

Quiz 4

TOTAL POINTS 10

1. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

• You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.

• Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.

• At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.

• Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.

• At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.

• Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.

• Assume that there are no other transactions in ABC stock during the day.

Calculate the TWAP benchmark?

☒ 36.018

☐ 30.028

☐ 39.895

☐ 32.324

2. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

• You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.

• Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.

• At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.

• Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.

- At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.
- Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.
- Assume that there are no other transactions in ABC stock during the day.

What is the transaction cost according to the TWAP benchmark?

- ☐ 21.62
- ☐ 51.62
- ☒ 31.62
- ☐ 41.62

3. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

- You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.

- Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.
- At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.
- Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.
- At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.
- Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.
- Assume that there are no other transactions in ABC stock during the day.

Calculate the VWAP benchmark?

- ☒ 35.782
- ☐ 25.782
- ☐ 55.782
- ☐ 45.782

4. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.
- You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.
 - Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.
 - At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.
 - Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.
 - At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.
 - Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.
 - Assume that there are no other transactions in ABC stock during the day.

What is the transaction cost according to the VWAP benchmark?

☐ 391.25

☐ 411.25

☒ 381.25

☐ 401.25

5. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

• You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.

• Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.

• At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.

• Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.

• At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.

- Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.
- Assume that there are no other transactions in ABC stock during the day.

Calculate the 'decision time bid ask mid-point' benchmark?

- ☒ 36.065
- ☐ 35.165
- ☐ 36.165
- ☐ 35.035

6. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

- You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.
- Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.

- At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.
- Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.
- At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.
- Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.
- Assume that there are no other transactions in ABC stock during the day.

What is the transaction cost as per the implementation shortfall method?

- ☐ 49.20
- ☐ 39.20
- ☐ -39.20
- ☒ -49.20

7. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

• You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.

• Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.

• At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.

• Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.

• At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.

• Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.

• Assume that there are no other transactions in ABC stock during the day.

Calculate the 'closing price of the day' benchmark?

☒ 36.03

☐ 35.03

☐ 35.83

☐ 36.83

8. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

• You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.

• Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.

• At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.

• Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.

• At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.

- Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.
- Assume that there are no other transactions in ABC stock during the day.

What is the transaction cost according to the closing price of the day benchmark?

- ☐ 11.80
- ☐ 17.80
- ☒ 13.80
- ☐ 20.80

9. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

- You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.
- Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.

- At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.
- Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.
- At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.
- Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.
- Assume that there are no other transactions in ABC stock during the day.

Calculate the 'midpoint of bid ask prices at time of trade' benchmark?

- ☒ 36.035 & 36.01
- ☐ 36.21 & 36.01
- ☐ 36.5 & 36.9
- ☐ 36.5 & 36.01

10. • The market opens at 9:30 AM, at which point 15,000 shares of ABC stock trade at \$35.66 a share.

1 point

- You decide to trade to buy 1,800 shares of ABC at 10:50 AM. The best bid and ask prices at this time are \$36.05 and \$36.08, respectively.
- Another trader's order executes at 11:25 AM at a price of \$36.20 for 850 shares. The best bid and ask prices at this time are \$36.20 and \$36.22, respectively.
- At 11:59 AM, 690 shares of your order gets executed at a price of \$36.05. The best bid and ask prices at this time are \$36.20 and \$36.05, respectively.
- Another trader's order for 3,000 shares is executed at 2:16 PM at a price of \$36.15.
- At 3:50 PM, another 795 shares of yours are executed at \$36.03. The best bid and ask prices at this time are \$35.99 and \$36.03, respectively.
- Finally the market closes at 4 PM, when the best bid and ask prices are \$35.91 and \$35.94, respectively.
- Assume that there are no other transactions in ABC stock during the day.

What is the transaction cost according to the 'midpoint of bid ask prices at time of trade' benchmark?

☐ 36.25

☐ 46.25

☐ 56.25

☒ 26.25



I, **PHAM NGOC KHANH**, understand that submitting work that isn't my own may result in permanent failure of this course or deactivation of my Coursera account.

[Learn more about Coursera's Honor Code](#)



Save

Submit