

ACI

Exam 310-012

ACI Dealing Certificate

Version: 9.0

[Total Questions: 740]

Topic break down

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Topic 1, Volume A**Question No : 1 - (Topic 1)**

Which of the following is always a secured instrument?

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

Answer: B

Question No : 2 - (Topic 1)

What is the meaning of “under reference” in the terminology of trading?

- A. a term the quoting dealer uses to caution the receiver of the quote that the price may have to be re-quoted at the receiver's risk
- B. the qualification that the rate quoted in the market may no longer be valid and requires confirmation before any trades can be agreed upon
- C. the statement that the rates quoted by the broker are for indication only
- D. an acknowledgement by the dealer receiving the quote that the rate may have to be re-quoted at the receiver's risk

Answer: B

Question No : 3 - (Topic 1)

Which of the following is not a negotiable instrument?

- A. CD
- B. FRA
- C. BA
- D. ECP

Answer: B

Question No : 4 - (Topic 1)

Which of the following statements is true concerning dealing and rollovers at non-current rates?

- A.** When setting the rates for an FX swap to extend the maturity, the spot rate should be fixed immediately within the current spread
- B.** Where the use of non-current rates may be necessary, they should only be entered into with the prior explicit permission of the quoting party's senior management
- C.** Dealing and rollovers at non-current rates are relatively common market practice and therefore should not be treated differently from any other transaction
- D.** Dealing and rollovers at non-current rates are forbidden as they can help perpetrate fraud and tax evasion

Answer: A

Question No : 5 - (Topic 1)

From the following GBP deposit rates:

- 1M (30-day) GBP deposits 0.45%
- 2M (60-day) GBP deposits 0.50%
- 3M (91-day) GBP deposits 0.55%
- 4M (123-day) GBP deposits 0.65%
- 5M (153-day) GBP deposits 0.70%
- 6M (184-day) GBP deposits 0.75%

Calculate the 3x4 forward-forward rate.

- A.** 0.60%
- B.** 0.949%
- C.** 1.074%
- D.** 0.933%

Answer: D

Question No : 6 - (Topic 1)

How frequently should business contingency procedures be tested and updated?

- A. quarterly tests I updates as needed
- B. at least every second year
- C. half-yearly tests / yearly updates
- D. at least yearly

Answer: D

Question No : 7 - (Topic 1)

Your agent bank accepts your back-valuation request for 1 day on an amount of EUR 50,000,000.00. EONIA is 0.375% and the ECB marginal lending facility rate is 1.50%. Applying conventional administration fees, how much will this be charged?

- A. EUR 620.83
- B. EUR 868.06
- C. EUR 968.06
- D. EUR 2,183.33

Answer: C

Question No : 8 - (Topic 1)

If EUR/USD is quoted to you as 1.3050-53, 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 : 9 - (Topic 1)

Which of the following currencies is quoted on an ACT/360 basis in the money market?

- A. SGD
- B. PLN
- C. GBP
- D. NZD

Answer: D

Question No : 10 - (Topic 1)

If the value date of a forward USD/JPY transaction is declared a holiday in either New York or Tokyo, the correct value date will be:

- A. the value date of the financial centre that is open
- B. the next business day of the financial centre which is closed
- C. the next business day when both New York and Tokyo are open
- D. the previous business day when both New York and Tokyo are open

Answer: C

Question No : 11 - (Topic 1)

What is the Overnight Index for EUR?

- A. EURIBOR
- B. EONIA
- C. EUREPO
- D. EURONIA

Answer: B

Question No : 12 - (Topic 1)

The mid-rate for USD/CHF is 0.9300 and the mid-rate for NZD/USD is 0.8560. What is the mid rate for NZD/CHF?

- A. 0.7961
- B. 1.0864
- C. 1.7860
- D. 1.2561

Answer: A

Question No : 13 - (Topic 1)

You request use of funds from your agent bank for 1 day on an amount of EUR 100,000,000.00, EONIA was 0.812% and the ECB deposit facility rate is 0.50%. What use of funds settlement amount should you expect?

- A. EUR 1,388.89
- B. EUR 1,561.11
- C. EUR 2,255.56
- D. EUR 2,951.39

Answer: B

Question No : 14 - (Topic 1)

You have taken 3-month deposits of EUR 10,000,000.00 at 0.60%, EUR 5,000,000.00 at 0.40% and EUR 5,000,000.00 at 0.50%.

What is the average rate of your long position?

- A. 0.525%
- B. 0.45%
- C. 0.75%
- D. 0.375%

Answer: A

Question No : 15 - (Topic 1)

What is a 'duration gap'?

- A. the average maturity of liabilities on a balance sheet
- B. the difference between the duration of assets and liabilities
- C. the difference between the duration of the longest-held and shortest-held liabilities on the balance sheet
- D. the average maturity of the portfolio on the asset side of a balance sheet

Answer: B

Question No : 16 - (Topic 1)

Which of the following transactions would have the effect of lengthening the average duration of assets in the banking book?

- A. buying futures contracts on 30-year German Government bonds
- B. selling futures contracts on 30-year German Government bonds
- C. buying put options on 30-year German Government bonds
- D. buying a 3x6 forward rate agreement

Answer: A

Question No : 17 - (Topic 1)

Which one of the following statements correctly describes the increased capital ratios that will come into effect under Basel III?

- A. minimum tier 1 capital of 4.5% and minimum total capital plus a conservation buffer of 10.5%
- B. minimum tier 1 capital of 6% and minimum total capital including conservation buffer of 8%
- C. minimum tier 1 capital of 4% and minimum total capital including conservation buffer of 10.5%
- D. minimum tier 1 capital of 6% and minimum total capital including conservation buffer of 10.5%

Answer: D

Question No : 18 - (Topic 1)

A bank that has quoted a firm price is obliged to deal:

- A. At that price
- B. At that price in a marketable amount
- C. At that price in a marketable amount, provided the counterparty's name is acceptable
- D. At that price in a marketable amount, provided the counterparty's name is acceptable and the market price has not moved excessively

Answer: C

Question No : 19 - (Topic 1)

Which statement about modern matched-maturity transfer pricing in banks is correct?

- A. It is now a widely accepted standard that banks should use a single representative transfer price across the entire maturity spectrum.
- B. Modern matched-maturity pricing systems include an additional liquidity surcharge that is specifically applied to more liquid short maturities.
- C. Matched-maturity transfer prices should represent a weighted average cost of capital that incorporates the cost of equity into the cost of borrowed funds.
- D. Modern matched-maturity systems differentiate transfer prices by the maturity of the commitment and also apply a marginal funding cost perspective.

Answer: D

Question No : 20 - (Topic 1)

Regarding access to production systems, which of the following is incorrect?

- A. Profiles for functions are encouraged and should be reviewed semi-annually by a manager.
- B. Developers should have unrestricted access to production systems.
- C. Access to production systems should be rigorously controlled.
- D. Users should not have access to change system functionalities.

Answer: B

Question No : 21 - (Topic 1)

The seller of a put option has:

- A. Substantial opportunity for gain and limited risk of loss
- B. Substantial risk of loss and substantial opportunity for gain
- C. Limited risk of loss and limited opportunity for gain
- D. Substantial risk of loss and limited opportunity for gain

Answer: D

Question No : 22 - (Topic 1)

Which of the following is typical of liquid assets held by banks under prudential requirements?

- A. prices increase during a systemic crisis
- B. return on investment is relatively high
- C. absence of active market makers
- D. wide bid/offer spreads

Answer: A

Question No : 23 - (Topic 1)

The seller of a EUR/RUB NDF could be:

- A. a potential buyer of EUR against RUB
- B. speculating on an appreciation of the Russian Rouble
- C. expecting rising EUR/RUB exchange rates
- D. a seller of Russian Rouble

Answer: B

Question No : 24 - (Topic 1)

In GBP/CHF, you are quoted the following prices by four different banks. You are a buyer of CHF. Which is the best quote for you?