



# **ACI DEALING CERTIFICATE**

Version: 5.0

[Total Questions: 320]

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### Topic 0, D D

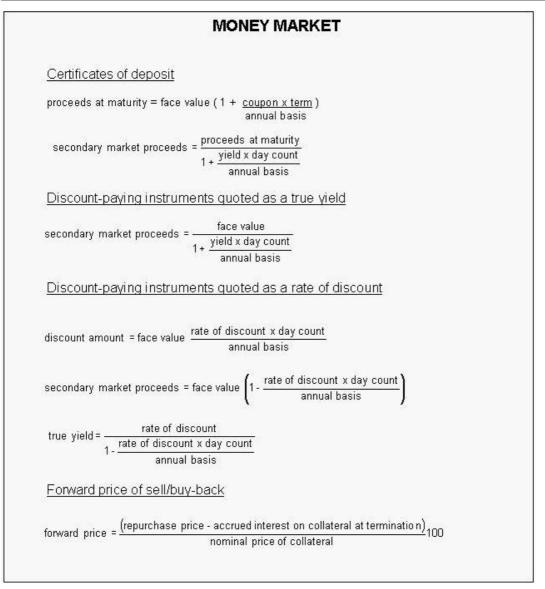
Question No : 1 - (Topic 0)

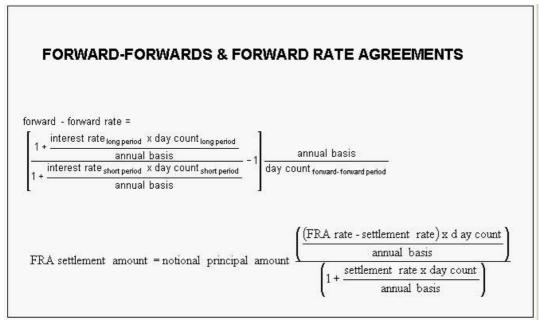
Click on the Exhibit Button to view the Formula Sheet.

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

Converting between bond basis and money market basis (Act/360)	
rate <sub>bond basis</sub> = rate <sub>money market basis</sub> 365 360	
$rate_{money market basis} = rate_{bond basis} \frac{360}{365}$	
Converting between annually and semi-annually compounding frequencies	
rate annually-compounded = $\left(1 + \frac{\text{rate semi-annually compounded}}{2}\right)^2 - 1$	
rate <sub>semi-annually compounded</sub> = $(\sqrt{1 + rate_{annually compounded}} - 1)2$	
The formulae for converting between annually and semi-annually compounded rate apply only to rates quoted on a bond basis, not a money market basis.	

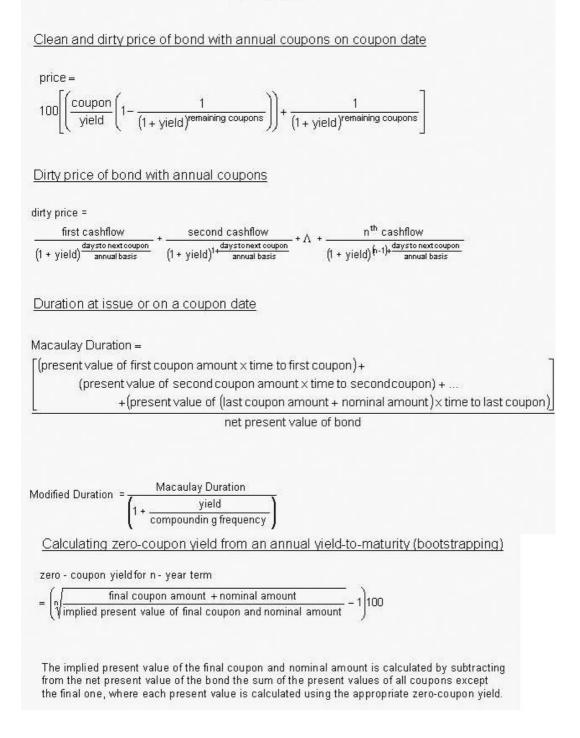




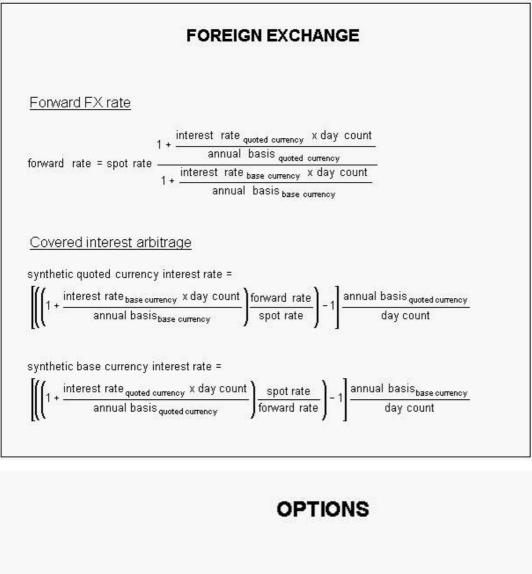




### FIXED INCOME







Standard deviation

standard deviation = 
$$\sqrt{\frac{\sum_{t=1}^{n} (\text{return at time t - mean return})^2}{\text{number of observations - 1}}}$$

Calculating the volatility over a period from annualised volatility

volatility over period t = annualised volatility  $\sqrt{t}$ 

Where t is in years or fractions thereof.

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**



### Question No : 2 - (Topic 0)

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

#### Question No : 3 - (Topic 0)

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

### Question No : 4 - (Topic 0)

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



### Question No : 5 - (Topic 0)

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

### Question No : 6 - (Topic 0)

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

# Question No : 7 - (Topic 0)

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

A. ECPB. RepoC. Interbank depositD. CD

### Answer: B

### Question No : 8 - (Topic 0)

Click on the Exhibit Button to view the Formula Sheet. Which of the following is sometimes

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called two-name paper?

A. ECP

B. BA or bank bill

C. Treasury bill

D. CD

Answer: B

# Question No : 9 - (Topic 0)

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

# Question No : 10 - (Topic 0)

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

# Question No : 11 - (Topic 0)

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.



#### ACI 3I0-008 : Practice Test

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

### Question No : 12 - (Topic 0)

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

### Question No : 13 - (Topic 0)

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** 

#### Question No : 14 - (Topic 0)



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 EUR10 million 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

# Question No : 15 - (Topic 0)

Click on the Exhibit Button to view the Formula Sheet. The one-month (31-day) GC reporter for French government bonds is quoted to you at 3.75-80%. As collateral, you are offered EUR25 million 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** 

# Question No : 16 - (Topic 0)

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

Question No : 17 - (Topic 0)