CANADIAN SECURITIES COURSE (CSC) LEVEL 1 PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR THE FULL VERSION STUDY GUIDE

https://canadiansecuritieslevelone.examzify.com

Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright 1

Table of Contents 2

Introduction 3

How to Use This Guide 4

Questions 5

Answers 8

Explanations 10

Next Steps 15

SAMPLE

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.

SAMPLE

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!

SAMPLE

Questions

SAMPLE

1. What are the 3 types of restricted shares? Give a brief description of each.

A. Limited shares, exclusive shares, special shares

B. Non-voting shares, unrestricted shares, preferred shares

C. Non-voting shares, subordinate-voting shares, restricted voting shares

D. Common shares, preferred shares, treasury shares

2. What differentiates an Alternative Trading System (ATS) from traditional exchanges?

A. Physical trading floors

B. Manual trade executions

C. Automated matching and execution of trades

D. Cryptocurrency trading

3. What are the 5 phases of the business cycle?

A. Expansion, Peak, trough, recovery, decline

B. Expansion, Peak, contraction, trough, recovery

C. Upswing, recession, recovery, trough, contraction

D. Contraction, depression, expansion, peak, trough

4. Compare a delayed opening, halt in trading, and a suspension in trading.

A. A delayed opening allows trading to begin at a set time, a halt is a temporary stoppage, and suspension is a long-term pause.

B. A delayed opening is a pause initiated by the company, a halt is enforced by regulators, and a suspension is part of regular trading hours.

C. A delayed opening occurs before regular trading hours, a halt is caused by technical issues, and a suspension is a prolonged stoppage with specific reasons.

D. A delayed opening handles a sudden influx of orders, a halt allows news dissemination, and a suspension is a regulatory intervention.

5. Define Final good.

A. Something produced solely for export

B. Something bought for personal use by the ultimate end user.

C. Something purchased by businesses for production purposes.

D. Something unsold at the end of a production period.

SAMPLE

6. What is a callable bond?

A. A bond offering unlimited call options

B. A bond that cannot be paid off before maturity

C. A bond where the issuer can pay it off before maturity

D. A bond with fixed interest rates

7. Describe 5 protective provisions commonly found in bond contracts.

A. Market trends, redemption options, issuer's credit rating, coupon rate, and face value

B. Stock market performance, bond yield, financial statements, liquidity ratio, and mining bonds

C. Conversion rates, par value, bondholder meetings, put options, and legal jurisdiction

D. Security details, negative pledge, sale of assets, debt test, and dividend test

8. What is a Dealer (OTC) market?

A. Market for gold trading

B. Market for rare artwork

C. Online marketplace for books

D. Market where market makers post bid-ask quotes

9. What is a forced conversion related to bonds?

A. A requirement to increase the bond's face value

B. Conversion to foreign currencies

C. Conversion into physical assets

D. Issuer calling the bond for conversion into common stock

10. How do governments typically finance the national debt?

A. By reducing public services

B. By increasing taxes

C. By issuing debt instruments and borrowing from the markets

D. By printing more money

SAMPLE

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. What are the 3 types of restricted shares? Give a brief description of each.

A. Limited shares, exclusive shares, special shares

B. Non-voting shares, unrestricted shares, preferred shares

C. Non-voting shares, subordinate-voting shares, restricted voting shares

D. Common shares, preferred shares, treasury shares

The correct answer is C. Non-voting shares, subordinate-voting shares, and restricted voting shares are the three types of restricted shares. Non-voting shares are shares that typically do not carry voting rights, meaning the shareholder does not have the right to vote on company matters. Subordinate-voting shares usually have fewer voting rights compared to other classes of shares in the company. Restricted voting shares have certain limitations or restrictions placed on their voting rights, such as restrictions on voting on specific issues or a cap on the number of votes a shareholder can cast. Options A, B, and D do not accurately describe the three types of restricted shares and are therefore incorrect.

2. What differentiates an Alternative Trading System (ATS) from traditional exchanges?

A. Physical trading floors

B. Manual trade executions

C. Automated matching and execution of trades

D. Cryptocurrency trading

An Alternative Trading System (ATS) differs from traditional exchanges primarily due to its automated matching and execution of trades. Unlike traditional exchanges that may involve manual trade executions or physical trading floors, an ATS relies on electronic systems to match buy and sell orders. This automated process enables participants to trade securities efficiently and anonymously, often offering advantages such as increased liquidity and lower transaction costs. On the other hand, options A, B, and D do not accurately represent the key distinction of an ATS when compared to traditional exchanges.

3. What are the 5 phases of the business cycle?

A. Expansion, Peak, trough, recovery, decline

B. Expansion, Peak, contraction, trough, recovery

C. Upswing, recession, recovery, trough, contraction

D. Contraction, depression, expansion, peak, trough

The five phases of the business cycle are widely recognized as Expansion, Peak, Contraction, Trough, and Recovery. In this context, the correct identification of these phases is crucial for understanding how economies operate over time. Expansion refers to a period where the economy is growing, leading to increased production, employment, and consumer spending. This growth eventually reaches a Peak, which is characterized by the highest level of economic activity before a downturn begins. Following the peak, the economy enters a Contraction phase, where economic activity decreases, resulting in declines in investment and employment. After some time of contraction, the economy reaches its lowest point, known as the Trough, where output and demand hit their lowest levels. Finally, the cycle moves into a Recovery phase, indicating a rebound of economic activities as growth resumes. The other choices include phrases that do not accurately reflect the commonly accepted terminology associated with economic cycles. For example, "decline" and "depression" are not standard phases in the business cycle terminology, while "upswing" is not a widely recognized term in this context, leading to confusion. Thus, understanding the correct terminology provides clarity on how economic fluctuations impact various aspects of the market and overall economic health.

EXAMPLE

4. Compare a delayed opening, halt in trading, and a suspension in trading.

A. A delayed opening allows trading to begin at a set time, a halt is a temporary stoppage, and suspension is a long-term pause.

B. A delayed opening is a pause initiated by the company, a halt is enforced by regulators, and a suspension is part of regular trading hours.

C. A delayed opening occurs before regular trading hours, a halt is caused by technical issues, and a suspension is a prolonged stoppage with specific reasons.

D. A delayed opening handles a sudden influx of orders, a halt allows news dissemination, and a suspension is a regulatory intervention.

A delayed opening is typically used to manage a sudden influx of orders or significant market conditions before the market opens for regular trading hours. During a halt in trading, trading activity is paused to allow for the dissemination of important news or to address any potential issues affecting the market. A suspension in trading, on the other hand, involves a regulatory intervention that results in a prolonged stoppage of trading due to specific reasons, such as regulatory concerns or material developments affecting the security. Option D correctly summarizes these distinctions among delayed opening, halt in trading, and suspension in trading.

5. Define Final good.

A. Something produced solely for export

B. Something bought for personal use by the ultimate end user.

C. Something purchased by businesses for production purposes.

D. Something unsold at the end of a production period.

The correct definition of a final good is indeed something bought for personal use by the ultimate end user. Final goods refer to products that have completed the production process and are ready for consumption. These goods are contrasted with intermediate goods, which are used in the production of final goods and are not directly consumed. When final goods are purchased, they are intended for consumption or personal use rather than resale or further production. This is why the focus is on the end user—the consumer who ultimately uses the product as opposed to businesses that may be purchasing goods for manufacturing or production. This definition highlights that the consumption of final goods directly satisfies the needs or wants of the buyer, distinguishing them from raw materials or goods intended for business purposes, which would not fall under this category.

6. What is a callable bond?

A. A bond offering unlimited call options

B. A bond that cannot be paid off before maturity

C. A bond where the issuer can pay it off before maturity

D. A bond with fixed interest rates

A callable bond is characterized by the issuer's ability to pay it off before its maturity date. This feature allows the issuer to redeem the bond at a specified price before it reaches maturity, which can be beneficial for the issuer if interest rates fall. By calling the bond, the issuer can refinance the debt at a lower interest rate. The other options presented do not accurately define a callable bond. The notion of unlimited call options does not apply; rather, the call feature is defined within specific terms. A bond that cannot be paid off before maturity describes a non-callable bond, which is the exact opposite of what a callable bond entails. Lastly, while many callable bonds may have fixed interest rates, the fixation of interest rates alone does not define a callable bond, as it primarily revolves around the redemption feature.

SAMPLE

7. Describe 5 protective provisions commonly found in bond contracts.

A. Market trends, redemption options, issuer's credit rating, coupon rate, and face value

B. Stock market performance, bond yield, financial statements, liquidity ratio, and mining bonds

C. Conversion rates, par value, bondholder meetings, put options, and legal jurisdiction

D. Security details, negative pledge, sale of assets, debt test, and dividend test

The choice highlighting security details, negative pledge, sale of assets, debt test, and dividend test accurately represents protective provisions commonly found in bond contracts. Security details refer to the specifics of the collateralized assets that back the bond, providing bondholders with a claim on these assets in case of default. This can greatly reduce the risk associated with the bond, as bondholders have a tangible asset to claim. A negative pledge is a covenant that prevents the issuer from pledging certain assets to other creditors, thereby ensuring that the bondholders have a priority claim on those assets. This is crucial in safeguarding bondholder interests, particularly if the issuer faces financial difficulties. The sale of assets provision restricts the issuer's ability to sell off significant assets without bondholder approval. This protection ensures that the issuer maintains a healthy balance sheet that can support its debt obligations. The debt test requires the issuer to maintain certain financial ratios, thereby ensuring that their leverage remains within a manageable range. This is vital for maintaining the issuer's creditworthiness. Finally, the dividend test limits the issuer's ability to pay dividends on its equity while debt obligations are outstanding. This ensures that cash flow is preserved for meeting interest and principal payments to bondholders. These provisions are fundamental in establishing a

8. What is a Dealer (OTC) market?

A. Market for gold trading

B. Market for rare artwork

C. Online marketplace for books

D. Market where market makers post bid-ask quotes

A Dealer (OTC) market is a market where market makers post bid-ask quotes. In an over-the-counter (OTC) market, securities are traded directly between parties without the supervision of an exchange. Market makers play a crucial role in providing liquidity by quoting bid and ask prices for various securities. This option is correct because it accurately describes the function of a Dealer (OTC) market. Options A, B, and C are incorrect as they do not accurately describe what a Dealer (OTC) market is.

SAMPLE

9. What is a forced conversion related to bonds?

A. A requirement to increase the bond's face value

B. Conversion to foreign currencies

C. Conversion into physical assets

D. Issuer calling the bond for conversion into common stock

A forced conversion refers to a situation where a bond issuer requires bondholders to convert their bonds into a predetermined amount of common stock. This typically occurs when the issuer exercises an option to convert the bonds into shares, which is a provision that might be included in certain convertible bonds. In this scenario, the bondholders do not have the option to refuse the conversion; they must comply with the issuer's action. Such provisions can serve various purposes for issuers, including managing debt levels or transforming debt into equity. The other options do not accurately reflect the concept of forced conversion in the context of bonds. Increasing a bond's face value pertains to different aspects of bond terms, while conversion to foreign currencies and physical assets involve entirely different financial processes that do not map onto the concept of bonds being converted into equity.

10. How do governments typically finance the national debt?

A. By reducing public services

B. By increasing taxes

C. By issuing debt instruments and borrowing from the markets

D. By printing more money

Governments typically finance national debt through the issuance of debt instruments and borrowing from the markets. When a government needs to raise money to cover deficits or to refinance existing debt, it issues bonds or other types of securities. Investors, including individuals, institutions, and foreign governments, purchase these instruments, providing the necessary capital to the issuing government. In return, the government commits to paying back the principal amount at a designated maturity date and often pays interest to the bondholders at regular intervals. This mechanism allows governments to raise funds without immediately needing to increase taxes or reduce public services. Borrowing through the issuance of debt instruments is often preferable for managing national debt, as it can be more efficient and less disruptive compared to alternative methods. Using tax increases or cuts in public services could lead to economic contraction and dissatisfaction among citizens, while printing more money risks inflation and undermines the value of the currency. Therefore, issuing debt instruments effectively balances the need for funding while managing the impacts on the economy.

SAMPLE

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://canadiansecuritieslevelone.examzify.com

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

SAMPLE