

CMFAS Practice Test Questions and Answers

1. What is a bond?

- A) An ownership share in a company
- B) A debt instrument where the issuer promises to repay the principal with interest
- C) A type of insurance policy
- D) A savings account

2. What is a warrant?

- A) A type of savings account
- B) A derivative that gives the holder the right to buy shares at a predetermined price
- C) A government regulation
- D) A type of mutual fund

3. What is an annuity?

- A) A one-time lump sum payment
- B) A financial product that provides regular payments for life or a specified period
- C) A type of health insurance
- D) A government bond

4. What is a dividend?

- A) A fee charged by a broker
- B) A portion of a company's profits distributed to shareholders
- C) A type of stock exchange
- D) A government tax

Answers: 1-B 2-B 3-B 4-B

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