

Question #1 of 4

Question ID: 1463601

Which of the following statements regarding exchange-traded derivatives is *least* accurate?

Exchange-traded derivatives:

- A)** often trade in a physical location.
 - B)** are backed by a central clearinghouse.
 - C)** are illiquid.
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Question #2 of 4

Question ID: 1463603

In futures markets, the primary role of the clearinghouse is to:

- A)** reduce transaction costs by making contract prices public.
 - B)** act as guarantor to both sides of a futures trade.
 - C)** prevent arbitrage and enforce federal regulations.
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Question #3 of 4

Question ID: 1463602

A derivative is defined as a security that has a value:

- A)** established outside an organized exchange.
 - B)** stated in a contract between two counterparties.
 - C)** based on another security, commodity, or index.
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Question #4 of 4

Question ID: 1463600

For exchange-traded derivatives, the role of the central clearinghouse is to:

- A)** maintain private insurance that can be used to provide funds if a trader defaults.

- B)** stabilize the market price fluctuations of the underlying commodity.
- C)** guarantee that all obligations by traders will be honored.