Account Number: ____________________

PORTFOLIO MARGIN TEST

Office Code: ________________ RR# ________________ Acct. Open Date: ________________

1. **Do you know how to access account information online?** ☒ Yes ☐ No

2. **Do you know that portfolio margin calls must be met the day immediately following the day of the call issuance?** ☐ Yes ☒ No

3. **A customer establishes the following positions:**
   Long 1,000 OEX JUN 640 Calls @ $21.00
   Long 1,000 OEX JUN 640 Puts @ $10.76
   What is the traditional Reg T margin requirement?
   a. $3,176,000
   b. $1,588,000
   c. $1,024,000
   d. $317,600
   e. None of the above

4. **A customer establishes the following position:**
   Short 1 ABC 50 Put @ $2.25
   If the price of ABC is $40 at expiration, what is the profit or loss from this short put position?
   a. $750 Profit
   b. $750 Loss
   c. $775 Profit
   d. $775 Loss
   e. $1,000 Loss

5. **Which of the following is NOT permitted when an account is restricted to "Liquidation Orders Only"?**
   a. Depositing additional funds or securities to the account
   b. Placing an order to open an naked position
   c. Buying to close an uncovered position
   d. Selling to close a long position
   e. None of the above is permitted

6. **Customer John Q. Public has opened several accounts with XYZ Broker. Which of the following is an account under identical ownership as Mr. Public's individual portfolio margin account?**
   a. John Q. Public Roth Individual Retirement Account
   b. John Q. Public Individual Margin Account
   c. John and Jean Public Joint With Rights Of Survivorship Account
   d. John Q. Public & Associates, LLC Corporate Account
   e. John Q. Public 401k Account

7. **A customer that has already been approved for covered call writing must be re-approved for which of the following in order participate in portfolio margining?**
   a. Straddles
   b. Spreads
   c. Purchasing Options
   d. Short-selling
   e. Selling Uncovered Options

8. **The following positions belong in the same "security class" or "product group" as a long position in MSFT, EXCEPT**
   a. Short puts with the obligation to purchase MSFT shares
   b. Short calls with the obligation to sell MSFT shares
   c. Long position in the QQQQ, tracking the NASDAQ 100 Index, of which MSFT is a major component
   d. Long LEAPS options on MSFT
   e. Long position in MSFT preferred shares

9. **All LEAPS**
   a. are unlisted derivatives of equity indices
   b. are options on commodities and futures contracts
   c. are issued with longer life than standard options
   d. are options on Exchange Traded Funds.
   e. are options on individual stocks

10. **Which of the following is a synthetic long put?**
    a. Long stock, short put
    b. Long stock, short call
    c. Long stock, long put
    d. Short stock, long put
    e. Short stock, long call

11. **To hedge a long position in IBM, a customer can do all of the following EXCEPT**
    a. Buy to open at the money IBM puts
    b. Buy to open in the money IBM puts
    c. Sell to open out of the money IBM calls
    d. Sell to open in the money IBM puts
    e. All of the above

12. **Which of the following best expresses a relationship similar to DELTA : THEORETICAL PRICE?**
    a. Gamma : Delta
    b. Vega : Volatility
    c. Theta : Time
    d. Rho : Interest rate
    e. None of the above

13. **A call writer hoping to benefit from the time decay of the option premium would use which of the following measures?**
    a. Theta, expressed in percentage
    b. Theta, expressed in dollars
    c. Delta, expressed in percentage
    d. Delta, expressed in dollars
    e. Gamma, expressed in percentage

14. **Which of the following measures the change in an option value given one percent change in the volatility?**
    a. Delta
    b. Gamma
    c. Theta
    d. Vega
    e. Rho

15. **Which of the following measures the change in an option value given one percent change in interest rate?**
    a. Delta
    b. Gamma
    c. Theta
    d. Vega
    e. Rho

16. **Which of the following is NOT a primary component in theoretical option pricing calculation?**
    a. Annual interest rate
    b. Quarterly dividend amount
    c. Change in volatility
    d. Strike price
    e. Days to expiration

17. **The price of IBM is $100. A customer establishes the following position:**
    Long 1 IBM 100 Call @ $4.50
    If the delta of the call is .50, what would be the theoretical price of the option if the stock decreased by $1?
    a. $2.50
    b. $3
    c. $3.50
    d. $4
    e. $4.50

18. **A customer establishes the following position:**
    Short 1 XYZ 100 put @ $4
    If the delta of the put is 0.50 and the gamma is 0.0673, what would be the new delta if XYZ increases from $100 to $101?
    b. 0.3654
    c. 0.4327
    d. 0.5673
    e. 0.6346
    f. 0.7692

Client Initial:

For Broker Use Only

Grade: ○ Pass (+16/18) ○ Fail