Take the CFTC Trivia Challenge

How much do you know about trading, markets, or crypto? Test your trivia knowledge and learn how avoiding potential pitfalls can save you money.

Select a response to our multiple-choice questions and see the correct answers in real-time, along with links to more information. When you finish the quiz, you'll get your final score. You can try to improve it or challenge your friends!

The CFTC Trivia Challenge will Help You

1. Learn about markets and trading
2. Better understand market risks, including fraud risks
3. Consider ways to plan and protect your own trading

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This quiz is offered to help customers learn about products, markets, and ways to protect themselves from fraud or other violations of the Commodity Exchange Act. The CFTC is not collecting any information about you, either directly or indirectly; your responses are, and will remain, anonymous and your participation in the quiz is voluntary. The CFTC will use the answers that you and others submit to provide you with information about the topics addressed in the quiz and to inform our overall customer education efforts.

1. What is the pseudonymous creator of bitcoin known as?
    a) Mark Zuckerberg
    b) Vitalik Buterin
    c) Satoshi Nakamoto
    d) Elon Musk

Answer: c) Satoshi Nakamoto

Bitcoin arrived in 2008 but its creator to this day is known only by the pseudonym they chose: Satoshi Nakamoto. Many have spun theories about who Satoshi really is.

Learn more: Curious About Crypto? Watch Out for These Red Flags

2. What is the maximum supply of bitcoin?
    a) 10 million
    b) 21 million
    c) 100 million
    d) 1 billion

Answer: b) 21 million

The capped supply is designed to create scarcity, similar to precious metals, and to control inflation by limiting the creation of new bitcoins.

Learn more: 10 Digital Asset Terms You Should Know

3. Bitcoin is divisible to what decimal place?
    a) Two
    b) Four
    c) Six
    d) Eight

Answer: d) Eight, or 0.00000001

Every currency needs divisibility to be practical for an economy. Bitcoin can be divisible into 100 million Satoshi, but it does not mean bitcoin is infinitely divisible.

Learn more: 10 Digital Asset Terms You Should Know

4. What is 0.00000001 of bitcoin called?
    a) bit
    b) Satoshi
    c) Nakamoto
    d) Itty

Answer: b) Satoshi

The Satoshi is the smallest denomination of the cryptocurrency bitcoin. It is named after Satoshi Nakamoto, the bitcoin creator. The Satoshi to bitcoin ratio is 100 Million Satoshi to one bitcoin.

Learn more: Watch Out for Fraudulent Digital Asset and “Crypto” Trading Websites

5. Which *consensus mechanism* does bitcoin use?
    a) Proof of work (PoW)
    b) Proof of stake (PoS)
    c) Delegated proof of stake (DPoS)
    d) Proof of authority (PoA)

Answer: a) Proof of Work (PoW)

PoW is the consensus mechanism bitcoin employs. It requires participants, known as miners, to compete to solve complex mathematical puzzles to validate transactions and add them to the blockchain.

Learn more: Before paying, verify the platform is registered with FinCEN

6. What is the native token of the Ethereum blockchain?
    a) Bitcoin (BTC)
    b) Ether (ETH)
    c) Ripple (RIP)
    d) Litecoin (LTE)

Answer: b) Ether (ETH)

Ether is the second largest cryptocurrency by market capitalization behind bitcoin. Ethereum is not just for preserving or transferring value. Its blockchain provides tools for developers to create and deploy their own interoperable, decentralized assets and services.

Learn more: See why common scams work, and ways to stay safe

7. What is the golden rule of cryptocurrency security?
    a) Always share your private keys with trusted friends
    b) Keep your passwords written down on your computer
    c) Never share your private keys
    d) Use public Wi-Fi networks for transactions

Answer: c) Never share your private keys

Whoever has a crypto addresses’ private key can access the funds it contains. Because of this, the saying “not your keys, not your crypto” has become a popular adage.

Learn more: Watch Out for Fraudulent Digital Asset and “Crypto” Trading Websites

8. Which of the following is a type of cryptocurrency wallet?
    a) Custodial wallet

b) Hardware wallet
c) Paper wallet
d) All of the above

Answer: d) All of the above

A crypto wallet is a digital tool that allows users to interact with blockchain networks to store and manage cryptocurrencies.

Learn more: Curious About Crypto? Watch Out for Red Flags

9. What is the purpose of multi-factor authentication (MFA) in cryptocurrency security?
   a) To store cryptocurrency offline
   b) To add an extra layer of security
   c) To mine cryptocurrency
   d) To verify cryptocurrency transactions

Answer: b) To add an extra layer of security

Multi-factor authentication is an authentication method that requires the user to present two or more pieces of evidence to gain access and log in to an account. The user will only be granted access after entering this information.

Learn more: Digital Asset Frauds

10. What is the purpose of using a hardware wallet for cryptocurrency storage?
    a) To store cryptocurrency on a centralized exchange
    b) To store cryptocurrency keys offline
    c) To facilitate cryptocurrency transactions
    d) To mine cryptocurrency

Answer: b) To store cryptocurrency keys offline

Hardware wallets don't actually store cryptocurrency. Instead, they store the private keys that allow access to digital assets. These private keys are a unique combination of letter and numbers functioning as digital signatures.

Learn more: 14 Digital Asset Risks to Remember

11. What is the primary function of a blockchain explorer?
    a) To exchange cryptocurrencies
    b) To mine cryptocurrencies
    c) To view transactions and blocks on a blockchain
    d) To regulate cryptocurrency markets

Answer: c) To view transactions and blocks on a blockchain

A blockchain explorer is an online browser or a tool for viewing a blockchain and viewing transactions. It provides information such as the contents of an individual block, transaction history, and balance of addresses.

Learn more: Digital Asset Frauds

12. What is a *51% attack* in the context of blockchain?
    a) An attack where 51% of the cryptocurrency supply is stolen
    b) An attack where 51% of the network's computing power is controlled by one entity
    c) An attack where 51% of transactions are fraudulent
    d) An attack where 51% of the nodes on the network are compromised

Answer: b) An attack where 51% of the network's computing power is controlled by one entity

Attackers with majority network control can interrupt the recording of new blocks by preventing specific transactions from being written to the blockchain. Malicious attackers can rewrite recent blocks of transactions on the blockchain and reverse transactions, leading to double-spend problems.

Learn more: 10 Signs of a Scam Crypto or Forex Trading Website

13. What is the importance of using a reputable antivirus software when dealing with cryptocurrencies?
    a) To increase mining efficiency
    b) To store cryptocurrency offline
    c) To prevent hacking and malware attacks
    d) To generate smart contracts

Answer: c) To prevent hacking and malware attacks

Keeping the operating system and software updated regularly ensures the software has the latest security patches that could deter crypto malware attacks. But this is just one of the many best practices to avoid losing crypto assets.

Learn more: Watch Out for Fraudulent Digital Asset and “Crypto” Trading Websites

14. What is the importance of conducting regular software updates on hardware wallets?
    a) To increase mining efficiency
    b) To prevent hacking and malware attacks
    c) To facilitate peer-to-peer cryptocurrency trading
    d) To generate smart contracts

Answer: b) To prevent hacking and malware attacks

The software updates help maintain the security functionality, and overall user experience of the hardware wallets. But this is just one of the many best practices to avoid losing crypto assets.

Learn more: Digital Asset Frauds

15. What is the significance of using a reputable Wi-Fi network when accessing cryptocurrency accounts or exchanges?
    a) To increase mining efficiency
    b) To prevent hacking and malware attacks
    c) To facilitate peer-to-peer cryptocurrency trading
    d) To store cryptocurrency offline

Answer: b) To prevent hacking and malware attacks

Using a reputable Wi-Fi network helps safeguard crypto assets by minimizing risks associated with unauthorized access and data breaches. But this is just one of the many best practices to avoid losing crypto assets.

Learn more: [14 Digital Asset Risks to Remember]

16. When it comes to crypto advice on social media one should:
    a) Always follow the trend and buy or sell as quickly as possible
    b) Develop a personal strategy and not be swayed by online sentiment
    c) Independently verify the facts, double-check the source, and proceed cautiously
    d) B and C

Answer: d) B and C

Having a plan can help avoid fraudulent pitches designed to play on emotions. Always verify facts and sources before trading. Before making any investment, get a second opinion. Talk it over with a financial advisor, trusted friend, or family member. Don't trade in markets or products you don't fully understand.

Learn more: [Romance Frauds]

17. What is the role of decentralized storage solutions in blockchain technology?
    a) To regulate cryptocurrency markets
    b) To govern and manage decentralized projects
    c) To store data securely on the blockchain
    d) To mine cryptocurrency

Answer: c) To store data securely on the blockchain

By distributing data across a network rather than storing it in a central location, there is no single point of failure.

Learn more: [Digital Asset Frauds]

18. What is the purpose of a *paper wallet* for cryptocurrencies?
    a) To increase mining efficiency
    b) To store cryptocurrency keys offline
    c) To facilitate peer-to-peer cryptocurrency trading
    d) To generate smart contracts

Answer: b) To store cryptocurrency keys offline

Paper wallets are one of many methods for securing cryptocurrency. Paper wallets, like hardware wallets, store the private keys that allow access to digital assets. These private keys are a unique combination of letter and numbers functioning as digital signatures. It is important to handle paper wallets carefully as physical damage or loss can lead to irreversible loss of control of stored assets.

Learn more: 14 Digital Asset Risks to Remember

19. What is the importance of conducting smart contract audits before deploying them on the blockchain?
    a) To increase mining efficiency
    b) To prevent hacking and theft
    c) To regulate cryptocurrency markets
    d) To store cryptocurrency offline

Answer: b) To prevent hacking and theft

Audits are a critical step in safeguarding smart contracts and ensuring their proper and secure deployment.

Learn more: Curious About Crypto? Watch Out for Red Flags

20. What is the role of *multi-signature wallets* in cryptocurrency security?
    a) To increase mining efficiency
    b) Requires more than one person to vouch for a payment
    c) To facilitate peer-to-peer cryptocurrency trading
    d) To store cryptocurrency offline

Answer: b) Requires more than one person to vouch for a payment

Overall, the use of multi-signature wallets provides enhanced security and accountability when trying to make a crypto transaction (e.g., by requiring two of three keys to sign a transaction jointly owned by a group). If used properly, compared to only one private key, multi-signature wallets can avoid a single point of failure or *key person* risk — if a key person in an organization leaves or becomes incapacitated.

Learn more: Digital Asset Frauds

21. What is *cold storage*?
    a) A digital wallet connected to the internet for frequent transactions
    b) A way of mining cryptocurrencies using energy efficient methods
    c) A method of storing crypto assets on an exchange platform for quick access
    d) An offline digital wallet that secures private keys

Answer: d) An offline digital wallet that secures private keys

While cold storage offers significant security advantages, it also requires careful management of private keys and physical storage devices.

Learn more: [14 Digital Asset Risks to Remember]

22. What is *gas* on the Ethereum network?
    a) A fee for the computational effort required to execute transactions and smart contracts
    b) A type of crypto asset used exclusively for trading on decentralized exchanges
    c) The proof-of-stake validation process that runs the blockchain
    d) A security mechanism that locks ether (ETH) in a smart contract for a specified period of time

Answer: a) A fee for the computational effort required to execute transactions and smart contracts

Gas attempts to ensure the efficient and secure operation of the blockchain by metering and pricing computational resources needed for transactions and smart contracts.

Learn more: [Curious About Crypto? Watch Out for Red Flags]

23. What does the term *bridge* commonly refer to in the context of crypto assets?
    a) A platform for trading crypto assets
    b) A software for securely moving your private keys offline
    c) An exchange where fiat currencies can be converted to crypto assets
    d) An application for transferring assets between different blockchain networks

Answer: d) An application for transferring assets between different blockchain networks

Bridges can play a crucial role in enhancing the flexibility, functionality, and utility of the blockchain ecosystem. But cross-chain bridges can be a security risk, as there have been many major cross-chain bridge hacks in the recent past.

Learn more: [Digital Asset Frauds]

24. What is *staking*?
    a) A process of trading crypto on decentralized exchanges to earn profits
    b) The practice of lending crypto assets to other users for a fixed rate
    c) A method of securing blockchains by solving complex mathematical problems
    d) The act of locking up crypto assets in a network to support its operations, validate transactions, and earn rewards

Answer: d) The act of locking up crypto assets in a network to support its operations, validate transactions, and earn rewards

It allows crypto holders to earn passive income by contributing to the security and functionality of the blockchain. One of the most common examples of staking is users staking their ETH to participate in Ethereum proof of stake.

Learn more: [14 Digital Asset Risks to Remember]

25. Which of the following best describes a *rug pull*?
    a) A type of cyber-attack targeting blockchain networks
    b) A sudden drop in the price of cryptocurrency due to market volatilely
    c) A scam where developers abandon a project after attracting investment, taking funds with them
    d) A regulatory action against fraudulent cryptocurrency exchanges

Answer: c) A scam where developers abandon a project after attracting investment, taking funds with them

Rug pulls are a significant risk in the cryptocurrency space, particularly in projects that lack transparency, auditing, or regulatory oversight.

Learn more: [Watch Out for Fraudulent Digital Asset and “Crypto” Trading Websites]()

26. Is bitcoin insured by the Federal Deposit Insurance Corporation (FDIC)?
    a) No, bitcoin is not insured by the FDIC
    b) Yes, up to $250,000 per individual
    c) Yes, but only for transactions within the United States
    d) Only if purchased through the FDIC approved exchanges

Answer: a) No, bitcoin is not insured by the FDIC

Bitcoin and other cryptocurrencies operate on decentralized networks and are stored in digital wallets that are not subject to the same regulatory oversight as traditional bank deposits.

Learn more: [Watch Out for Fraudulent Digital Asset and “Crypto” Trading Websites]()

27. What is *on-ramping*?
    a) Bringing a new network node online
    b) Exchanging fiat currency for crypto assets
    c) Moving a token native to one blockchain to another blockchain
    d) Uploading personal information to open a trading account

Answer: b) Exchanging fiat currency for crypto assets

It is an essential process for newcomers to the crypto space who want to acquire digital assets and engage in cryptocurrency markets.

Learn more: [Don’t Become an Unwitting Money Launderer]()

28. What is *off-ramping*?
    a) Taking a crypto mining farm offline
    b) Exchanging crypto assets for fiat currency
    c) Moving a token native to one blockchain to another blockchain
    d) Hacking a digital wallet and removing all its contents

Answer: b) Exchanging crypto assets for fiat currency

This process is crucial for users who want to realize their crypto gains or losses or use the value of their digital assets in the conventional economy.

Learn more: Don't Become an Unwitting Money Launderer

29. What does *NFT* stand for?
    a) Negotiable Fund Ticket
    b) New Futures Template
    c) Nice Financial Transaction
    d) Non-Fungible Token

Answer: d) Non-Fungible Token

NFTs are not interchangeable and each one represents unique assets owned by a specific person or entity. Each NFT contains distinguishable information such as which account bought and sold it.

Learn more: Curious About Crypto? Watch Out for Red Flags (cftc.gov)

30. What does the phrase, "Not your keys, not your coins," mean in the crypto world?
    a) All keys are public, so none of the coins are actually yours
    b) Anyone who invests in crypto is given a physical key used to access digital funds
    c) Once you transfer your crypto to someone else's address, you no longer have control of your assets
    d) None of the above

Answer: c) Once you transfer your crypto to someone else's address, you no longer have control of your assets.

The "keys" refer to both your public and private keys, which are needed to send or receive funds. Once you transfer your crypto to someone else's address, you no longer have control of your crypto. For example, if you transfer your crypto to a trading platform and it is hacked or disappears with your money, you have limited recourse to get your coins back.

Learn more: 10 Signs of a Scam Crypto or Forex Trading Website

31. What do crypto *mining pools* do?
    a) They combine the computing power of a group of crypto miners to increase the odds of minting the next block and reaping the rewards
    b) Individuals who crypto mine while in a pool
    c) Create the blockchain that stores the data of every trade ever done
    d) All of the above

Answer: a) They combine the computing power of a group of crypto miners to increase the odds of minting the next block and reaping the rewards

Crypto mining pools combine computational power over a network to increase their chances of winning crypto rewards such as bitcoin.

Learn more: [14 Digital Asset Risks to Remember]

32. What is *hot storage*?
    a) A cheap computer that over heats when trying to access digital wallet as a defensive mechanism
    b) Highly advanced super computer that safely stores all cryptocurrency
    c) Offline digital wallet that stores private keys and is not accessed frequently
    d) A digital wallet connected to the internet for frequent transactions

Answer: d) A digital wallet connected to the internet for frequent transactions

There are two main types of storage for cryptocurrency, a hot wallet and cold wallet. A hot wallet is directly connected to the internet on a regular basis for frequent transactions and tends to be less secure. A cold wallet is disconnected from the internet and not used for frequent transactions, and often uses a piece of hardware.

Learn more: [Digital Asset Frauds]

33. Which of the following is an example of a stable coin?
    a) Dogecoin
    b) Ethereum
    c) Bitcoin
    d) Tether

Answer: d) Tether
Stable coins are a type of cryptocurrency that by pegging to an external reference, such as the U.S. dollar or Euro, maintain a stable value. Tether is a cryptocurrency stable coin pegged to the value of one U.S. dollar.

Learn more: [Watch Out for Fraudulent Digital Asset and "Crypto" Trading Websites]

34. What is a stable coin?
    a) Cryptocurrencies whose value is pegged to another asset, such as the dollar
    b) A type of crypto currency whose value doesn't drop, but can go up
    c) A digital identifier for each block on the blockchain
    d) All of the above

Answer: a) Cryptocurrencies whose value is pegged to another asset, such as the dollar

Stable coins are a type of cryptocurrency that by pegging to an external reference, such as the U.S. dollar or Euro, maintain a stable value. Tether is an example of a stable coin.

Learn more: [Digital Asset Frauds]

35. What is a *crypto ATM*?
    a) A device that dispenses a physical coin in exchange for a private key
    b) A place to crypto mine
    c) A computerized electronic machine that allows the buying and selling of cryptocurrency in exchange for cash or with a debit card
    d) An advanced computer that stores cryptocurrency long term

Answer: c) A computerized electronic machine that allows the buying and selling of cryptocurrency in exchange for cash or with a debit card

Crypto ATM's were designed to expedite crypto transactions. They connect to a cryptocurrency exchange and convert deposited cash into crypto.

Learn more: 14 Digital Asset Risks to Remember

36. When do private keys expire?
    a) 10 years
    b) 100 years
    c) 25 years
    d) Never

Answer: d) Never

Private keys act as offline passwords for your cryptocurrency, which never expires. However, if lost, the crypto the private key unlocks would become inaccessible forever.

Learn more: Watch Out for Fraudulent Digital Asset and "Crypto" Trading Websites

37. How much does is cost to make a wallet address?
    a) $25
    b) Free
    c) $100
    d) $250

Answer: b) Free

Most crypto software wallets are free to use. Having a wallet grants access to send or receive cryptocurrency using its unique identifier.

Learn more: Curious About Crypto? Watch Out for Red Flags

38. How many wallet addresses is one person allowed to have?
    a) Unlimited
    b) 1
    c) 100
    d) 25

Answer: a) Unlimited

Individuals can have as many wallets addresses as they choose for different cryptocurrencies. Having multiple crypto wallets has several advantages such as access to various types of coins, diversifying holdings to enhance security, and improved organization.

Learn more: [10 Digital Asset Terms You Should Know]

39. What is a Central Bank Digital Currency (CBDC)?
    a) A type of stable coin pegged to the local currency
    b) NFT produced from a nation's central bank
    c) A deviant of bitcoin
    d) The digital form of a country's fiat currency issued by the nation's central bank

Answer: d) The digital form of a country's fiat currency issued by the nation's central bank

CBDC is similar to cryptocurrency, except that its value is fixed by the central bank and is equivalent to the country's fiat currency.

Learn more: [10 Digital Asset Terms You Should Know]

40. What is a smart contract?
    a) A contract signed by all crypto miners as a proof of intelligence
    b) A requirement to trade ether (ETH)
    c) Self-executing computer program which runs on a blockchain
    d) None of the above

Answer: c) Self-executing computer program which runs on a blockchain

A smart contract refers to computer programs that execute actions in accordance to a given contract.

Learn more: [14 Digital Asset Risks to Remember]

41. When can you access your crypto funds?
    a) 9 a.m. – 5 p.m.
    b) 24/7
    c) Monday – Friday only
    d) None of the above

Answer: b) 24/7

Crypto funds can be accessed any time or day, no matter the amount, as long as you have the private keys.

Learn more: [10 Signs of a Scam Crypto or Forex Trading Website]

42. What is the central authority that controls all crypto activity?
    a) World Bank
    b) Federal Reserve

c) Coinbase
d) There is no central authority that controls crypto activity

Answer: d) There is no central authority that controls crypto activity

One aspect of crypto currency that attracts individuals is that its decentralized, where no central authority is present.

Learn more: Digital Asset Frauds

43. Which hashing algorithm does bitcoin use?
    a) MAT-25
    b) SHA-01
    c) BTC-25
    d) SHA-256

Answer: d) SHA-256

SHA-256, or Secure Hash Algorithm 256-bit, is a crypto hash function that changes text of any length into a string of 256 bits or 64 hexadecimal characters.

Learn more: Curious About Crypto? Watch Out for Red Flags

44. What does a bitcoin block contain?
    a) Data
    b) Hash
    c) Hash of the previous block
    d) All of the above

Answer: d) All of the above

The bitcoin blockchain is a continuous set of records organized in blocks, each of which contains technical data such as unique identifier or *hash*, the hash of the previous block (which creates the link to the previous block in the chain), transaction information, and other data such as a timestamp.

Learn more: 10 Digital Asset Terms You Should Know

45. What type of blockchain is bitcoin?
    a) Public
    b) Private
    c) Hybrid
    d) Consortium

Answer: a) Public

Public blockchains, such the Proof-of-Work Blockchain, which bitcoin operates on, are open networks that allow anyone to participate. It appears as a shared public ledger and the history of transactions are organized into blocks containing transaction data.

Learn more: [10 Signs of a Scam Crypto or Forex Trading Website]()

46. Which of the following statements are true of blockchains?
    a) Blockchain technology has applications far beyond financial circles
    b) A blockchain is a digital ledger that records all the transactions on a public or private distributed network
    c) All blockchain network can run smart contracts
    d) Both A and B

Answer: d) Both A and B

Blockchain technology has capacities far beyond financials circles due to its feature of being a digital ledger that records all the transactional data on a distributed network. But not all blockchains can run smart contracts (e.g., bitcoin cannot run smart contracts).

Learn more: [14 Digital Asset Risks to Remember]()

47. Which of the following statements are true of hashes in blockchain?
    a) If the contents of a block are changed, its hash remains the same
    b) When a block is created, its hash is calculated
    c) A hash is a unique digital identifier
    d) Both B and C

Answer: d) Both B and C

A hash is created at the same time a block is created. Every block contains a hash, the hash of the previous block, and a timestamp.

Learn more: [Digital Asset Frauds]()

48. Who is allowed to join a public blockchain?
    a) Crypto miners
    b) Anyone
    c) Wealthy individuals
    d) People working in financial firms

Answer: b) Anyone

A public blockchain is open to anyone with an internet connection. Examples of public blockchain include ethereum, bitcoin, and litecoin.

Learn more: [10 Signs of a Scam Crypto or Forex Trading Website]()

49. Which cryptocurrency is sometimes nicknamed “digital gold?”
    a) Dogecoin
    b) Tether

c) Ethereum
d) Bitcoin

Answer: d) Bitcoin

Nathaniel Popper, a New York Times journalist, published a book called, "Digital Gold," which caused widespread use of the term referring to bitcoin.

Learn more: [14 Digital Asset Risks to Remember]

50. Which of the following statements about bitcoin are true?
    a) Miners validate transactions and post new blocks to the blockchain
    b) Miners get paid in bitcoin for mining blocks
    c) Miners get paid by the sender
    d) All of the above

Answer: d) All of the above

Bitcoin miners create new blocks by solving intricate mathematical problems for bitcoin while validating bitcoin transactions.

Learn more: [Curious About Crypto? Watch Out for Red Flags]

51. Which of the following is an algorithmic stable coin?
    a) Tether
    b) DAI
    c) Terra / Luna
    d) None of the above

Answer: c) Terra / Luna

An algorithmic stable coin is a type of cryptocurrency that regulates its own supply using smart contracts and algorithms. Terra / Luna collapsed in May 2022.

Learn more: [14 Digital Asset Risks to Remember]

52. Which of the following is a unique feature of a crypto ecosystem that doesn't exist in a traditional fiat system?
    a) Decentralized nature
    b) Use of physical currency
    c) Central authority
    d) Presence of intermediaries

Answer: a) Decentralized nature
Most traditional fiat currencies are centralized, which means they are governed by governments and central banks.

Learn more: [Digital Asset Frauds]

53. What are some characteristics of the ethereum blockchain?
    a) There are no characteristics specific to ethereum
    b) Smart contracts
    c) Ethereum Virtual Machine
    d) Both B and C

Answer: d) Both B and C

Both smart contracts and the Ethereum Virtual Machine are key characteristics of the ethereum blockchain.

Learn more: [14 Digital Asset Risks to Remember]

54. Which bitcoin feature is highly energy-intensive?
    a) Public transparency
    b) Proof-of-work (PoW)
    c) Having a finite supply of 21 million
    d) Pseudonymous nature

Answer: b) Proof-of-work (PoW)

Proof-of-work (PoW), which is used in blockchains like bitcoin, consumes a lot of electricity and requires large amounts of energy from network participants.

Learn more: [Watch Out for Fraudulent Digital Asset and "Crypto" Trading Websites]

55. What is one of the key risks unique to smart contracts?
    a) Fraud
    b) Delayed transaction
    c) Volatility
    d) Security flaws

Answer: d) Security flaws

Smart contracts are highly dependent on the precision of their code and the security of the blockchain infrastructure they operate on. Even minor flaws can lead to severe consequences such as unauthorized access, fund misappropriation or unintentional legal disputes.

Learn more: [Curious About Crypto? Watch Out for Red Flags]

56. What does the acronym *HODL* stand for in the crypto world?
    a) Happily Obtain Dogecoin & Litecoin
    b) Helping Other Dude's Life
    c) Hold on For Dear Life
    d) None of the above

Answer: c) Hold On for Dear Life

The acronym, *HODL*, means *Hold On for Dear Life*. It's a popular term used to encourage other crypto investors to not sell when prices fall.

Learn more: Digital Asset Frauds

57. Where did the term *HODL* originate?
    a) Derived from a misspelling of "hold" in the context of buying and holding bitcoin through fluctuations in value
    b) When the first crypto miners pool was assembled, they huddled up after mining a bitcoin. Shortly after they stuck with the name HODL as a sign of success
    c) Investors had a great deal of trust in dogecoin and litecoin, causing people to come up with the acronym HODL for Happily Obtain Dogecoin and Litecoin
    d) None of the above

Answer: a) Derived from a misspelling of "hold" in the context of buying and holding bitcoin and other cryptocurrencies through fluctuations in value

The acronym, *HODL*, means Hold On for Dear Life. It's a popular term used to encourage other crypto investors to not sell when prices fall.
Learn more: 14 Digital Asset Risks to Remember

58. Why did ethereum upgrade to ethereum 2.0?
    a) Higher scalability
    b) More eco-friendly
    c) Improvements in security
    d) All of the above

Answer: d) All of the above

Ethereum 2.0 was designed to improve ethereum and reduce risks associated with ethereum. Higher scalability, being eco-friendlier, and improvements in security are all ways in which ethereum has advanced.

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59. What are crypto *Ghosts* ?
    a) People who have never traded cryptocurrency
    b) People who lost their addresses or private keys and have no way to access their assets
    c) Those who have lost all their earnings trading crypto
    d) Frauds that show fake profits to encourage investors to keep trading

Answer: b) People who lost their addresses or private keys and have no way to access their assets

Lost keys cause investors to lose millions of dollars every year. When people lose access to their wallets, those funds are gone and the *Ghosts* are left with nothing.

Learn more: [14 Digital Asset Risks to Remember]

60. Which countries use cryptocurrency as legal tender in present day?
   a) El Salvador
   b) Central African Republic
   c) Canada
   d) United States

Answer: a) El Salvador

Many countries around the world have legalized bitcoin, with minimal or no restrictions. But only El Salvador has officially recognized cryptocurrency as legal tender.

Learn more: [Curious About Crypto? Watch Out for Red Flags]

61. How many countries have banned the use of bitcoin?
   a) 22
   b) 10
   c) 5
   d) 0

Answer: a) 22

As of August 1, 2024, 22 countries across the world enacted full or partial prohibition on the use of cryptocurrency.

Learn more: [Digital Asset Frauds]

62. What does *degen* mean in crypto terms?
   a) Older person trading, who's from the previous generation
   b) Short for degenerate, refers to someone who engages in high-risk and speculative activities
   c) To give away private keys to someone else out of generosity
   d) None of the above

Answer: b) Short for degenerate, refers to someone who engages in high-risk and speculative activities

A *degen* is often used in a lighthearted way. It refers to someone who involves themselves in a lot of riskier investments.

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63. What does a *Hodler* mean in the crypto world?
   a) A frequent trader of crypto
   b) A wealthy person who owns a large sum of digital assets
   c) People who hold digital assets and don't trade it
   d) Someone who holds on to a portion of someone else's private key

Answer: c) People who hold digital assets and don't trade it

Regardless of any short-term market fluctuations, Hodler hold their crypto assets. The term derives from the acronym, "HODL," which means Hold On for Dear Life.

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64. How are all bitcoin transactions stored?
    a) On private keys
    b) On a centralized public ledger
    c) In crypto wallets
    d) Distributed across a network of computers

Answer: d) Distributed across a network of computers

Bitcoin uses a distributed ledger, which is a system that replicates and stores transactional data on a network of computers around the world.

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65. In what year was bitcoin introduced?
    a) 2008
    b) 2013
    c) 2009
    d) 2005

Answer: c) 2009

In January 2009, Satoshi Nakamoto officially minted the first block, introducing bitcoin to the world.

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66. What does it mean if a crypto trader expects bitcoin to go "to the moon?"
    a) Increase exponentially in value
    b) Decrease dramatically in value
    c) Stay the same
    d) Disappear

Answer: a) Increase exponentially in value

"To the moon" is a term signifying that the value of a cryptocurrency is expected to increase exponentially.

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67. How does *FOMO* or the "Fear of missing out" affect people in the crypto world?
    a) Creates anxiety of missing out on investment opportunities

b) Can cause people to make irrational decisions
c) Individuals make uneducated trades in hopes catching up to other people's profits
d) All of the above

Answer: d) All of the above
The fear of missing out (FOMO) encourages people to become crypto investors to not miss out on crypto's rise in value. But crypto can also fall in value as profits cannot be guaranteed.

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68. Who created Ethereum?
    a) Satoshi Nakamoto
    b) Vitalik Buterin
    c) Elon Musk
    d) Sam Bankman-Fried

Answer: b) Vitalik Buterin

Vitalik Buterin is a computer programmer who launched Ethereum in 2015 when he was 19 years old.

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69. Bitcoin was created in response to what event?
    a) 9/11 attacks
    b) World War II
    c) 2008 financial crisis
    d) None of the above

Answer: c) 2008 financial crisis

The 2008 financial crisis was a major catalyst for bitcoin's early development and popularity. In fact, the first block in bitcoin has this embedded in it: "The Times 03/Jan/2009 Chancellor on brink of second bailout for banks."

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70. What is the name of the new regulatory framework in the EU in which the crypto industry can operate?
    a) Financial Conduct Authority (FCA)
    b) Coinbase
    c) Securities and Exchange Commission (SEC)
    d) Markets in Crypto-Assets (MiCA)

Answer: d) Markets in Crypto-Assets (MiCA)

The European Union (EU) lawmakers have passed the Markets in Crypto Assets Regulation (MiCA) bill, aimed at regulating the digital asset market. MiCA, is due to take effect in 2024, making it the first major jurisdiction in the world to introduce rules for the sector.

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71. How many bitcoins are created every 10 minutes?
    a) 3.125
    b) 6.25
    c) 3.5
    d) 4.225

Answer: a) 3.125

A new block is minted approximately every 10 minutes, and the current block reward is 63.15 BTC.

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72. Like cents to a dollar, ______ is the smallest denomination of ETH?
    a) Etherate
    b) Quid
    c) Wei
    d) Satoshi

Answer: c) Wei

The Wei, the smallest denomination of Ethereum, is named after the widely known computer scientist and cryptographer Wei Dai. One ETH is equal to 1,000,000,000,000,000,000 Wei.

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73. Smart contracts are executed by the?
    a) DOS
    b) ETH
    c) BTC
    d) EVM

Answer: d) EVM

Smart contracts are executed on Ethereum in the Ethereum Virtual Machine (EVM).

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74. What was one of the problems about digital assets that bitcoin solved?
    a) Inflation
    b) Financial scams
    c) Double spending
    d) Poverty

Answer: c) Double spending

By implementing a confirmation mechanism with a digital ledger, bitcoin solves the double spending issue, which is the problem of digital money being copied and spent more than once.

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75. The first commercial bitcoin transaction was the purchase of two pizzas for ___ bitcoins?
    a) 100
    b) 10,000
    c) 10
    d) 1,000

Answer: b) 10,000

At the time of the transaction, 10,000 BTC was roughly $41. As of July 2024, 10,000 BTC would be worth $689 million. This may be the most expensive pizza in history.

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