

Introduction to Stock Markets

Economics And Finance · Answer Key · 8 Questions

1. What is a 'share' of stock?

- A) A government tax document
- B) A unit of ownership in a corporation**
- C) A type of high-interest savings account
- D) A loan given to a company by a bank

2. What is the primary function of a stock exchange?

- A) To sell government bonds exclusively
- B) To act as a physical marketplace for fresh produce
- C) To provide a platform for buying and selling company shares**
- D) To regulate the interest rates of personal loans

3. What is a 'dividend'?

- A) A portion of company earnings paid to shareholders**
- B) A fee paid to a stockbroker for their services
- C) A tax penalty for selling stocks too quickly
- D) A membership fee for joining a stock exchange

4. Which term describes the total value of a company based on its share price and the number of shares available?

- A) Market capitalisation**
- B) Interest rate
- C) Inflation index
- D) Asset depreciation

5. What is an 'IPO' in the context of the stock market?

- A) Initial Public Offering**
- B) Internal Private Order
- C) International Profit Organization
- D) Investment Portfolio Option

6. Which document provides detailed financial information about a company to potential investors?

- A) A personal diary
- B) A prospectus**
- C) A television commercial
- D) A school report card

7. What does a 'stock ticker' represent?

- A) A physical paper receipt for a purchase
- B) A shortened alphabetical code used to identify a stock**
- C) A tool used to count physical coins
- D) The name of the CEO of the company

8. If a company is 'publicly traded', it means that:

- A) The government owns 100% of the company
- B) Anyone can buy shares of the company on a stock exchange**
- C) The company provides its services for free to the public
- D) The company is not allowed to make a profit