

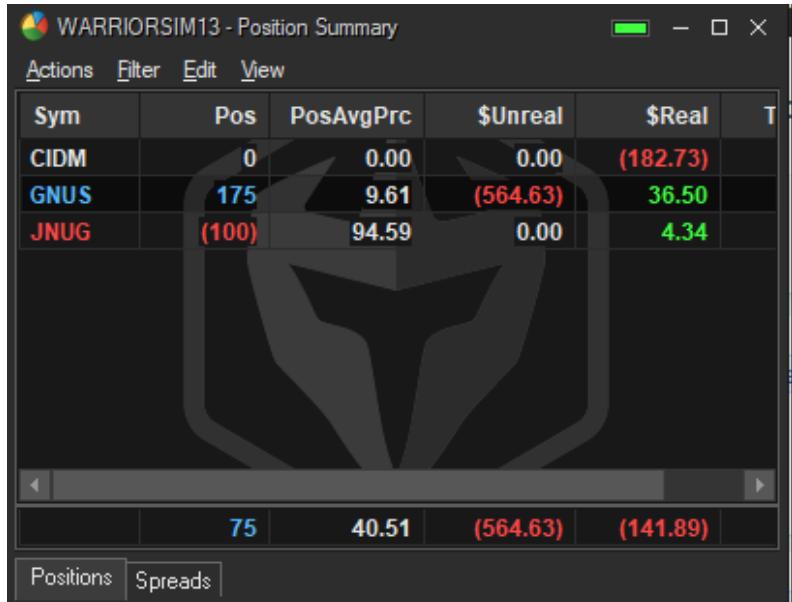
# Warrior Starter Course: Quiz Answers

## 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   |
|------|-------|-----------|----------|----------|
| CIDM | 0     | 0.00      | 0.00     | (182.73) |
| GNUS | 175   | 9.61      | (564.63) | 36.50    |
| JNUG | (100) | 94.59     | 0.00     | 4.34     |
- a. CIDM  
b. GNUS  
**c. JNUG**  
d. 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