

SCA Practice Test Questions and Answers

1. What is a bond?

- A) An ownership stake in a company
- B) A debt instrument where the issuer borrows from investors and promises to repay principal with interest
- C) A futures contract
- D) A type of mutual fund

2. What is a mutual fund?

- A) A government savings scheme
- B) A pooled investment vehicle that collects money from many investors and invests in a diversified portfolio of securities
- C) A type of futures contract
- D) A bond issued by multiple companies together

3. What is a 'put option'?

- A) An option to buy an asset at a fixed price
- B) An option to sell an asset at a specified price (strike price) before expiration
- C) A bond that can be redeemed early
- D) A type of ETF

4. What is 'wash trading'?

- A) Cleaning up a trading system's technical errors
- B) Simultaneous buying and selling of the same security to create an artificial appearance of trading activity without a genuine change in ownership
- C) Trading in foreign currency
- D) Settling trades using cash

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

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