Vendor:ACI

Exam Code:3I0-008

Exam Name:ACI DEALING CERTIFICATE

Version: Demo

QUESTION 1

Click on the Detail 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

Correct Answer: C

QUESTION 2

Click on the Detail Button to view the Formula Sheet. Where internet trading facilities are established by a bank for a client, the conditions and controls should be stated in a rulebook produced by:

A. The bank.

B. The local bankers association.

C. The local regulator.

D. Negotiation between the bank and client.

Correct Answer: A

QUESTION 3

Click on the Detail Button to view the Formula Sheet. What is the effect of netting?

A. To reduce the number and size of payments and transfers

B. To reduce exposure to credit risk

C. To reduce the size of the balance sheet

D. All of the above

Correct Answer: D

QUESTION 4

Click on the Detail Button to view the Formula Sheet. You wish to sell a customer GBP/USD for value tomorrow. How can you hedge yourself?

A. Sell and buy GBP/USD T/N

B. Buy and sell GBP/USD T/N

C. Sell GBP/USD spot, and sell and buy GBP/USD T/N

D. Buy GBP/USD spot, and buy and sell GBP/USD T/N

Correct Answer: D

QUESTION 5

Click on the Detail Button to view the Formula Sheet. Dealers are allowed to trade for their own account if:

A. The dealers have good track records in their dealing both for the institution and for themselves.

B. There has been no previous conflicts of interest in the dealing room.

C. There is a clearly laid down policy.

D. The dealers see no conflict of interest in such dealing.

Correct Answer: C

QUESTION 6

Click on the Detail Button to view the Formula Sheet. Basis risk on a futures contract is:

A. The risk of an adverse change in the futures price

B. The risk of an adverse change in the spread between futures and cash prices

C. The progressive illiquidity of a futures contract as it approaches expiry

D. The risk of a divergence between the futures price and the final fixing of the underlying interest rate

Correct Answer: B

QUESTION 7

Click on the Detail Button to view the Formula Sheet. The use of mobile phones from within the dealing room for transacting business:

A. Is not considered good practice.

B. Is accepted in case of direct deal input into the bank\\'s system.

C. Is accepted for senior dealers.

D. Is accepted for hedging transactions.

Correct Answer: A

QUESTION 8

Click on the Detail 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

Correct Answer: C

QUESTION 9

Click on the Detail Button to view the Formula Sheet. Where the Committee for Professionalism of the ACI has been notified of a breach of the letter or spirit of the Model Code, it

A. Will examine the complaint.

B. May consult with the local ACI.

C. Will bring the matter to the attention of the local regulator.

D. None of the above.

Correct Answer: A

QUESTION 10

Click on the Detail Button to view the Formula Sheet. You are paying 5% per annum paid semi-annually and receiving 6-month LIBOR on a USD 10 million interest rate swap with exactly two years to maturity. 6month LIBOR for the next payment date is fixed today at 4.95%.How would you hedge the swap using FRAs? How to hedge an IRS with a strip of FRAs?

A. buy a strip of 0x6, 6x12, 12x18 and 18x24 FRAs

B. sell a strip of 0x6, 6x12, 12x18 and 18x24 FRAs

C. buy a strip of 6x12, 12x18 and 18x24 FRAs

D. sell a strip of 6x12, 12x18 and 18x24 FRAs

Correct Answer: D

QUESTION 11

Click on the Detail Button to view the Formula Sheet. A dealer has indicated his intention of assigning an interest rate swap to a third party soon after transacting that swap. When about to execute an assignment:

A. The dealer is entitled to provide the name of the original counterparty to the assignee.

B. The dealer is entitled to provide the name of the assignee to the original counterparty.

C. The dealer should seek the permission of the assignee before releasing the name to the original counterparty.

D. The dealer should seek the permission of the original counterparty before releasing the name to the assignee.

Correct Answer: C

QUESTION 12

Click on the Detail Button to view the Formula Sheet. 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.

Correct Answer: B