



CFA® SAMPLE QUESTION - LEVEL I

Derivatives

Q: Short sellers:

CORRECT ANSWER:

a) Must post the same margin as investors who have acquired the stock.

Short sellers must post the same margin as buyers and pay any dividends paid by the company whose shares have been shorted.

Choice "b" is incorrect. Short sellers must pay any dividends paid by the company during the short seller's holding period to the investor who lent the stock to be shorted (sold).

Choice "c" is incorrect. Short sellers have to borrow, not lend, the shares being shorted.



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