drops 10% intraday
  - If a stock drops 10% vs the open price
  - If a stock drops 10% vs the previous day's close price**
  - All of the Above
13. When an SSR is triggered, which price must the trader short at?
- Ask price**
  - Bid price
14. In the following example, which stock has an open short position?



Sym	Pos	PosAvgPrc	\$Unreal	\$Real	T
CIDM	0	0.00	0.00	(182.73)	
GNUS	175	9.61	(564.63)	36.50	
JNUG	(100)	94.59	0.00	4.34	
	75	40.51	(564.63)	(141.89)	

Positions | Spreads

- CIDM
- GNUS
- JNUG**
- All are short

15. Human psychology can play a huge role in both an individual's trading and even in overall market patterns. Which of the following might affect the market?
- a. Fear
  - b. Greed
  - c. FOMO
  - d. All of the above
16. Which of the following is also known as the "fear index"?
- a. SPY
  - b. **VIX**
  - c. S&P 500
17. Which of the following is **not** true about institutional traders?
- a. There is a higher chance that they will use HFT (high frequency trading) and algorithms than retail traders.
  - b. They are licensed by the SEC
  - c. They work for banks, hedge funds, pension funds, and other financial institutions.
  - d. **They tend to trade small cap stocks**
  - e. They take positions based on orders from managers.
18. Which if the following stock halts is a result of news pending?
- a. **T1**
  - b. T12
  - c. LUPD / LULD
19. Which of the following stock halts is a volatility trading pause?
- a. T1
  - b. T12
  - c. **LUPD / LULD**
20. Which of the following stock halts is a result of suspension by the SEC, usually due to an investigation?
- a. T1
  - b. **T12**
  - c. LUPD / LULD
21. If the S&P 500 drops 7%, how long will the market be halted?
- a. 5 minutes
  - b. 10 minutes
  - c. **15 minutes**
  - d. 20 minutes

22. When do **most** circuit breaker halts resume after the halt begins?
- a. **5 minutes after**
  - b. 10 minutes after
  - c. 15 minutes after
  - d. 20 minutes after