

Corporate Governance Practice Test Questions and Answers

1. What is an '8-K' filing?

- A) A current report that must be filed within four business days of a material corporate event
- B) An annual report supplement containing unaudited interim results
- C) A proxy statement filed before the annual shareholder meeting
- D) A registration statement for a new securities offering

2. What is a '10b5-1 trading plan'?

- A) A pre-established trading plan that allows insiders to sell shares on a set schedule, providing an affirmative defense against insider trading claims
- B) An SEC registration exemption for employee stock purchase plans
- C) A FINRA-approved algorithm for executing large institutional trades without market impact
- D) A plan filed with the SEC to disclose all future insider purchases within 30 days

3. The "quiet life" theory proposes

- A) Managers avoiding cognitively difficult activities
- B) Shareholders retiring from their day jobs to live off the revenues from their investments.
- C) Employees taking too many holidays
- D) None of the above

4. What is a 'trading blackout period'?

- A) A company-imposed window prohibiting insiders from trading company securities around earnings announcements or other material events
- B) An SEC-mandated halt of all trading in a company's securities during an investigation
- C) A FINRA rule prohibiting broker-dealers from trading during market circuit breakers
- D) A lock-up period preventing IPO insiders from selling shares for six months post-offering

Answers: 1-A 2-A 3-A 4-A

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