

### Question #1 of 17

Algorithmic trading is *most accurately* defined as:

- A) breaking down large orders and executing them over time.
  - B) tracking data feeds and capitalizing on profit opportunities.
  - C) using a computer to automate a trading strategy.
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### Question #2 of 17

One potential negative impact of algorithmic and high-frequency trading on securities markets is *most likely* to be:

- A) increased complexity of regulatory oversight
  - B) decreased pricing efficiency
  - C) higher transaction costs
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### Question #3 of 17

A trading algorithm intended to minimize the market impact of large orders is *most likely* to be described as a(n):

- A) execution algorithm.
  - B) exchange response mitigation algorithm.
  - C) high-frequency algorithm.
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### Question #4 of 17

An execution algorithm that slices a large order into pieces sized proportionately to the security's historical trading distribution over the course of a day is *most likely* to be categorized as a(n):

- A) market participation algorithm.
  - B) implementation shortfall algorithm.
  - C) VWAP algorithm.
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### Question #5 of 17

A trading strategy designed to profit from breaks in the correlation between instruments that historically have been correlated is *most likely* to be referred to as:

- A) statistical arbitrage.
  - B) basket trading.
  - C) market fragmentation.
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### Question #6 of 17

Algorithms are *least likely* to adapt to market fragmentation by incorporating:

- A) intelligent smart order routing capabilities
  - B) basket trading capabilities
  - C) liquidity aggregation capabilities
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### Question #7 of 17

One positive impact of algorithmic and high-frequency trading on securities markets is *most likely* to be:

- A) damping of market movements.
- B) decreased complexity of regulatory oversight.

C) increased pricing efficiency.

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### Question #8 of 17

The results of liquidity aggregation are *most likely* to be referred to as a:

- A) "parent order".
  - B) "super book".
  - C) "dark pool".
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### Question #9 of 17

Algorithmic trading is *best described* as a computer operating to place orders in the market:

- A) autonomously of a human trader.
  - B) either autonomously, or on behalf of a human trader.
  - C) on behalf of a human trader.
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### Question #10 of 17

An execution algorithm that chops an order into pieces and then uses those pieces to join in trading pro-rata with trading volume over the execution period is *most likely* to be categorized as a(n):

- A) implementation shortfall algorithm.
  - B) VWAP algorithm.
  - C) market participation algorithm.
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### Question #11 of 17

A trading algorithm that constantly monitors market data in search of patterns that can be traded profitably is *most likely* to be described as a(n):

- A) sequential exchange algorithm.
  - B) execution algorithm.
  - C) high-frequency algorithm.
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### Question #12 of 17

A trader that has advance information about a large buy-side order is *most likely* to attempt to profit from the large trade's market impact through the market manipulation known as:

- A) front running.
  - B) quote stuffing.
  - C) painting the tape.
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### Question #13 of 17

A trader that places numerous false orders on one side of the market in order to incite other market participants into trading with a real order on the other side of the market is *most likely* to be accused of:

- A) layering.
  - B) painting the tape.
  - C) wash trading.
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### Question #14 of 17

An execution algorithm that dynamically adjusts the schedule of a trade in reaction to current market conditions is *most likely* to be categorized as a(n):

- A) implementation shortfall algorithm.

- B)** market participation algorithm.
  - C)** VWAP algorithm.
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### Question #15 of 17

Execution algorithms are *least likely* to be intended to ensure that a trade:

- A)** transacts at a fair price.
  - B)** minimizes market impact.
  - C)** earns a profit.
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### Question #16 of 17

A trader that repeatedly buys small quantities of a security in order to drive the market price up, before selling a large quantity of that same security at the inflated price, is *most likely* to be accused of:

- A)** wash trading.
  - B)** painting the tape.
  - C)** quote stuffing.
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### Question #17 of 17

When a buy-side firm such as a hedge funds trades using a sell-side firm's exchange membership, this arrangement is most likely to be described as:

- A)** co-location ("co- lo").
- B)** child orders.
- C)** direct market access.