

Exam : ACI 310-008

Title : ACI DEALING CERTIFICATE

Update : v9.29

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1. .

EURIBOR is the:

- A. Daily fixing of EUR interbank deposit rates in the European market
- B. Daily fixing of EUR interbank deposit rates in the London market
- C. Another name for EUR LIBOR
- D. The ECB's official repo rate

ANSWER: a

2. .

A 1-month (30-day) USCP with a face value of USD 5 million is quoted at a rate of discount of 2.31%.

How much is the paper worth?

- A. USD 4,884,500.00
- B. USD 4,990,375.00
- C. USD 4,990.506.85
- D. USD 4,990,393.49

ANSWER: b

3. .

Which of the following is issued by auction?

- A. Treasury bill
- B. CD
- C. BA
- D. USCP

ANSWER: a

4. .

Which of the following will tend to have the higher yield?

- A. Treasury bill
- B. Repo against Treasury bill collateral
- C. They have the same yield
- D. Cannot say

ANSWER: b

5. .

In case of a default on a repo by the seller:

- A. The buyer can liquidate the collateral
- B. The buyer has to liquidate the collateral
- C. The buyer cannot liquidate the collateral until the seller is declared insolvent
- D. A court is appointed to decide what happens to the collateral

ANSWER: a

6. .

What are the secondary market proceeds of a CD with a face value of EUR 5 million and a coupon of 3% that was issued at par for 182 days and is now trading at 3% but with only 7 days remaining to maturity?

- A.EUR 4,997,085.03
- B.EUR 5,000,000.00
- C.EUR 5,071,086.45
- D.EUR 5,072,874.16

ANSWER: d

7. .

Four banks provide you with quotes in CHF/SEK. Which is the best price for you to buy SEK?

- A.5.5825
- B.5.5820
- C.5.5815
- D.5.5830

ANSWER: d

8. .

Voice-brokers in spot FX are remunerated with:

- A.Commission paid by both parties at rates agreed beforehand
- B.A fee paid by the seller
- C.Bid/offer spread
- D.A share of the bid/offer spread

ANSWER: a

9. .

Covered interest arbitrage is possible when:

- A.The low interest rate currency depreciates
- B.There is a large swing in the spot rate
- C.The values of the forward points and of the interest rate differential between two currencies diverge
- D.The interest rate differential widens rather than narrows

ANSWER: c

10. .

What is the ISO code for platinum

- A.XAU

B.XAG

C.XPT

D.XPD

ANSWER: c

11. .

If EUR/USD is 1.1025-28 and the 6-month swap is 112.50/113, what is the 6-month outright price?

A.1.1380-1.11405

B.1.11375-1.1141

C.1.09125-1.0915

D.None of these

ANSWER: b

12. .

The 180-day GBP/USD rate is bid 62 and the 90-day GBP/USD rate is bid 29.

What is the bid rate for 120 days, assuming straight-line interpolation?

A.33

B.42

C.27

D.40

ANSWER: d

13. .

In the international market, a FRA in USD is usually settled with reference to:

A.BBA LIBOR

B.Fed funds

C.ISDA LIBOR

D.EURIBOR

ANSWER: a

14. .

Lending for 3 months and borrowing for 6 months creates a 3x6 forward-forward deposit. The cost of that deposit is called:

A.Break-even rate

B.Implied forward rate

C.Forward-forward rate

D.All of the above

ANSWER: d

15. .

What is the Overnight Index for GBP?

- A.SONIA
- B.STINA
- C.LIBOR
- D.EONIA

ANSWER: a

16. .

Prior to expiration, an in-the-money option has:

- A.Intrinsic value but no time value
- B.Time value but no intrinsic value
- C.Both time value and intrinsic value
- D.Neither time value nor intrinsic value

ANSWER: c

17. .

The position delta of an in-the-money short put option is:

- A.Between -0.5 and -1
- B.-0.5
- C.Between +0.5 and +1
- D.+0.5

ANSWER: c

18. .

The seller of a floor:

- A.Receives compensation if a reference interest rate falls below an agreed level
- B.Pays compensation if a reference interest rate falls below an agreed level
- C.Receives compensation if a reference interest rate rises above an agreed level
- D.Pays compensation if a reference interest rate rises above an agreed level

ANSWER: b

19. .

You have done the following deals in spot USD/JPY:

- Sold USD 5.0 million at 130.60
- Bought USD 3.5 million at 130.20
- Bought USD 2.0 million at 130.50
- Sold USD 2.0 million at 130.55

What is your net position and average rate?

- A.Short USD 1.5 million at 130.46
- B.Long USD 1.5 million at 130.46
- C.Short USD 1.5 million at 131.60
- D.Long USD 1.5 million at 131.60

ANSWER: c

20. .

Taking collateral to hedge the credit risk on a counterparty means that you have:

- A.Eliminated credit risk
- B.Eliminated market risk
- C.Taken a guarantee from the issuer of the collateral
- D.Taken on market, legal and operational risks

ANSWER: d

21. .

Making interest rate swap transactions subject to agreement on documentation:

- A.Is recommended where the complications of the transaction warrant the practice.
- B.Is strictly forbidden.
- C.Is considered bad practice.
- D.Must have senior management approval.

ANSWER: c

22. .

One of your major customers is visiting your bank and wishes to meet you and see the dealing room. What is the Model Code recommendation?

- A. There is no problem.
- B. There is no problem provided the visitor is a member of your customers management and not a dealer for the customer.
- C. There is no problem with a short, one-off visit approved by management.
- D. Non-treasury personnel and visitors should not be allowed into the dealing room.

ANSWER: c

23. .

It is now permissible in most markets for brokers to be owned by banks and other principals. Where there is shared management, or a shareholding or other investment in a broker by a counterparty:

- A. The broker is not obligated to reveal the connection provided Chinese Walls are in place.
- B. The broker is not obligated to reveal the connection in the professional market.
- C. The broker should advise the other counterparty of the connection.
- D. The matter is covered in the Model Code.

ANSWER: c

24. .

If a counterparty's name is not acceptable to a lending bank, that bank:

- A. Can revise the rate according to his credit position for the counterparty.
- B. Should not revise the rate.
- C. Can revise the rate but only with the consent of senior management.
- D. Can revise the rate according to the credit rating of the counterparty

ANSWER: b

25. .

Written confirmation is a function that can be done by:

- A. Any dealer as long as he/she is not a party to the trade.
- B. Staff in the back-office.
- C. Staff in the dealing room who are not dealing.
- D. Any staff outside the dealing room.

ANSWER: b

26. .

The extension of an off-market rate could have the following implications:

- A. An unauthorised extension of credit to the counterparty.
- B. Deferring a loss to a future date.
- C. Deferring an income to a future date.
- D. All of the above.

ANSWER: d

27. .

Although The Model Code discourages the extension of forward FX contracts at their historic rates, one of the conditions required for this is:

- A. Prior management approval has been sought.
- B. They are executed within six months.
- C. They are extended for not more than one year.
- D. All of the above.

ANSWER: a

28. .

What are some of the major objectives of The Model Code?

- A. To clarify the roles of dealers, brokers and customers
- B. To promote a high level of ethical, professional behaviour

C.To act as a guide in the absence of government regulation

D.All of the above

ANSWER: d

29. .

What is the amount of the principal plus interest due at maturity on a 1-month (31-day) deposit of EUR 50 million placed at 3.67%?

A.EUR 50,152,916.70

B.EUR 50,155,849.30

C.EUR 50,158,013.90

D.EUR 50,161,888.90

ANSWER: c

30. .

Which of the following currencies is quoted on an actual/365 basis for the calculation of interest on interbank deposits in London?

A.EUR

B.JPY

C.GBP

D.CHF

ANSWER: c

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