

How to Trade, Week 3 - Homework

Please complete this homework before the next class in this course. We will review the answers at the beginning of the next class.

1. This feature allows you to borrow against the value of securities you already own in your brokerage account:

- a. Mortgage
- b. Bond
- c. Margin
- d. HELOC

2. Which of the following are risks of trading on Margin?

- a. Amplified losses if the securities in your account decline in value
- b. Subject to margin calls or liquidation of securities
- c. Losses greater than the original investment are possible
- d. All of the above

3. True or False: If you place a market order at 5 p.m. ET, it will be executed in the afterhours session?

4. If you wanted to buy a stock or ETF at a price below its current trading price, which order type would you place?

- a. Market Order
- b. Stop Order
- c. Limit Order
- d. Reserve Order

5. True or false: A good 'til cancel (GTC) order is good for that trading day only and will cancel out if not executed.

6. Look up a quote for a stock or ETF of your choosing and identify on the page the shortcuts that would take you into the trade ticket.

7. Which of the following would reflect what price you could buy a stock at currently?

- a. Bid
- b. Ask
- c. Last
- d. NAV

8. Which of the following would reflect what price you could sell a stock for currently?

- a. Bid
- b. Ask
- c. Last
- d. NAV

Margin trading entails greater risk, including, but not limited to, risk of loss and incurrence of margin interest debt, and is not suitable for all investors. Please assess your financial circumstances and risk tolerance before trading on margin. Margin credit is extended by National Financial Services, Member NYSE, SIPC.

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