9.07 Introduction to Digital Assets

Question 1
Decentralized finance (DeFi) is *most likely* explored in order to:
A. reform financial regulations.
B. function as a medium of exchange.
C. deleverage investment risk in digital assets.

Question 2
Which of the following consensus protocols *most likely* requires solving puzzles using large amounts of computing power?
A. Tokenization
B. Proof of work
C. Proof of stake

Question 3
Digital assets *most likely* derive value from which of the following?
A. Liquidity
B. Asset appreciation
C. Expected cash flows

Question 4
Which one of the following factors is *least likely* to influence the prices or returns of most cryptocurrencies?
A. Limited supply
B. Underlying cash flows
C. Potential to transfer value in the future

Question 5
Which of the following statements regarding the regulation of digital assets is *correct*?
A. Use of digital assets is legal in every country.
B. Price manipulation and fraud may be unregulated on digital exchanges.
C. Digital assets are globally considered commodities for regulatory purposes.

Question 6
Which of the following is *least likely* to be a difference between digital assets and traditional financial assets? Digital assets:
A. are recorded on a decentralized digital ledger.
B. do not have an intrinsic value based on expected cash flows.
C. trade under widely accepted and well-known rules and regulations.

Question 7
The advantage of a company raising funds through an initial coin offering (ICO) instead of an initial public offering (IPO) is *most likely* that an ICO:

A. follows a regulated process.
B. requires lower issuance costs.
C. provides voting rights to investors.

Question 8
Of the following, the *most likely* benefit of using distributed ledger technology (DLT) to record financial transactions is that DLT:
A. is operationally secure.
B. provides greater transparency.
C. requires only small amounts of energy to verify transaction activity.

Question 9
Cryptocurrencies *most likely*:
A. are easily converted into fiat currencies.
B. do not have a fundamental inherent value.
C. are regularly used as a direct medium of exchange.

Question 10
Stablecoins *least likely*:
A. are collateralized by a basket of assets.
B. are launched for entertainment purposes.
C. maintain their value through algorithmic formulas.

Question 11
Which of the following is *least likely* to be a source of risk for a cryptocurrency? The cryptocurrency is:
A. created on a permissionless network.
B. recorded in a decentralized distributed ledger.
C. valued based on expected future earnings and/or cash flows.

Question 12
Permissionless networks *most likely* support cryptocurrency investors by creating:
A. decentralization.
B. faster speed of transaction validation.
C. cost-effectiveness of transaction validation.

Question 13
Digital assets *most likely* derive value from which of the following?
A. Liquidity
B. Asset appreciation
C. Expected cash flows

Question 14
An investment in Bitcoin futures would *most appropriately* be characterized as a(n):

A. direct digital investment.
B. indirect digital investment.
C. digital form of investment for nondigital assets.