FISD FINANCIAL INFORMATION ASSOCIATE (FIA) MODULE 1 PRACTICE TEST (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. Which of the following is NOT listed as a major sell side firm?

A. Barclays

B. Goldman Sachs

C. Morgan Stanley

D. Credit Suisse

2. Which of the following describes the primary role of an investment bank?

A. Provides savings accounts and mortgages to individuals.

B. Helps entities raise financial capital by acting as intermediary between issuer and investor.

C. Accepts deposits and makes business loans for companies.

D. Issues insurance policies to customers.

3. Perpetual bonds are defined as

A. Bonds with no maturity date

B. Bonds with a fixed maturity date

C. Bonds that pay no coupons

D. Bonds issued by central banks

4. Which item is a bond market data source?

A. New issue information

B. Treasury reports

C. Ratings information

D. Short-term interest rates

5. Which statement best describes Level 2 Data in relation to Level 1 Data?

A. Level 2 includes Level 1 data plus the listing of nearby bids and offers along with volume

B. Level 2 duplicates Level 1 data

C. Level 2 shows only historical trades

D. Level 2 excludes bids and offers

6. **Participants in the capital markets include which groups?**

A. Real estate brokers, exchanges & crossing networks
B. Buy side, sell side, governments & regulators
C. Corporate CEOs and executives
D. Retail investors

7. **Which statement about total return on a bond is accurate?**

A. It only includes coupon payments.
B. It excludes any price changes.
C. It includes both coupon payments and any price appreciation.
D. It is the amount paid to purchase the bond.

8. **An example of a portfolio manager practicing active management would be one of:**

A. A belief that by superior research, he or she can select stocks (as a stock picker) that produce superior returns over time.
B. Being actively engaged with political leaders and legislators to influence political and economic policy decisions that help the stock market grow.
C. Also known as index management, whereby the manager actively seeks to mirror the overall economy of a country, region or sector.
D. A strategy that mirrors a market index with minimal trading.

9. **What best describes a lit pool?**

A. It is a private trading venue.
B. It matches orders but does not display bids and offers.
C. It is primarily used for options trading.
D. It displays bids and offers publicly.

10. **Which statement best describes the distinction between active management and indexing?**

A. Active management relies on research to select stocks; passive indexing mirrors the market.
B. Active management minimizes trading to avoid costs.
C. Passive management uses stock picking.
D. Active management never outperforms the market.

Answers

1. A
2. B
3. A
4. A
5. A
6. B
7. C
8. A
9. D
10. A

Explanations

1. Which of the following is NOT listed as a major sell side firm?

A. Barclays

B. Goldman Sachs

C. Morgan Stanley

D. Credit Suisse

Sell side refers to banks and dealers that underwrite, market, and trade securities for clients. In the material you're studying, the major sell-side firms typically highlighted are Goldman Sachs, Morgan Stanley, and Credit Suisse. Barclays, while a large universal bank with investment banking activity, isn't included on that specific list of major sell-side firms. The question is checking your recall of which names the material designates as major players in this role, so Barclays is the one that isn't listed. Keep in mind that what counts as "major" can vary by source and time period, but the key is matching the list given in your study material.

2. Which of the following describes the primary role of an investment bank?

A. Provides savings accounts and mortgages to individuals.

B. Helps entities raise financial capital by acting as intermediary between issuer and investor.

C. Accepts deposits and makes business loans for companies.

D. Issues insurance policies to customers.

Investment banks primarily raise capital for clients by acting as intermediaries between issuers and investors. They underwrite new securities, help structure and price offerings like IPOs and follow-on financings, and distribute these securities to the market, while also providing advisory services on corporate finance, mergers and acquisitions, and capital strategy. This role focuses on connecting those who need funding with those who have money to invest, rather than accepting deposits or issuing insurance. So the description that emphasizes assisting entities in raising financial capital by bridging issuers and investors is the best fit.

3. Perpetual bonds are defined as

A. Bonds with no maturity date

B. Bonds with a fixed maturity date

C. Bonds that pay no coupons

D. Bonds issued by central banks

Perpetual bonds are defined by having no maturity date. They promise to pay a fixed stream of coupons forever and never repay the principal, so there is no finite end to the bond's life. That's why the description fits bonds with no maturity date—the payments continue indefinitely. From a pricing perspective, you value an endless series of cash flows. If the bond pays a constant coupon C each period and investors require a yield r, its price is roughly C divided by r, reflecting the ongoing, never-ending payments. The other descriptions don't fit perpetual bonds: a bond with a fixed maturity ends at some date, a bond that pays no coupons has no ongoing income, and bonds issued by central banks aren't what defines a perpetual bond.

4. Which item is a bond market data source?

A. New issue information

B. Treasury reports

C. Ratings information

D. Short-term interest rates

The key idea is recognizing where bond market data originates, especially data about new securities entering the market. New issue information is the primary source that describes bonds being issued—details like issue size, coupon, maturity, pricing, and underwriters. This data directly informs traders and researchers about what new bonds are available and how they're priced, making it the most relevant bond market data source in this context. Treasury reports, while containing government debt and auction results, are official statistics rather than a direct feed of bond market data used for pricing and research. Ratings information provides credit quality assessments, which matter for valuation but aren't a market data feed about the issue itself. Short-term interest rates reflect current borrowing costs and market conditions, but they aren't specific data about a particular bond issue entering the market.

5. Which statement best describes Level 2 Data in relation to Level 1 Data?

A. Level 2 includes Level 1 data plus the listing of nearby bids and offers along with volume

B. Level 2 duplicates Level 1 data

C. Level 2 shows only historical trades

D. Level 2 excludes bids and offers

Level 2 data expands on Level 1 by showing the full depth of the market: it reveals not just the current best bid and best offer, but multiple price levels on both sides of the book and the size available at each level. This means Level 2 includes the Level 1 information and adds the listing of nearby bids and offers along with their volumes, giving a clearer picture of supply and demand at different prices. The other options don't fit because Level 2 isn't simply a duplicate of Level 1, it doesn't focus only on historical trades, and it certainly doesn't omit bids and offers.

6. Participants in the capital markets include which groups?

A. Real estate brokers, exchanges & crossing networks

B. Buy side, sell side, governments & regulators

C. Corporate CEOs and executives

D. Retail investors

Capital markets involve three broad groups that drive activity: the buy side, the sell side, and governments and regulators. The buy side consists of institutions and individuals who purchase securities for their portfolios—pension funds, mutual funds, hedge funds, asset managers, and retail investors. The sell side includes firms that facilitate trading and provide services like underwriting, market making, research, and advisory—investment banks, brokers, and dealers. Governments participate as issuers of debt and equity and regulators oversee markets to enforce rules, ensure disclosure, and maintain market integrity. Together, these groups cover who buys, who sells, and who guides and oversees the market, making them the most complete description of capital market participants. The other options miss key elements—for example, focusing only on venues or on corporate leaders without capturing the full ecosystem.

7. Which statement about total return on a bond is accurate?

A. It only includes coupon payments.

B. It excludes any price changes.

C. It includes both coupon payments and any price appreciation.

D. It is the amount paid to purchase the bond.

Total return on a bond measures everything you actually earn from holding it over a period. It includes the cash coupons you receive plus any change in the bond's price during that period, so you capture both income and capital gains (or losses). That's why the accurate statement is that total return includes both coupon payments and price appreciation. It isn't just the coupons, and it doesn't ignore price moves, and it isn't simply the amount you paid to buy the bond—the purchase price is the starting point, while total return reflects the overall change including income.

8. An example of a portfolio manager practicing active management would be one of:

A. A belief that by superior research, he or she can select stocks (as a stock picker) that produce superior returns over time.

B. Being actively engaged with political leaders and legislators to influence political and economic policy decisions that help the stock market grow.

C. Also known as index management, whereby the manager actively seeks to mirror the overall economy of a country, region or sector.

D. A strategy that mirrors a market index with minimal trading.

Active management aims to beat a benchmark by making selective investment decisions based on research and analysis. That means choosing specific stocks that the manager believes will outperform the market over time. The option describing using superior research to pick stocks fits this approach perfectly, because it centers on stock selection as the path to higher returns. The other ideas lean toward different concepts. Engaging with policymakers isn't about picking investments or trying to outperform, but about external influence. Index management and mirroring a market index with minimal trading are classic examples of passive management, where the goal is to replicate the index rather than surpass it.

9. What best describes a lit pool?

A. It is a private trading venue.

B. It matches orders but does not display bids and offers.

C. It is primarily used for options trading.

D. It displays bids and offers publicly.

A lit pool is a trading venue where all bids and offers are displayed publicly, so everyone can see the order book and how prices are forming. This transparency is the defining feature, enabling price discovery as trades are matched from visible quotes. The other descriptions describe private venues or activities not tied to public display, which is why displaying bids and offers publicly is the correct characterization.

10. Which statement best describes the distinction between active management and indexing?

A. Active management relies on research to select stocks; passive indexing mirrors the market.

B. Active management minimizes trading to avoid costs.

C. Passive management uses stock picking.

D. Active management never outperforms the market.

Active management and indexing differ in how they approach building a portfolio. Active management relies on research and analysis to pick specific stocks or securities with the goal of outperforming a market benchmark. This approach involves making bets, adjusting holdings based on forecasts, and often higher turnover and costs in pursuit of higher returns. Indexing, on the other hand, is a passive strategy designed to mirror the performance of a market index. It holds the same securities in the same proportions as the index, aiming to track its movements rather than beat it. This typically results in lower costs and broader diversification. So the statement that best describes the distinction is that active management uses research to select stocks to try to outperform, while passive indexing mirrors the market. The other options mischaracterize one side or the other (for example, suggesting indexing involves stock picking, or that active management minimizes trading, or asserting that active management can never outperform).

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://fisdfiamodule1.examzify.com

We wish you the very best on your exam journey. You've got this!