

Exam Number/Code : 310-008

Exam Name: ACI DEALING
CERTIFICATE

Version : Demo

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1. Click on the Exhibit Button to view the Formula Sheet.

How many USD would you have to invest at 3.5% to be repaid USD125 million (principal plus interest) in 30 days?

A. USD 124,641,442.43

B. USD 124,636,476.94

C. USD 124,635,416.67

D. USD 123,915,737.30

Answer: B

2. Click on the Exhibit Button to view the Formula Sheet.

What is the day count/annual basis convention for euroyen deposits?

A. Actual/365

B. Actual/360

C. Actual/actual

D. 30E/360

Answer: B

3. Click on the Exhibit Button to view the Formula Sheet. Today's date is Thursday 12th December.

What is the spot value date? Assume no bank holidays.

A. 14th December

- B. 15th December
- C. 16th December
- D. 17th December

Answer: C

4. Click on the Exhibit Button to view the Formula Sheet. 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 ECBs official repo rate

Answer:A

5. Click on the Exhibit Button to view the Formula Sheet. Which of the following rates represents the highest investment yield in the euromarket?

- A. Semi-annual bond yield of 3.75 %
- B. Annual bond yield of 3.75 %
- C. Semi-annual money market yield of 3.75 %
- D. Annual money market rate of 3.75 %

Answer: C

6. Click on the Exhibit Button to view the Formula Sheet. Which of the following are transferable instruments?

- A. Eurocertificate of deposit
- B. US Treasury bill
- C. CP
- D. All of the above

Answer: D

7. Click on the Exhibit Button to view the Formula Sheet. Which of the following is always a secured instrument?

- A. ECP
- B. Repo
- C. Interbank deposit
- D. CD

Answer: B

8. Click on the Exhibit Button to view the Formula Sheet. Which of the following is sometimes called two-name paper?

- A. ECP
- B. BA or bank bill
- C. Treasury bill
- D. CD

Answer: B

9. Click on the Exhibit Button to view the Formula Sheet. What usually happens to the collateral in a tri-party repo?

- A. It is put at the disposal of the buyer
- B. It is held by the seller in the name of the buyer
- C. It is held by the tri-party agent in the name of the buyer
- D. It is frozen in the sellers account with the tri-party agent

Answer: C

10. Click on the Exhibit Button to view the Formula Sheet. Which type of repo is the least risky for the buyer?

- A. Delivery repo
- B. HIC repo
- C. Tri-party repo
- D. There is no real difference

Answer:A

11. Click on the Exhibit Button to view the Formula Sheet.

A customer gives you GBP 25 million at 6.625% same day for 7 days. Through a broker you place the funds with a bank for the same period at 6.6875%. Brokerage is charged at 2 basis points

per annum. What is the net profit or loss on the deal?

- A. Profit of GBP 299.66
- B. Profit of GBP 203.77
- C. Loss of GBP 299.66
- D. Loss of GBP 203.77

Answer: B

12. Click on the Exhibit Button to view the Formula Sheet. 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

13. Click on the Exhibit Button to view the Formula Sheet. A CD with a face value of USD50 million and a coupon of 4.50% was issued at par for 90 days and is now trading at 4.50% with 30 days remaining to maturity. What has been the capital gain or loss since issue?

- A. +USD 373,599.00
- B. +USD 186,099.00
- C. -USD 1,400.99
- D. Nil

Answer: C

14. Click on the Exhibit Button to view the Formula Sheet. The tom/next GC repo rate for German government bonds is quoted to you at 1.75-80%. As collateral, you sell EUR10million nominal of the 5.25% bund July 2012, which is worth EUR 11,260,000, with no initial margin. The Repurchase Price is:

- A. EUR 10,000,500.00
- B. EUR 10,000,486.11
- C. EUR 11,260,563.00
- D. EUR 11,260,547.36

Answer: C

15. Click on the Exhibit Button to view the Formula Sheet. The one-month (31-day) GC repo rate for French government bonds is quoted to you at 3.75-80%. As collateral, you are offered EUR25million nominal of the 5.5% OAT April 2006, which is worth EUR 28,137,500. If you impose an initial margin of 1%, the

Repurchase Price is:

- A. EUR 27,947,276.43
- B. EUR 27,946,077.08
- C. EUR 27,950,071.43
- D. EUR 27,948,871.97

Answer: D

16. Click on the Exhibit Button to view the Formula Sheet. If EUR/USD is quoted to you as 1.1050-53, does this price represent?

- A. The number of EUR per USD
- B. The number of USD per EUR
- C. Depends on whether the price is being quoted in Europe or the US
- D. Depends on whether the price is being quoted interbank or to a customer

Answer: B

17. Click on the Exhibit Button to view the Formula Sheet. How much is a big figure worth per million of base currency if EUR/GBP is 0.6990?

- A. GBP 10,000

B. EUR 10,000

C. GBP 6,990

D. EUR 6,990

Answer:A

18. Click on the Exhibit Button to view the Formula Sheet. What is the incentive for market-making?

A. Bid/offer spread

B. Flow information

C. Relationships

D. All of the above

Answer: D

19. Click on the Exhibit Button to view the Formula Sheet. The forward points are calculated from:

A. The level of interest rates in the base currency

B. The level of interest rates in the quoted currency

C. The interest rates in the two currencies

D. Your expectations of the future spot rate

Answer: C

20. Click on the Exhibit Button to view the Formula Sheet. If

6-month EUR/AUD is quoted at 29/32, which of the following statements is correct?

- A. EUR rates are higher than AUD rates in the 6-month
- B. AUD rates are higher than EUR rates in the 6-month
- C. There is a positive EUR yield curve
- D. There is not enough information to decide

Answer: B

21. Click on the Exhibit Button to view the Formula Sheet. The Interest Rate Parity Theorem states that:

- A. Interest rates in different currencies will tend to move into line with each other over time
- B. Interest rates in different currencies differ due to differences in expectations about inflation
- C. Selling a low interest rate currency to invest a high interest rate currency will only be profitable if one hedges the currency risk
- D. Selling a low interest rate currency to invest in a high interest rate currency should not be profitable if one hedges the currency risk

Answer: D

22. Click on the Exhibit Button to view the Formula Sheet. What is

an FX swap?

- A. An exchange of two streams of interest payments in different currencies and an exchange of the principal amounts of those currencies at maturity
- B. A spot sale (purchase) and a forward purchase (sale) of two currencies agreed simultaneously between two parties
- C. An exchange of currencies on a date beyond spot and at a price fixed today
- D. None of the above

Answer: B

23. Click on the Exhibit Button to view the Formula Sheet. If I say that I have "bought and sold" EUR/USD in an FX swap, what have I done?

- A. Bought EUR and sold USD spot, and sold EUR and bought USD forward
- B. Bought EUR/USD spot and sold EUR/USD forward
- C. Taken a EUR loan in exchange for making a USD loan with the same counterparty
- D. All of the above

Answer: D

24. Click on the Exhibit Button to view the Formula Sheet. 3-month EUR/USD FX swaps are quoted to you at 15/19. If the "points are in your favour", what have you done?

- A. Bought and sold 3-month EUR/USD through the swap
- B. Sold and bought 3-month EUR/USD through the swap
- C. Made the quote
- D. Cannot say

Answer:A

25. Click on the Exhibit Button to view the Formula Sheet. What is the Gold Offered Forward Rate?

- A. The price differential between spot and forward gold prices
- B. The rate at which dealers will lend gold against US dollars
- C. The implied forward price of gold
- D. The price of gold for forward delivery

Answer: B