

Warrior Starter Course: Quiz Answers

Chapter 3: Account Types

Correct answers are bold.

1. You are a Professional Trader if you have the following:
 - A. A trading account and no income other than trading.
 - B. **A Series 63, Series 7, or any other license with the SEC.**
 - C. More than 3 years of trading experience.
 - D. All of the above

2. Which of the following is a defining trait of a trader who is considered “non-professional”?
 - A. Still earning income primarily from another job
 - B. **Not holding a licensed from the SEC**
 - C. Not using market data for professional users
 - D. Making less than minimum wage annually in trading profits

3. Stock trades in a cash account take how many days to settle before the funds are available to trade or invest again?
 - A. 1
 - B. **2**
 - C. 3
 - D. 4

4. A \$25k margin account at a US brokerage allows the following:
 - A. Trades to settle immediately
 - B. Trading an unlimited number of times each day
 - C. Ability to short stocks
 - D. **All of the above**

5. The PDT Rule states that:
 - A. **You must have a \$25k min balance to take 4 or more trades in a 5 day rolling period.**
 - B. You must trade at least 3x per day to maintain PDT status.
 - C. If your balance is under \$25k you cannot execute any trades.
 - D. If your balance is under \$25k you cannot short stocks.

6. In the United States, we have retirement accounts. Which restrictions do we have to adhere to?
- A. We can't use leverage.
 - B. We can't short stocks.
 - C. We can only contribute a limited amount each year.
 - D. **All of the above**
7. Which type of IRA is tax free during growth, and tax free at time of withdrawals?
- A. Traditional IRA
 - B. 401k
 - C. **Roth IRA**
 - D. All of the Above
8. What happens if you lose money trading with leverage?
- A. Your account will be closed.
 - B. **You will owe the debt to your broker.**
 - C. Your debt is forgiven.
 - D. You are banned from trading in the future.
9. Why is a stock broker required?
- A. Brokers hold your cash to secure your stock purchases.
 - B. Brokers are a required intermediary between you and the market exchange
 - C. They handle compliance of tracking all of your trades and your tax liabilities.
 - D. **All of the Above**
10. What type of factors do you look at when evaluating a potential online brokerage firm?
- A. Execution Speed & Hotkey functionality
 - B. Platform Reliability
 - C. Commission Fee Structure
 - D. **All of the Above**
11. In order to day trade more than 3 times per week in the United States, what is the min account balance?
- A. \$500
 - B. \$10,000
 - C. **\$25,000**
 - D. \$50,000



12. In order to day trade more than 3 times per week in a brokerage account in all parts of the world except the United States, what is the min account balance?
- A. There is no legal balance requirement. It's up the discretion of the broker.
 - B. The lowest international brokers allow a starting balance of \$500.
 - C. Many international brokers will accept US residents allowing them to avoid the \$25k min account balance requirement.
 - D. **All of the Above**
13. In order to day trade fewer than 3 times/week, swing trade, or trade options in the United states, what is the min account balance?
- A. **\$500**
 - B. \$5,000
 - C. \$10,000
 - D. \$25,000
14. If you trade options, when do those trades settle?
- A. **The next day**
 - B. 2 days
 - C. 3 days
 - D. 4 days
15. Which of the following **won't** happen when a trader is in violation of the PDT rule?
- a. **The trader might go to jail.**
 - b. The trader's account will be restricted for 90 days.
 - c. The trader has the option to close the account and open with another brokerage.
 - d. The trader has the option to add more money to increase the balance to \$25k.