

**Test Instructions:** Each question below is followed by two or more answer choices. After carefully reading each question, select your response by placing a check mark next to the answer you believe is correct. Each question has only one correct answer.

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Account Number:

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1. Which of the following is the same synthetic position as short stock, long call?
  - ☐ a. Short put
  - ☐ b. Long call
  - ☐ c. Short call
  - ☐ d. Long put
2. You have established the following positions:  
 Long 50 XYZ Jan 820 Calls @ 3  
 Long 50 XYZ Jan 675 Puts @ 4  
 What is the traditional margin requirement?
  - ☐ a. \$50,000
  - ☐ b. \$60,000
  - ☐ c. \$35,000
  - ☐ d. \$25,000
3. Which of the following is the same synthetic position as short stock, short put?
  - ☐ a. Short put
  - ☐ b. Long call
  - ☐ c. Short call
  - ☐ d. Long put
4. You establish the following position:  
 Long 100 ABCD 150 Call  
 Long 100 ABCD 150 Put  
 If the price of ABCD is \$150 at expiration, what is the resulting ABCD position in your account on the business day following expiration?
  - ☐ a. Flat or no position in ABCD
  - ☐ b. Long 100,000 shares of ABCD
  - ☐ c. Short 100,000 shares of ABCD
  - ☐ d. Both B and C
5. The price of ABCD is \$25. You establish the following position:  
 Short 1 ABCD 25 Call @ 2  
 If the delta of the call is 0.50, what would be the theoretical price of the option if ABCD increased by \$1.00?
  - ☐ a. \$1.50
  - ☐ b. \$2.50
  - ☐ c. \$3.00
  - ☐ d. \$4.00
  - ☐ e. \$4.50
6. Which one of the following is a synthetic long put?
  - ☐ a. Long stock, short put
  - ☐ b. Long stock, short call
  - ☐ c. Long stock, long put
  - ☐ d. Short stock, long put
  - ☐ e. Short stock, long call
7. You establish the following position:  
 Short 1 ABCD 320 Put @ 6  
 If the delta of the put is 0.50 and the gamma is 0.03, what would the new delta be if ABCD decreases from 321 to 320?
  - ☐ a. 0.47
  - ☐ b. 0.50
  - ☐ c. 0.53
  - ☐ d. 0.56
  - ☐ e. 0.60
8. Which of the following choices is a primary component in theoretical options pricing calculations?
  - ☐ a. Volatility
  - ☐ b. Annual interest rate
  - ☐ c. Stock price
  - ☐ d. Days to expiration
  - ☐ e. Strike price
  - ☐ f. All of the above
9. You have established the following positions:  
 Long 500 ABC Nov 1240 Calls @ 5  
 Long 500 ABC Nov 1205 Puts @ 6  
 What is the traditional margin requirement?
  - ☐ a. \$500,000
  - ☐ b. \$550,000
  - ☐ c. \$600,000
  - ☐ d. \$700,000
10. Which one of the following choices measures the rate of decline in value of an option due to time decay?
  - ☐ a. Delta
  - ☐ b. Gamma
  - ☐ c. Theta
  - ☐ d. Vega
11. With everything being equal as time passes in options, which one of the following is true?
  - ☐ a. In the money options delta decrease and out of money options delta increase
  - ☐ b. In the money options delta increase and out of money options delta increase
  - ☐ c. Both in the money options delta decrease and out of money delta decrease
  - ☐ d. In the money delta increase and out of money options delta decrease

## Portfolio Margin Test (continued)

12. Which one of the following choices measures the change in price of an option for a one point move in the underlying asset?
- ☐ a. Delta
  - ☐ b. Gamma
  - ☐ c. Theta
  - ☐ d. Vega
13. To hedge a short stock position in ABCD, you can do all of the following EXCEPT what?
- ☐ a. Buy at the money ABCD calls to open
  - ☐ b. Buy in the money ABCD calls to open
  - ☐ c. Sell out of money ABCD puts to open
  - ☐ d. Sell out of money ABCD calls to open
14. In portfolio margin, equity options and stocks are tested with +/- 15% price changes. If you buy \$100,000 of ABCD stock, what is the portfolio margin requirement?
- ☐ a. \$15,000
  - ☐ b. \$25,000
  - ☐ c. \$30,000
  - ☐ d. \$50,000
15. You opened several accounts with XYZ broker. Which of the following accounts is under identical ownership as your individual portfolio margin account?
- ☐ a. Your Roth Individual Retirement Account
  - ☐ b. Your Individual Margin Account
  - ☐ c. Your Joint Account with Rights of Survivorship
  - ☐ d. Your Corporate Account
  - ☐ e. Your 401(k) Account
16. You have already been approved for covered call writing but must be re-approved for which one of the following in order to participate in portfolio margining?
- ☐ a. Purchasing Straddles
  - ☐ b. Purchasing Spreads
  - ☐ c. Purchasing Options
  - ☐ d. Short-selling
  - ☐ e. Selling Uncovered Options
17. All LEAPS are what?
- ☐ a. Unlisted derivatives of equity indices
  - ☐ b. Options on commodities and futures contracts
  - ☐ c. Issued with longer life than standard options
  - ☐ d. Options on Exchange Traded Funds
  - ☐ e. Options on individual stocks
18. If you write a call, hoping to benefit from the time decay of the options premium, which one of the following measures would you use?
- ☐ a. Theta, expressed in percentage
  - ☐ b. Theta, expressed in dollars
  - ☐ c. Delta, expressed in percentage
  - ☐ d. Delta, expressed in dollars
  - ☐ e. Gamma, expressed in percentage
19. Which one of the following choices measures how the delta of an option will change relative to a one point move in the underlying asset?
- ☐ a. Delta
  - ☐ b. Gamma
  - ☐ c. Theta
  - ☐ d. Vega
  - ☐ e. Rho
20. Which one of the following is a synthetic long call?
- ☐ a. Long stock, short put
  - ☐ b. Long stock, short call
  - ☐ c. Short stock, long put
  - ☐ d. Long stock, long put
  - ☐ e. Short stock, long call

Send completed test to fax 800-870-9685 or mail to: TD Ameritrade  
Attn: Portfolio Margin Department  
600 West Chicago Avenue, Suite #100  
Chicago, IL 60654-2597

Account Number:

Client Initials:

Date:

### For Broker Use Only

Grade:

☐ Pass (16+/20) ☐ Fail

Initials:

Investment Products: Not FDIC Insured \* No Bank Guarantee \* May Lose Value