Question Number	Question Text
1	Once a stop order is triggered it becomes a market order. True False **Correct:** True
2	A buy stop order will be entered above the current market price. True False **Correct:** True **Explanation:** Buy stops are entered above the current market and sell stops are entered below the current market.
3	A buy limit order will be entered above the current market price. False True **Correct:** False **Explanation:** A buy limit will be placed below the current market and a sell limit will be placed above the current market.
4	A sell stop order will be entered below the current market price. True False **Correct:** True **Explanation:** A sell stop will be placed below the current market and a buy still will be placed above the current market.
5	A sell limit order will be entered above the current market price. True False **Correct:** True **Explanation:** A buy limit will be placed below the current market and a sell limit will be placed above the current market.
6	You are long one Soybean futures at 950-0. 1 ATR is 7 points.

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	You want to risk the trade to 2 ATR. What is the correct order syntax you will use to accomplish this? Buy one Soybean futures at 936 limit Buy one Soybean futures at 964 stop Sell one Soybean futures at 964 limit Sell one Soybean futures at 936 stop **Correct:** Sell one Soybean futures at 964 stop **Explanation:** You're long from 950 and you want to protect your position. Since you're long a protection order would be a sell order. One ATR is 7, so a 2 ATR stop would be 14 points behind the market. 950 – 14 = 936. Since the price is below the current market, the order type is a stop order.
7	A stop order is used to protect you account from adverse moves in the market. True False **Correct:** True
8	A stop order can be used to average down a long price. True False **Correct:** False
9	You are long Sugar futures at 6.28. This is your first unit. 1 ATR is worth 0.18 points. What is the order syntax for the second unit? Sell 1 Sugar futures at 6.10 limit Sell 1 Sugar futures at 6.46 limit Buy 1 Sugar futures at 6.46 stop **Correct:** Buy 1 Sugar futures at 6.46 stop **Explanation:** Since you're currently long you will enter the second unit with a buy order. You are long at 6.28, a 1 ATR addition is located at 6.46 (6.28 + 0.18 = 6.46). Since the price is above the current market and you are buying the market, the order type is a stop order.
10	You can use a stop order to enter additional units into a rising market. True False **Correct:** True

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	Explanation: Most people think that stop orders are used only to protect your account from an adverse move. You can use them to enter the market. If you are long you can use a buy stop to add additional units, and if you are short you can use a sell stop to add additional units.
11	You are using a 50 day breakout for entry into the market. The previous 50 day high is 52.50 and the previous 50 day low is 42.75. The market is currently trading at 48.95. What orders would you use to enter and exit? Sell at 52.50 stop and Buy at 48.95 stop Buy at 52.50 stop and Sell at 48.95 stop **Correct:** Buy at 52.50 stop and Sell at 48.95 stop
12	Trend followers will typically not use limit orders. False True **Correct:** True **Explanation:** A limit order is normally used to get a better price than the current market. For instance if a market is trading at 100 and you want to buy at 95 then you use a limit order. Trend followers do not average down. Losers average losers.
13	You entered a short position in Crude Oil futures at 36.25. An additional unit needs to be added at 35.78 and the ATR is 0.54. The market is trading at 35.80. What order type will be used to place the additional unit and what is the order syntax for a two ATR risk? Stop order and Buy 2 Crude Oil futures at 36.88 stop Stop order and Sell 2 Crude Oil futures at 36.88 stop Stop order and Sell 2 Crude Oil futures at 36.34 stop **Correct:** Stop order and Buy 2 Crude Oil futures at 36.88 stop
14	A stop close only order will be triggered only if a market is through the stop price during the last few minutes of trading for a day. False True **Correct:** True
15	You want to enter a market if the price closes above 150. What type of order should you use?

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	Stop order Market if touched Limit order Stop close only **Correct:** Stop close only
16	Not all exchanges accept the same types of orders. True False **Correct:** True **Explanation:** Each exchange will accept only certain order types. Your broker should explain what order types are accepted at each exchange.
17	A resting order is an order that is sitting in the market waiting to be filled. False True **Correct:** True
18	You place a stop order before the market opens. That order is a resting order. True False **Correct:** True
19	All of the following should be transmitted to your broker when placing orders except what? Account number Quantity of contract Commodity and month Order type Order duration Social Security or tax identification number **Correct:** Social Security or tax identification number **Explanation:** Your social security or tax identification number is normally required when the account is opened but is not used when a trade is placed.
20	A good till cancel remains in effect automatically under the following circumstances except?

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	the order is filled the order is cancelled the contract month expires the contract is rolled over to a new contract month **Correct:** the contract is rolled over to a new contract month **Explanation:** A good till cancelled order is in effect until the order is filled, the order is cancelled or the contract month expires. Just because a contract is rolled over does not mean an order is cancelled. You need to be aware of all open orders and cancel them when necessary.
21	When placing an order it is recommended that you use the entire contract name instead of using market abbreviations. True False **Correct:** True **Explanation:** It is best to use the entire contract name when placing an order. It avoids confusion when placing orders.
22	A Market if Touched order becomes a market order when a specific price is hit. They can be placed above or below the market. True False **Correct:** True
23	You are long T-Bond futures. You want to limit your loss on a contract. What type of order would you use? Limit order Market if touched Stop Order **Correct:** Stop order **Explanation:** Stop orders can limit exposure on long positions.
24	The Swiss Franc is trading at 0.7546. You want to enter the market at 0.7555. All of the following orders can be used except. Sell limit Buy Stop Market if Touched Buy Stop close only Sell Stop **Correct:** Sell Stop **Explanation:** A sell stop cannot be used because the market is

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	above the current market price.
25	A spread order involves buying one contract and selling another. False True **Correct:** True
26	Today you need to rollover from March to June. You are long March and you want to maintain a long position, just in the June contract. Can you use the following order to accomplish the rollover? On a spread order, sell March and Buy June at the market. False True **Correct:** True **Explanation:** To close a position you would take a position in the opposing direction. You're long March so you would sell March and then establish a new position in the June contract.
27	You are long a market. A Market if Touched order can be placed above or below the current market price. True False **Correct:** True
28	Once a market if touched order is triggered it becomes a limit order. False True **Correct:** False **Explanation:** Once a market if touched order is triggered it becomes a market order.
29	You are long 4 contracts of July Kansas City Wheat from 369. An additional unit needs to be placed at 372 ½(still with 4 contracts). What is the order syntax needed for the additional unit. Buy 4 July Kansas City Wheat at 372 ½stop Buy 4 Kansas City Wheat at 372 ½stop Sell 4 July Kansas City What at 372 ½stop Sell Kansas City Wheat at 372 ½ **Correct:** Buy 4 July Kansas City Wheat at 372 ½stop

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30	A Market if Touched order is triggered when the market price of your commodity reached your order price. True False **Correct:** True

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