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## SECURITIES & INVESTMENTS

### Overview

Acquiring a high level of familiarization and knowledge of securities and investing is valuable in planning for one's future. This event provides recognition for FBLA members who have an understanding of securities and investments.

This is an individual online test.

### Competencies and Task Lists

<http://www.fbla-pbl.org/competitive-event/securities-investments/>

### Website Resources

- Investor.gov  
<https://investor.gov/introduction-investing>
- InvestorPlace  
<http://investorplace.com/how-to-invest/securities/#.WZ2V1WZK270>
- U.S. Securities and Exchange Commission  
<https://www.sec.gov/investor/students/tips.htm>

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## SECURITIES & INVESTMENTS SAMPLE QUESTIONS

- 1) Someone who owns stock in a company is a
  - A) stock broker
  - B) stock runner
  - C) stockholder
  - D) creditor

**Competency:** Investment Fundamentals

- 2) Which savings product requires a minimum balance of \$500, \$1,000, or more?
  - A) money market account
  - B) certificate of deposit
  - C) HH bonds
  - D) all of these savings products

**Competency:** Investment Fundamentals

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- 3) Engaging in business dealings that involve some risk in hopes of making profit is
- A) evaluation
  - B) accumulation
  - C) speculation
  - D) appreciation

**Competency:** Investment Fundamentals

- 4) A brokerage account in which a customer can make only cash transactions is the
- A) custodial account
  - B) wrap account
  - C) margin account
  - D) cash account

**Competency:** Investment Wrappers, Taxation, and Trusts

- 5) Loans for homes and land are called
- A) unsecured loans
  - B) mortgages
  - C) short-term loans
  - D) simple interest loans

**Competency:** Investment Products and Funds

- 6) Interest on \_\_\_\_\_ can be deducted on income taxes
- A) department store credit card charges
  - B) mortgages
  - C) car loans
  - D) revolving credit cards

**Competency:** Investment Products and Funds

- 7) \_\_\_\_\_ is a method for spreading individual risk among a large group of people to make losses more affordable for all.
- A) Security investment
  - B) Adjusted value
  - C) Insurance
  - D) Cash value

**Competency:** Investment Products and Funds

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- 8) \_\_\_\_\_ is a type of mutual fund that does **not** have restrictions on the amount of shares the fund will issue and also buy back shares when investors wish to sell.
- A) Bond issue
  - B) Open ended investment
  - C) Treasury bill
  - D) Stock market investment

**Competency:** Investment Products and Funds

- 9) \_\_\_\_\_ are agreed to by the client and the broker as a result of their negotiations, typically available to large institutional transactions and to individual investors who maintain large accounts.
- A) Negotiated commissions
  - B) Mediations
  - C) Load fees
  - D) Quotations

**Competency:** Investment Products and Funds

- 10) The \_\_\_\_\_ allows the exchange of one international currency for another currency.
- A) foreign exchange
  - B) FTC
  - C) NYSE
  - D) over-the-counter market

**Competency:** Stock Market

- 11) Price information about various types of securities, including current price data and statistics on recent price behavior are referred to as
- A) speculation
  - B) mediation
  - C) quotations
  - D) arbitration

**Competency:** Stock Market

- 12) The \_\_\_\_\_ issues and redeems stock certificates and distributes shareholder reports to mutual fund investors.
- A) broker
  - B) chief board of director
  - C) transfer agent
  - D) registrar

**Competency:** Stock Market

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- 13) A brokerage account in which customers with large portfolios pay a flat annual fee that covers the cost of a money manager's services and the commissions on all trades is a
- A) cash account
  - B) margin account
  - C) custodial account
  - D) wrap account

**Competency:** Stock Market

- 14) The legal document disclosing material information concerning an offering of a security and its issuer is the
- A) par value statement
  - B) declaration of dividends
  - C) articles of incorporation
  - D) registration statement

**Competency:** Stock Market

- 15) A market characterized by rising prices and investor optimism is the
- A) bear market
  - B) lion market
  - C) bull market
  - D) elephant market

**Competency:** Stock Market

- 16) The actual interest rate an account pays per year, including compounding is the
- A) average daily rate
  - B) annual percentage rate
  - C) daily interest rate
  - D) simple interest rate

**Competency:** Stock Versus Other Investments

- 17) Insider trading in the stock market is an illegal activity that represents a(n)
- A) ethical issue
  - B) leadership issue
  - C) objective issue
  - D) mission issue

**Competency:** Stock Versus Other Investments

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- 18) The \_\_\_\_\_ measures the total output of the American economy.
- A) Consumer Price Index
  - B) Collateral Mortgage Operation
  - C) Real Estate Mortgage Investment Conduit
  - D) Gross Domestic Product

**Competency:** Stock Versus Other Investments

- 19) The percentage of money earned on an investment in one year is the
- A) annual rate of return
  - B) dividend earnings
  - C) interest rate
  - D) yield

**Competency:** Mutual Funds

- 20) The spreading of risk among many types of investments is called
- A) speculation
  - B) risk avoidance
  - C) diversification
  - D) indemnification

**Competency:** Mutual Funds

- 21) Investment transaction costs include all of the following **except**
- A) bid ask spread
  - B) Interest
  - C) commissions
  - D) hidden costs

**Competency:** Mutual Funds

- 22) Unregistered bonds that pay principal to the bearer at maturity are
- A) savings bonds
  - B) debenture bonds
  - C) revenue bonds
  - D) bearer bonds

**Competency:** Basics of Bonds

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- 23) Something pledged as security for a loan is called
- A) asset
  - B) collateral
  - C) liability
  - D) equity

**Competency:** Basics of Bonds

- 24) \_\_\_\_\_ are municipal bonds whose interest and principal payments are backed by the revenues generated from the project being built by the proceeds of the bonds.
- A) Bearer bonds
  - B) Savings bonds
  - C) Revenue bonds
  - D) Debenture bonds

**Competency:** Basics of Bonds

- 25) Cattle, oil, gold, and metals are all examples of
- A) liabilities
  - B) commodities
  - C) securities
  - D) collectibles

**Competency:** Derivatives

- 26) An investment strategy that includes the systematic purchase of an equal dollar amount of the securities at regular intervals is referred to as
- A) leverage
  - B) direct investment
  - C) dollar cost averaging
  - D) day trader

**Competency:** Derivatives

- 27) \_\_\_\_\_ are customized contracts that are traded in the over-the-counter (OTC) market between private parties.
- A) SWAPS
  - B) Common stocks
  - C) Convertible stocks
  - D) Preferred stocks

**Competency:** Derivatives

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- 28) A statement that must be filed annually with the SEC by all firms having securities listed on a securities exchange or traded in the OTC market is the
- A) Form 10-K
  - B) 1040A
  - C) 1099 INT
  - D) 1040

**Competency:** Financial Services Regulation

- 29) An illegal and unethical practice engaged in by a broker to increase commissions by causing excessive trading clients' accounts is called
- A) churning
  - B) averages
  - C) high balling
  - D) odd lot

**Competency:** Financial Services Regulation

- 30) \_\_\_\_\_ is an incident in which sensitive, protected or confidential data has potentially been viewed, stolen or used by an individual unauthorized to do so.
- A) Data base
  - B) Data breach
  - C) Data merge
  - D) Financial data

**Competency:** Financial Services Regulation