Package Title: Clickers

Course Title: Boone, Kurtz, Khan, Canzer, Contemporary Business, Third Canadian Edition

Chapter Number: 16

Question type: Multiple Choice

1) Virtually all securities sold through open auctions are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

a) corporate stock issues.

b) municipal securities.

c) government of Canada securities.

d) bonds.

Answer: c

2) Which one of the following statements concerning money savers and money users is incorrect?

a) In Canada, households are generally net users.

b) Savers are those who have excess funds.

c) The spending needs of users are greater than their current income.

d) The savings rate of Canadian households is low compared with savings rates in other countries.

Answer: a

3) Bondholders are \_\_\_\_\_\_\_\_ of a corporation.

a) creditors

b) customers

c) liabilities

d) assets

Answer: a

4) Bonds that are backed only by the financial reputation of the issuing corporation are most correctly referred to as:

a) secured bonds

b) debentures

c) corporate bonds

d) municipal bonds

Answer: b

5) Municipal bonds are issued by:

a) provincial or local governments.

b) the Government of Canada

c) corporations.

d) financial institutions.

Answer: a

6) What is it called when a company offers a stock for sale to the general public for the first time?

a) primary market

b) initial public offering

c) durability

d) preferred stock

Answer: b

7) The Canadian Deposit Insurance Corporation insures most commercial bank deposits up to:

a) $500,000

b) $300,000

c) $100,000

d) any amount on deposit

Answer: c

8) A speculative bond could be expected to have a Standard & Poor Bond Rating of which one of the following:

a) AA

b) A

c) BB

d) BBB

Answer: c

9) Securities sold by corporations are:

a) treasury bills.

b) commercial paper.

c) certificates of deposit.

d) common stock.

Answer: b

10) Which one of the following is **not** a nondepository institution?

a) life insurance companies

b) pension funds

c) mutual funds

d) Scotiabank

Answer: d

11) Which one of the following statements concerning the secondary market is INCORRECT?

a) The Toronto Stock Exchange is a secondary market.

b) The secondary market handles four to five times the dollar value of securities as are handled in the primary market.

c) The secondary market is where previously unissued securities are traded by investors.

d) The corporations that originally issues the securities being traded are not directly involved in the secondary market.

Answer: c

12) Which one of the following statements concerning mutual funds is INCORRECT?

a) A mutual fund is a non-depository institution.

b) Mutual funds are financial intermediaries that raise money from investors by selling shares.

c) Over 60 percent of all RRSP assets are invested in mutual funds.

d) Mutual fund investors are direct owners of a portfolio of securities.

Answer: c

13) If the money supply grows too slowly which one of the following would NOT occur?

a) Economic growth would slow.

b) Unemployment would decrease.

c) The risk of recession would increase.

d) Inflationary pressures would decrease.

Answer: b

14) Which one of the following is NOT a regulatory body involved in regulating Canadian banks?

a) the Senate of Canada

b) Department of Finance

c) Bank of Canada

d) Office of the Superintendent of Financial Institutions

Answer: a

15) The Investment Industry Regulatory Organization of Canada is responsible for:

a) real-time monitoring of trading activity

b) monitoring company news, stock charts and chat room activity

c) monitoring the timely disclosure of material information by publicly traded businesses

d) all of the above

Answer: d