

Name: _____

Quiz 2

266: Fi. Markets and Institutions

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DIRECTIONS: We are looking for very concise answers. Write the answers in the space provided. Put your name on the quiz.

NOTE: There is some choice about which items to answer. If you do more than the required number of elements, we will grade only those up to the required number and ignore the rest.

NOTE: Each correct answer is worth 2 points.

1 Brief definitions. Do 4 of 6.

1.1 Bid price

1.2 Market order

1.3 Repurchase agreement

1.4 Net asset value of a mutual fund

1.5 Money market asset

1.6 Initial public offering

2 Approximate magnitudes. Do 3 of 4.

2.1 What is the total market capitalization of equity markets in the U.S.?

2.2 What is the total market capitalization of equity markets world wide?

2.3 About what is the total value of mutual funds in the U.S.?

2.4 About what is the typical or average P/E (price earnings ratio) on stocks in the United States?

3 Provide a short answer. Do 2 of 3.

3.1 Briefly explain the process of short selling a security.

3.2 What is the main difference between open end and closed end mutual funds?

3.3 Explain the role of investment bank reputation in completing an initial public offering (IPO).