

Stock Broker Practice Test Questions and Answers

1. What is a convertible bond?

- A) A bond that adjusts its interest rate with inflation
- B) A bond that can be exchanged for a set number of the issuer's common shares
- C) A bond issued in foreign currency
- D) A bond with no fixed maturity date

2. What is a UGMA/UTMA account?

- A) A retirement account for union members
- B) A custodial account where an adult manages assets gifted to a minor until the minor reaches the age of majority
- C) An account for undocumented investors
- D) A joint account between unrelated business partners

3. What is 'dark pool' trading?

- A) After-hours trading on public exchanges
- B) Private trading venues where large institutional orders are executed without pre-trade price transparency
- C) Illegal insider trading networks
- D) Trading in commodities futures

4. What does 'short selling' involve?

- A) Buying shares with borrowed money
- B) Selling borrowed shares with the obligation to buy them back later, profiting if the price falls
- C) Selling shares you own at a loss for tax purposes
- D) Trading securities in less than one minute

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

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