

S-12 Practice Test Questions and Answers

1. FINRA is best described as:

- A) A federal government agency
- B) A self-regulatory organization (SRO) that oversees broker-dealers
- C) An insurance fund for securities accounts
- D) A division of the Federal Reserve

2. What is a no-load mutual fund?

- A) A fund that charges no sales fees
- B) A fund that eliminates management fees
- C) A fund that does not pay dividends
- D) A fund with fixed returns

3. A 'discretionary account' allows:

- A) The customer to trade without broker approval
- B) The broker to make trading decisions without contacting the customer for each trade
- C) Unlimited margin borrowing
- D) The broker to share profits with the customer

4. What is an Exchange-Traded Fund (ETF)?

- A) A fund traded on an exchange like a stock
- B) A closed-end fund with limited shares
- C) A fund with guaranteed dividends
- D) A type of hedge fund

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

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