Please write on side 1 of your answer bubble sheet your FIRST AND LAST NAME together with your STUDENT ID NUMBER, and write ECON 353: FINAL EXAM on the top margin of side 1. Answer all 70 questions below by marking answers on your answer bubble sheet using a number 2 pencil **ONLY**. Each question is worth 1 point. Read each question carefully before answering.

**USE OF ANY ELECTRONIC OR MECHANICAL DEVICE DURING THE EXAM IS STRICTLY PROHIBITED.**

At the end of the exam, please turn in your bubble sheet and be prepared to show an official photo ID of yourself (e.g., student ID, driver’s license) if asked.

**CAUTION:** Do your own work, do not assist others in any way during the exam, and keep your eyes focused only on your own exam. Any behavior to the contrary will be considered cheating and will not be tolerated. Cheating will result in an automatic F on the exam, and further sanctions may be applied in line with university policy.

**OPPORTUNITY TO COMMENT ON QUESTIONS:** If you wish to comment on a question you believe is unclear or ambiguous, please do the following:

1. Write your specific comments on the following pages along side the statement(s) of the question(s) about which you have concerns.

2. Indicate here the numbers of the questions you have commented on:

3. Write your name and student ID number where indicated below.

   STUDENT NAME__________________________

   STUDENT ID NUMBER__________________________

4. At the end of the exam, give this exam question packet to the instructor for special handling.
Q1. If current government expenditures are MORE than current tax revenues, then the government is said to be running

A. a government budget surplus.
B. a current account deficit.
C. a capital account surplus.
D. a government budget deficit.

Q2. By definition, a FINANCIAL ASSET

A. is any asset denominated in home-country currency units.
B. is any claim against physical ("real") assets.
C. is any asset issued by a country’s Treasury Department.
D. is any medium of exchange.

Q3. A key DISTINCTION between financial asset trades and physical ("real") asset trades that helps to explain why the former are more heavily regulated is that a financial asset trade

A. does not involve durable assets.
B. typically requires the original issuer of the financial asset to make future payments to the purchaser, thus establishing an ongoing relationship between the two parties.
C. involves assets with very long durability.
D. is typically profitable for the financial asset seller.

Q4. A BOND newly issued and sold by the U.S. government is ____ for the U.S. government and ____ for the buyer of the bond.

A. a liability; an asset
B. an asset; a liability
C. real asset; a financial asset
D. a financial asset; a real asset
Q5. A key DISTINCTION between financial intermediaries (FIs) and dealers is ___:
   A. FIs are key players in auction markets whereas dealers are not.
   B. dealers earn profits through commissions whereas FIs do not.
   C. FIs engage in asset transformation whereas dealers do not.
   D. FIs earn profits by buying low and selling high, whereas dealers do not.

Q6. A key DISTINCTION between a broker and a dealer is ___:
   A. brokers posts bid (buy) and ask (sale) prices whereas dealers do not.
   B. brokers buy low and sell high whereas dealers sell low and buy high.
   C. brokers keep inventories of the assets they trade in whereas dealers do not.
   D. dealers post bid (buy) and ask (sale) prices whereas brokers do not.

Q7. Which of the following markets are organized as OVER-THE-COUNTER markets:
   A. The Nasdaq stock market
   B. U.S. Treasury auctions.
   C. The New York Stock Exchange.
   D. The foreign exchange market.
   E. Both A and D.

Q8. By definition, instances of DIRECT FINANCE include ___:
   A. You sell one of your IBM stock shares to your classmate for $145.00.
   B. You take out a loan at the First National Bank.
   C. You buy a newly issued share of Google.
   D. You buy a life insurance policy.
   E. Both A and C.
Q9. Corporations acquire NEW funds when their stocks are sold ____.
   A. in money markets.
   B. in secondary markets.
   C. by financial intermediaries through mutual funds.
   D. in primary markets.

Q10. Which of the following properties characterize DEBT securities:
   A. Debt holders actively participate in the management of the affairs of debt issuers.
   B. In case of bankruptcy, debt claims are paid before equity claims.
   C. The size of the payment received by a debt holder in any given payment period depends on the size of the profits earned by the issuer of the debt in that period, except when the debt issuer goes bankrupt.
   D. Both B and C above.

Q11. The primary purpose of the SECURITIES AND EXCHANGE COMMISSION (SEC) is to provide ____.
   A. monetary policy advice to the Federal Reserve Board in an attempt to ensure national security.
   B. regulatory oversight of commercial banks to ensure proper risk management of their security portfolios.
   C. regulatory oversight of stock and bond markets to ensure participants adhere to generally accepted accounting principles and properly disclose information.
   D. accounting services for banks and other financial institutions to ensure they properly record and disclose their security trade activities.

Q12. Which of the following statements constitutes the DEFINITION OF MONEY:
   A. Money is any legally enforced medium of exchange.
   B. Money is anything that must be accepted in repayment of debts, as a matter of law.
   C. Money is paper currency plus coinage.
   D. Money is anything generally accepted in payment for goods and services and in repayment of debts, as a matter of social custom.
Q13. One way a BORROWER can acquire temporary additional purchasing power is by _____.

   A. buying a newly issued debt instrument such as a bond.
   B. issuing and selling a debt instrument such as a bond.
   C. buying a newly issued equity instrument such as a stock.
   D. buying financial assets in secondary markets.

Q14. Which of the following are instances of DISCOUNT (ZERO COUPON) BONDS:

   A. Food stamps with detachable coupons.
   B. Residential mortgages.
   C. Treasury bills sold through Treasury auctions.
   D. Corporate bonds listed on the New York Stock Exchange.

Q15. Letting “ * ” denote multiplication, if the annual interest rate is 3 percent, then the PRESENT VALUE of a payment stream ($0, $50, $0, $0, $0, $30) with $50 to be received at the end of the second year and $30 to be received at the end of the sixth year is given by _____.

   A. $50 * (1 + 0.03)^2 + $30 * (1 + 0.03)^6
   B. $50/(0.03)^2 + $30/(0.03)^6
   C. $50/(1 + 0.03)^2 + $30/(1 + 0.03)^6
   D. $50/(0.06) + $30/(0.18)

Q16. The (ANNUAL) YIELD TO MATURITY on a 3-year COUPON BOND with a purchase price $450, a face value $500, and a 3-year payment stream ($30, $40, $50) is the annual interest rate i that, when used for discounting, yields a present value for _____.

   A. ($30, $40, $50) that is equal to $450.
   B. ($30, $40, $550) that is equal to $450.
   C. ($30, $40, $50) that is equal to $500.
   D. ($30, $40, $50) that is equal to $950.
Q17. Which of the following situations would a rational potential BORROWER prefer to be in:

A. The nominal interest rate is 25 percent and the expected inflation rate is 25 percent.
B. The nominal interest rate is 13 percent and the expected inflation rate is 15 percent.
C. The nominal interest rate is 4 percent and the expected inflation rate is 1 percent
D. The nominal interest rate is 9 percent and the expected inflation rate is 7 percent.

Q18. In a primary bond market, the ____DEMAND CURVE for bonds slopes downward to the right because, at a LOWER bond price, ____.

A. borrowers’; borrowers are encouraged to buy more bonds.
B. borrowers’; borrowers encouraged to sell more bonds
C. lenders’; lenders are encouraged to buy more bonds.
D. lenders’; lenders are encouraged to sell more bonds.

Q19. If bonds are in EXCESS SUPPLY, then standard demand/supply theory predicts the current price of these bonds is ____.

A. below equilibrium and will be bid upwards until demand equals supply.
B. above equilibrium and will be bid upwards until demand equals supply.
C. below equilibrium and will be bid downwards until demand equals supply.
D. above equilibrium and will be bid downwards until demand equals supply.

Q20. Suppose 15-year bonds are newly issued today. Suppose something suddenly happens that leads lenders today to have LOWER expectations concerning the yield to maturity for these bonds ONE YEAR FROM NOW. Then one would expect to see their demand for bonds today ____ because of ____.

A. decrease; a lower expected capital gain over the coming year.
B. increase; a higher expected capital gain over the coming year.
C. decrease; a higher expected capital gain over the coming year.
D. increase; a lower expected capital gain over the coming year.
Q21. In the ONE-PERIOD VALUATION MODEL FOR STOCK SHARES, the current price of a stock share is assumed to equal the discounted value of ___.
   A. all expected future dividend payments to the shareholder.
   B. next period’s expected dividend payment to the shareholder plus next period’s expected share price.
   C. next period’s expected dividend payment to the shareholder.
   D. next period’s expected share price.

Q22. In the GENERALIZED STOCK VALUATION MODEL used by financial economists taking a fundamental rather than a behavioral approach to finance, the current price of a stock share is assumed to equal the discounted value of ___.
   A. all expected future dividend payments to the shareholder.
   B. next period’s expected dividend payment discounted by the required return on equity net of the dividend growth rate.
   C. the expected future revenues of the issuing corporation.
   D. the expected future profits (i.e., revenues minus costs) of the issuing corporation.

Q23. Expectations formed by taking a weighted average of past observations are known as ___.
   A. perfect foresight expectations.
   B. adaptive expectations.
   C. extrapolated expectations.
   D. rational expectations.

Q24. The key assumption characterizing RATIONAL EXPECTATIONS is that ___.
   A. people do not make sudden changes in their expectations.
   B. people do not make use of past observations because these observations are out-of-date.
   C. people make optimal use of their information when forming their expectations.
   D. people are able to forecast things without error.
Q25. In its strongest form, the EFFICIENT MARKETS HYPOTHESIS implies ___.

A. there is no adverse selection in financial markets.
B. the price of each stock share equals its fundamental value, i.e., the discounted value of its expected future dividend payments.
C. the prices of securities cannot exhibit sudden large changes.
D. technical analysis is the preferred mode for determining financial investments.

**Questions Q26-Q36 below assume the world is divided between HC and ROW.**

Q26. Multiplying an HC currency amount V by the HC NOMINAL EXCHANGE RATE E ___.

A. corrects V for changes in the HC price level.
B. transforms V into a valuation measured in ROW currency.
C. corrects V for changes in the HC inflation rate.
D. transforms V into pure quantity terms

Q27. The HC REAL EXCHANGE RATE E\_r measures ___.

A. the price of HC output in terms of ROW output (a goods-for-goods price).
B. the difference in inflation rates between ROW and HC.
C. the relative size of net exports in the ROW versus the HC.
D. the relative amount of currency in the ROW versus the HC.

Q28. In economics, an ARBITRAGE OPPORTUNITY is said to exist if ___.

A. regulators are able to increase social welfare by suitably applied rules and regulations.
B. a conflict arising between traders can be resolved by an arbitration process.
C. starting from nothing, people are able to engage in a sequence of transactions from which they can earn positive profits for sure.
D. investors have a chance to increase their profits by investing in projects with high expected returns.
Q29. The basic motivation for the PURCHASING POWER PARITY (PPP) CONDITION is that, in equilibrium, there should be no opportunities for arbitrage _____.

A. through currency swaps between HC and ROW.
B. through financial asset trades between HC and ROW.
C. through HC speculative investment in ROW stocks.
D. through trades in goods and services between HC and ROW.

Q30. The INTEREST PARITY CONDITION assumes that investors carefully consider _____.

A. the risk of default for HC versus ROW deposit accounts.
B. the interest rate risk for HC versus ROW deposit accounts.
C. the possible gains or losses due to exchange rate movements while they are holding HC versus ROW deposit accounts.
D. the moral hazard risk associated with HC versus ROW deposit accounts.

Q31. Suppose the nominal interest rate in ROW is 7 percent. Suppose the HC nominal exchange rate is expected to depreciate by 3 percent. Then the INTEREST PARITY CONDITION predicts that the nominal interest rate in the HC should be _____.

A. -4 percent
B. -10 percent.
C. 4 percent
D. 10 percent.

Q32. The HC CURRENT ACCOUNT CA keeps track of _____.

A. net payments received by HC from ROW through financial asset trades.
B. HC net exports + net factor payments to the HC + net transfer payments to the HC
C. net payments received by HC from ROW through trades of pre-existing real assets.
D. net payments received by HC from ROW through reserve currency transactions.
Q33. Which item(s) below would be directly entered as items in the HC CURRENT ACCOUNT:

A. A ROW citizen’s purchase of HC Treasury bonds.
B. Foreign aid to ROW.
C. Purchases by ROW of cigars newly produced within the HC.
D. Interest payments received by HC holders of a ROW bond issue.
E. All but A.

Q34. An HC CURRENT ACCOUNT DEFICIT indicates that the HC ____.

A. has a negative balance of payments (BP < 0).
B. is a net lender to ROW.
C. is a net borrower from ROW.
D. has a government budget surplus.

NOTE: Questions Q35 and Q36 have been removed because they rely on older (now out of date) accounting conventions for the treatment of financial and secondary physical asset transactions in the U.S. Balance of Payments Accounts.
Q37. If bad credit risks are the ones that most actively seek out and receive loans from a financial intermediary due to its loan contract provisions, then the financial intermediary has _____.

A. a free-rider problem.
B. an adverse selection problem.
C. a moral hazard problem.
D. a risk diversification problem.

Q38. The MOST IMPORTANT source of external funds for non-financial U.S. businesses is _____.

A. government loans.
B. new stock issue.
C. new bond issue.
D. loans from private financial intermediaries.

Q39. Financial intermediaries (FIs) can reduce MORAL HAZARD AND TRANSACTION COSTS because _____.

A. FIs can spread loan costs over large pools of depositors.
B. FIs can include collateral requirements in loan contracts as penalties for default.
C. FI loans are public information, which helps keep borrowers from defaulting for fear of public shame.
D. all of the above.
E. only A and B above.

Q40. FIs are often better able than securities dealers to reduce ADVERSE SELECTION problems because _____.

A. FIs can better monitor the behavior of their borrowers after loan contracts are signed with them.
B. FIs can include collateral requirements in loan contracts, which can act as a signal regarding a potential borrower’s default risk.
C. FIs can make private non-traded loans, so information collected on potential borrowers is not as subject to free-rider problems.
D. only B and C above.
Q41. MORAL HAZARD is less of a problem for corporate debt holders than for stock owners because 

   A. debt holders typically are active participants in corporate management.
   B. debt contracts have pre-set payment obligations not conditioned on profits.
   C. debt contracts always include legal restrictions on corporate management behavior.
   D. all of the above.

Q42. The separation of ownership and control in corporations can lead to ____ for ____.

   A. low salaries; corporate managers
   B. adverse selection problems; corporate managers
   C. free-riding problems; corporate accountants.
   D. principal-agent problems; corporate shareholders

Q43. Mishkin defines a FINANCIAL CRISIS to be ___.

   A. a major disruption in financial markets characterized by a sharp decline in asset prices and failures of many financial and nonfinancial firms.
   B. a speculative run on a country’s currency.
   C. a sudden loss of confidence among the depositors of a particular bank.
   D. the sudden change from being a net creditor to a net debtor nation.

Q44. A key way Mishkin’s theory of financial crises DIFFERS from traditional theories is that ____.

   A. Mishkin views financial crises as predominantly a problem of emerging market economies.
   B. Mishkin bases his theory on empirical data.
   C. Mishkin argues that financial crises can be the cause rather than simply the consequence of major disturbances in the non-financial sectors of an economy.
   D. Mishkin argues that financial crises can be prevented by the IMF.
Q45. According to Mishkin, FINANCIAL CRISSES arise when disruptions to the financial system of a country _____, so that financial markets are unable to channel funds from savers to investors.

A. lead to a weakening of its legal system  
B. lead to divergencies from generally accepted accounting principles  
C. result in inadequate or inappropriate government regulation,  
D. result in a surge in adverse selection and moral hazard problems  
E. lead to the nationalization of financial institutions

Q46. According to Mishkin, key factors that can TRIGGER financial crises include _____.

A. increases in interest rates.  
B. increases in lender uncertainty.  
C. a deterioration in bank balance sheets (net worth problems).  
D. all of the above.

Q47. According to Mishkin, traditional economic theories regarding the U.S. GREAT DEPRESSION do not pay enough attention to _____.

A. the role of government expenditures and tax policy.  
B. financial aspects such as credit channels, stock markets, balance sheet conditions, etc.  
C. foreign sector activities (exchange rate movements, balance of payments, etc.)  
D. the role of government policy with regard to money and interest rates.

Q48. According to Mishkin, the U.S. economy was severely impacted in the 1980s by a financial crisis _____.

A. triggered in part by severe deflation, i.e., a dramatic fall in the general price level.  
B. triggered in part by two successive oil price shocks.  
C. triggered in part by the bursting of the dot.com bubble, resulting in a steep decline in nasdaq share prices.  
D. triggered in part by the unexpected bankruptcy of many commercial banks and savings & loan companies that had made excessively risky loans.
Q49. According to Mishkin, emerging market countries are more likely than developed countries to have financial crises because ___.

A. they tend to respond in an inadequate or inappropriate fashion to trigger events once they have occurred.
B. they are less able to prevent the occurrence of trigger events.
C. bank panics do not occur in developed countries.
D. all of the above.
E. only A and B above.

Q50. According to Mishkin, financial crises in emerging market countries DIFFER from those in developed countries in that their possible trigger events include ___.

A. bank panics.
B. the unexpected failure of a large well-known company.
C. government fiscal imbalances, which in turn can lead to a foreign exchange crisis.
D. sudden stock market crashes.

Q51. By definition, an INSOLVENT firm is ___

A. a firm that cannot meet its current payment obligations to its financial creditors.
B. a firm with a negative net worth (assets less than liabilities).
C. a firm experiencing severe debt deflation.
D. a firm that has been required to undergo reorganization under U.S. bankruptcy law.

Q52. Lender-of-last-resort agencies (e.g., the IMF) tasked with helping institutions or countries in financial trouble typically adhere to the following policy:

A. loans should only be made to insolvent entities truly in need of long-term help.
B. loans should never be made to bankrupt entities.
C. loans should only be made to entities that have temporary liquidity problems but are still solvent.
D. loans should only be made to those who do not need the money.
Q53. From 1985 through 2007 the number of insured commercial banks in the U.S. ____.

A. fell dramatically due almost entirely to bank failures.
B. fell dramatically due primarily to bank consolidation and secondarily to bank failures.
C. rose dramatically due to increased bank branching.
D. rose dramatically in response to competitive pressures from European banks.

Q54. The U.S. FEDERAL RESERVE SYSTEM was established by the ____ in response to ____.

A. Federal Reserve Act of 1913; public desire for a safer banking system.
B. National Banking Act of 1863; abuses of state-chartered banks.
C. Central Banking Act of 1782; public desire for centralized banking.
D. Glass-Steagall Act of 1933; the Great Depression.

Q55. A key reason why the U.S. has a large number of commercial banks in comparison with other industrialized countries is ____.

A. consumer protection laws.
B. vigorous competition within the U.S. commercial banking industry.
C. past U.S. regulations that restricted bank branching across state lines.
D. strong U.S. consumer preference for small community banks.

Q56. A key provision of the 1933 GLASS-STEAGALL ACT ____.

A. prohibited commercial banks from underwriting or trading in corporate securities.
B. allowed commercial banks to pay interest on checkable deposit accounts.
C. prohibited commercial banks from purchasing any government bonds.
D. prohibited commercial banks from engaging in risky loans.
Q57. The key provision of the 1933 Glass-Steagall Act noted in Question 56 was subsequently significantly weakened ____.

A. in 1992 by the National Reconstruction Act.
C. in 1999 by the Gramm-Leach-Bliley Act.
D. in 2002 by the Sarbanes-Oxley Act.

Q58. Which of the following FINANCIAL INNOVATIONS was an attempt to get around the branching restrictions imposed by the 1863 National Banking Act and the 1927 McFadden Act:

A. junk bonds
B. automated teller machines
C. adjustable-rate mortgages
D. electronic money.

Real-world applications from the Q6 portions of exercises, in-class lectures, and required readings

Q59. By 1865, approximately one third of all circulating money in the U.S. was counterfeit. The key reason for this was ____.

A. the failure of the Federal Reserve to provide proper oversight of the U.S. money supply.
B. the desperate need to finance military actions during the Civil War.
C. the lack of sufficient security features in $1.00 Federal Reserve Notes
D. the failure of the U.S. Secret Service to change currency designs sufficiently often.

Q60. From 1980 through the beginning of 2007, the main activity of FANNIE MAE AND FRED-DIE MAC was ____.

A. direct lending to potential home buyers at low interest rates.
B. the purchase of mortgages from banks and other lending institutions and the creation of liquid secondary markets in which investors could buy and sell shares in packages of these mortgages (i.e., “mortgage-backed securities”).
C. the pooling of mortgage-backed securities into collateralized debt obligations (CDOs).
D. the provision of “lender of last resort” help to subprime borrowers lacking sufficient collateral to acquire loans through commercial banks.
Q61. The STOCK INDEX considered most representative of the entire stock market is ____.
   A. the Standard & Poor 500 Index.
   B. the Dow Jones Industrial Average (DJIA).
   C. the NASDAQ Composite Index.
   D. the Chicago Mercantile Trade Index.

Q62. During 2000 the senior management of ENRON hid from shareholders the extent of their investment in speculative high-risk assets ____.
   A. by frequently switching Enron’s accounting firm.
   B. by setting up off-the-books partnerships to whom these assets could be sold.
   C. by relying heavily on retained earnings to cover their losses.
   D. by lying to Congressional and SEC investigative commissions.

Q63. Major European structural changes since 1990 include the creation of ____:
   A. the “euro area” consisting of countries adopting the euro as their common currency.
   B. the “European Central Bank (ECB)” tasked with handling monetary policy for the member countries of the euro area.
   C. a strong political union of twenty seven European countries governed by a single constitution (body of laws) that supercedes (overrides) the national constitutions of these countries.
   D. All of the above.
   E. Only A and B above.

Q64. During 1971-2007 the principal mandate of the INTERNATIONAL MONETARY FUND (IMF) was to provide loans to member countries to help with ____.
   A. government fiscal imbalance problems (such as high and growing deficits in relationship to the GDP of the country).
   B. development projects (such as the construction of dams and irrigation systems) for the long-term betterment of the country.
   C. purchasing power parity problems leading to severe current account deficits and other trade imbalances.
   D. temporary liquidity problems (such as balance of payments crises arising from speculative currency attacks).
Q65. A key criticism raised by protestors against the INTERNATIONAL MONETARY FUND (IMF) is that its loan policies increase the likelihood of ___.

A. interest rate risk problems, because the loans awarded by the IMF induce increased volatility in the interest rates of the recipient countries.
B. moral hazard problems, because countries observing these IMF “bail-out” loans come to expect that they, too, will be bailed out if trouble arises, and this expectation discourages them from practicing prudent risk management.
C. adverse selection problems, because IMF lending practices encourage poorer countries to seek IMF membership.
D. debt deflation problems, because the large loans awarded by the IMF create excess liquidity in the recipient countries.

Q66. Behavioral financial economists such as Robert Shiller believe a primary cause of the 2007-2010 financial crisis was ___.

A. financial deregulation in the early 1990s that subsequently led to increased principal-agent problems for corporate shareholders.
B. irrational bank lending to unqualified mortgage firms with a high risk of default.
C. irrational exuberance on the part of both borrowers and lenders that led to a price bubble on new housing that started around 1998 and burst around 2006.
D. the sharp decline in household net worth that resulted from the dot.com bubble burst in 1999.

Q67. Many people in the U.S. who financed house purchases by SUBPRIME MORTGAGES during 2000-2006 ran into serious default troubles in 2007 due to ___.

A. the sharp rise in interest rates engineered by the Fed Chairman (Greenspan) over 2004-2006.
B. the fact that many of these subprime mortgages were in the form of adjustable rate mortgages (ARMs) which permit lenders to increase borrower interest payments in response to increased market interest rates.
C. the sharp widespread drop in U.S. housing prices starting around 2006.
D. all of the above.
E. Only A and B.

Q68. The MICRO CREDIT movement as exemplified by the Grameen Bank refers to ___.

A. the extension of loans to individuals rather than to institutions.
B. using small loans to leverage secondary borrowing for productive but risky investments.
C. the extension of small loans to poor entrepreneurs without collateral.
D. the extension of loans to individuals through credit cards.
Q69. A key instrument used by the GRAMEEN BANK and similarly structured microcredit institutions in an attempt to reduce moral hazard problems among their borrowers is ____.

A. frequent audits by bank management.
B. peer pressure through the creation of community borrowing teams jointly responsible for the timely repayment of each team member’s loan.
C. restrictive covenants included directly in their loan contracts that ensure funds are used for low-risk investments.
D. collateral requirements in the form of liens on community assets.

Q70. A key reason why commentators have concluded that the 2010 FRANK-DODD ACT is the most important piece of financial legislation since the Great Depression is ____.

A. its extraordinary length (sixteen title provisions covering well over 1000 pages).
B. the widespread support it received from all members of Congress regardless of party affiliation.
C. its consolidation of all financial regulation within a single new regulatory body, thus replacing the previous patch-work of financial regulatory agencies.
D. its unusually broad scope affecting consumers, investors, and businesses, a result of its emphasis on the prevention of systemic risk.
Answers to Multiple Choice Questions

Q1-D,
Q2-B,
Q3-B,
Q4-A,
Q5-C,
Q6-D,
Q7-E,
Q8-C,
Q9-D,
Q10-B,

Q11-C,
Q12-D,
Q13-B,
Q14-C,
Q15-C,
Q16-B,
Q17-B,
Q18-C,
Q19-D,
Q20-B,

Q21-B,
Q22-A,
Q23-B,
Q24-C,
Q25-B,
Q26-B,
Q27-A,
Q28-C,
Q29-D,
Q30-C,

Q31-D,
Q32-B,
Q33-E,
Q34-C,
Q35-A,