Advanced Stock Market Knowledge

Finance · Practice Test · 12 Questions

1. Which company was the first to be publicly traded, issuing shares via the Amsterdam Stock Exchange in 1602?

A) East India Company
B) Dutch East India Company (VOC)
C) Hudson's Bay Company
D) South Sea Company

2. In market microstructure, what does the term 'dark pool' specifically refer to?

A) Illegal trading platforms
B) Private forums for insider trading
C) Private exchanges for institutional order execution
D) Markets operating outside of regulated hours

3. Which stock exchange was the first to implement a fully electronic trading system in 1971?

A) New York Stock Exchange
B) London Stock Exchange
C) NASDAQ
D) Tokyo Stock Exchange

4. What is the primary function of a 'circuit breaker' on a major stock exchange?

A) To prevent technical system failures
B) To temporarily halt trading during extreme market volatility
C) To automate dividend payments
D) To restrict foreign investment in local stocks

5. Which financial index is composed of 30 prominent companies listed on stock exchanges in the United States and is price-weighted?

A) S&P 500
B) Nasdaq Composite
C) Dow Jones Industrial Average
D) Russell 2000

6. In the context of securities lending, what is a 'short squeeze'?

A) A rapid increase in share price forcing short sellers to buy back stock to cover positions
B) A forced liquidation of retail brokerage accounts
C) A sudden drop in market liquidity
D) An intervention by the central bank to stabilize prices

7. What does the 'ex-dividend' date signify in the context of stock ownership?

A) The date the dividend is paid to the shareholder
B) The date a new investor is no longer entitled to the most recently declared dividend
C) The date the dividend is announced by the board
D) The date the stock is removed from an index

8. Which regulatory body was established in the United States following the Stock Market Crash of 1929 to oversee securities markets?

A) Federal Reserve
B) Securities and Exchange Commission (SEC)
C) Financial Industry Regulatory Authority (FINRA)
D) Commodity Futures Trading Commission (CFTC)

9. What is a 'Level II' quote on an electronic trading platform?

A) A summary of historical performance data
B) A real-time display of the order book showing bid and ask prices from various market participants
C) An estimate of the company's future earnings
D) A list of institutional analyst ratings

10. Which term describes a company that has been delisted from a major exchange and now trades on an 'Over-the-Counter' (OTC) market?

A) Penny stock
B) Pink sheet
C) Blue chip
D) Derivative

11. In options trading, what is the 'Greeks' value 'Delta' measuring?

A) Sensitivity to time decay
B) Sensitivity to changes in the underlying asset's price
C) Sensitivity to changes in interest rates
D) Sensitivity to implied volatility

12. What is the 'float' of a publicly traded company?

A) The total number of authorized shares
B) The number of shares available for trading by the public
C) The total market capitalization
D) The value of shares held by corporate insiders only