84 INTRODUCTION TO DIGITAL ASSETS

1. Ownership rights to physical assets on distributed ledger technology are represented by a:
   (A) blockchain.
   (B) smart contract.
   (C) token.

2. Which statement best describes how stablecoins maintain a stable value? Stablecoins:
   (A) have legal and regulatory backing.
   (B) can be exchanged for fiat currency.
   (C) link their value to other assets.

3. Which distributed ledger technology element may include proof of work and proof of stake?
   (A) Participation network.
   (B) Consensus protocols.
   (C) Digital ledger

4. Investors in an initial coin offering (ICO) typically receive:
   (A) registered securities.
   (B) voting rights in the ICO issuer.
   (C) cryptocurrency.

5. Compared to centralized exchanges, decentralized exchanges are more:
   (A) vulnerable to attacks.
   (B) difficult to regulate.
   (C) popular with investors.

6. The inherent value of digital assets is least likely to be based on:
   (A) features on the blockchain.
   (B) future cash flow.
   (C) price appreciation

7. Potential impacts of asset-backed tokens most likely include:
   (A) more liquidity for higher-priced assets.
   (B) decreased transparency for transactions.
   (C) increased transaction fees and costs.

8. With regard to the role of digital assets as an investment class, it is most accurate to state that they:
   (A) are a relatively stable investable asset class.
   (B) may provide diversification benefits.
   (C) have similar returns with traditional asset classes.

9. Which type of cryptocurrency-related vehicle invests directly in cryptocurrencies?
   (A) Cryptocurrency futures contracts.
   (B) Cryptocurrency exchange-traded funds.
   (C) Cryptocurrency coin trusts.

10. Cryptocurrency prices are least likely to be affected by:
    (A) technological advancement.
    (B) projected cash flows.
    (C) regulatory development

11. Compared to regulated initial public offerings, initial coin offerings most likely have:
    (A) longer capital-rising periods.
    (B) more voting rights.
    (C) lower issuance costs.

12. Which of the following statements is most accurate regarding the features of digital assets?
    Digital assets:
    (A) are usually validated using permissionless blockchain networks.
    (B) are typically used as a direct medium of exchange.
    (C) have well-established legal and regulatory standards.

13. Risks of directly investing in large, well-established cryptocurrencies least likely include:
    (A) whales.
    (B) fraud.
    (C) irretrievability.

14. A government decides it will privatize vehicle registrations if the province's auto insurance companies can record and maintain ownership titles using distributed ledger technology. This application of distributed ledger technology is best characterized as:

(A) blockchain.

(B) smart contracts.

(C) tokenization.