**What do you know about options?**

|  |  |
| --- | --- |
| 1. What type of option might oblige the writer to take delivery of the underlying asset upon exercise? | |
| A | Short option |
| B | Long option |
| C | Put option |
| D | Call option |

|  |  |
| --- | --- |
| 1. The “holder” of an option is another name for the; | |
| A | Writer |
| B | Buyer |
| C | Seller |
| D | Granter |

|  |  |
| --- | --- |
| 1. A writer of an option is also known as the; | |
| A | Buyer |
| B | Granter |
| C | Seller |
| D | Holder |

|  |  |
| --- | --- |
| 1. The up-front amount paid by the holder of an option to an exchange is known as; | |
| A | The premium |
| B | The ex-rights price |
| C | The spread |
| D | The buy price |

|  |  |
| --- | --- |
| 1. Tom is the holder of an option and has the right to sell the underlying asset at the exercise price. This confirms that he: | |
| A | Has a naked or covered position |
| B | Is the writer of the option |
| C | Is the central counterparty to the option |
| D | Is the holder of a put option |

|  |  |
| --- | --- |
| 1. What type of option might oblige the writer to deliver the underlying asset upon exercise? | |
| A | Short option |
| B | Put option |
| C | Long option |
| D | Call option |

|  |  |
| --- | --- |
| 1. When counterparties want to trade an option that is outside standardised terms, it is referred to as; | |
| A | On exchange |
| B | Over-the-counter |
| C | Novation |
| D | CCP |

|  |  |
| --- | --- |
| 1. Which of the following statements about options is false; | |
| A | When traded on-exchange, they are subject to standardised terms and sizes |
| B | They can be traded on-exchange and off-exchange |
| C | The writer of the option is the seller |
| D | The holder commits to buying or selling the underlying asset |

|  |  |
| --- | --- |
| 1. The first options exchange is known as; | |
| A | CBOE |
| B | CBOT |
| C | LSE |
| D | LME |

|  |  |
| --- | --- |
| 1. If the buyer of a put option does not hold the underlying asset, their position is described as; | |
| A | Covered |
| B | Naked |
| C | Closed |
| D | Vacant |