

SECURITIES AND INVESTMENTS

- 1) Brokerage commissions that typically apply to the small transactions usually made by individual investors are based on
 - A) marginal performance
 - B) negotiated commissions
 - C) fixed-commission schedules
 - D) percentage of earnings
- 2) The chance that an investment's value will decrease is referred to as
 - A) load
 - B) will
 - C) trust
 - D) risk
- 3) The savings accumulated in a permanent life insurance policy that you would receive if you canceled your policy is
 - A) gross value
 - B) cash value
 - C) adjusted value
 - D) par value
- 4) Income taxes are due on _____
 - A) January 31
 - B) January 15
 - C) March 1
 - D) April 15
- 5) Interest on _____ can be deducted on income taxes
 - A) car loans
 - B) revolving credit cards
 - C) department store credit card charges
 - D) mortgages
- 6) _____ security certificates are issued in the brokerage firm's name but held in trust for its client, who actually owns them.
 - A) Street name
 - B) Day trader
 - C) Market order
 - D) Insured

- 7) Stock dividends stated as a percentage of the current stock price are referred to as
- A) debenture
 - B) market order
 - C) percent yield
 - D) market value
- 8) _____ stocks receive dividends first before other forms of stock.
- A) Participating
 - B) Blue chip
 - C) Common
 - D) Preferred
- 9) Shares in a company whose earnings are expected to grow at an above-average rate relative to the market represent a
- A) high risk company
 - B) defensive company
 - C) growth company
 - D) conservative company
- 10) The _____ measures inflation/deflation for basic consumer goods and services.
- A) collateralized mortgage operation
 - B) Gross Domestic Product
 - C) Consumer Product Index
 - D) inflation index
- 11) A mutual fund that tries to match the performance of a particular securities index by investing in the companies included in that index is a(n)
- A) balance fund
 - B) index fund
 - C) global fund
 - D) growth fund
- 12) This investment product offers diversity and professional management.
- A) stocks
 - B) corporate stock
 - C) mutual fund
 - D) bonds

- 13) _____ can be exchanged for a certain number of shares of the issuer's common stock.
- A) Secured bonds
 - B) Debenture bonds
 - C) Savings bonds
 - D) Convertible bonds
- 14) _____ bonds are backed by collateral.
- A) Secured
 - B) Corporate
 - C) Speculative
 - D) Unsecured
- 15) The illegal and unethical practice engaged by a broker to increase commissions by causing excessive trading of clients' accounts is called
- A) prospecting
 - B) yielding
 - C) turn over
 - D) churning

ANSWER KEY

- 1) C
- 2) D
- 3) B
- 4) D
- 5) D
- 6) A
- 7) C
- 8) D
- 9) C
- 10) C
- 11) B
- 12) C
- 13) D
- 14) A
- 15) D