

100% Money Back **Guarantee**

Vendor: ACI

Exam Code: 310-010

Exam Name: ACI - Operations Certificate

Version: Demo

QUESTION 1

The control failings involving Barings and Daiwa highlight the critical importance of what operational risk management practice?

- A. the taping of conversations between counterparties
- B. model signing-off and implementation controls
- C. the separation between front/back office duties
- D. the existence of contingency plans

Correct Answer: C

QUESTION 2

The maximum term for which a London Certificate of Deposit may be issued is:

- A. 1 year
- B. 3 years
- C. 5 years
- D. 10 years

Correct Answer: C

QUESTION 3

A collateral pool can be defined as:

- A. assets lent by members of a payment system collectively available to the system as collateral to enable them to obtain funds in specific circumstances
- B. liabilities owned by members of a payments system collectively available to the system as collateral to enable them to obtain funds in specific circumstances
- C. assets owned by members of a payment system collectively available to the system as collateral to enable them to obtain funds in specific circumstances
- D. assets swapped by members of a payment system collectively available to the system as collateral to enable them to obtain funds in specific circumstances

Correct Answer: C

QUESTION 4

The prompt sending and checking of confirmations is considered a best practice when dealing in:

- A. amounts higher than USD 10,000,000.00 or the equivalent in other currencies
- B. amounts higher than USD 1,000,000.00 or the equivalent in other currencies
- C. any amount unless dealt via a broker
- D. any amount by any counterparty

Correct Answer: D

QUESTION 5

When should discrepancies between front-office and back-office systems be resolved?

- A. by the end of the trading day
- B. on the next business day
- C. on the value date
- D. as soon as they become apparent

Correct Answer: D

QUESTION 6

What is a nostro bank account?

- A. an account held with another bank
- B. an account another bank holds with you
- C. a trust account
- D. a suspense account

Correct Answer: A

QUESTION 7

What is a feature of multilateral netting?

- A. there are no more than two participants involved in the netting process
- B. there is no redistribution of default risk
- C. there is a central clearing house
- D. no legal entity is required

Correct Answer: C

QUESTION 8

You have two nostro accounts in USD, one account is long USD 5 million and the other is short USD 5 million. What action should be taken to reconcile the accounts?

- A. No action is required. The credit interest earned on the credit balance will offset the debit interest incurred on the short balance
- B. You should borrow USD 5 million to cover the short balance and leave the long balance as it is
- C. You should lend the surplus USD 5 million in order to overdraft charges on the short balance with the interest earned on the loan
- D. You should instruct the bank with the long balance to pay USD 5 million to the other bank

Correct Answer: D

QUESTION 9

Physical securities reconciliation software packages are based on:

- A. SWIFT message type 5XX
- B. SWIFT message type 2XX
- C. SWIFT message type 320
- D. SWIFT message type 400

Correct Answer: A

QUESTION 10

Which of the following is the main objective of position-keeping?

- A. measuring market exposure
- B. defining capital adequacy
- C. evaluating country risk
- D. monitoring counterparty credit risk

Correct Answer: A

QUESTION 11

How many characters does a BIC have? (Under ISO standard 9362, 2nd edition)

- A. 6 or 9 characters
- B. 9 or 12 characters

- C. 7 or 10 characters
- D. 8 or 11 characters

Correct Answer: D

QUESTION 12

You have just opened a position in EUR/USD that you run overnight. What risk is present?

- A. settlement, counterparty and equity risk
- B. only counterparty risk
- C. only currency and interest rate risks
- D. settlement, counterparty and market risk

Correct Answer: D

QUESTION 13

What type of documentation is recommended for repos in the international markets?

- A. An Overseas Securities Lenders Agreement
- B. A ISDA Master Repurchase Agreement
- C. A SIFMA/ICMA Global Master Repurchase Agreement
- D. An International Securities Lenders Agreement

Correct Answer: C

QUESTION 14

If the EUR/USD is quoted to you as 1.1050-53, what does this price represent?

- A. EUR per USD
- B. USD per EUR
- C. the interest rate differential between EUR and USD
- D. the fact that one USD is worth more than one EUR

Correct Answer: B

QUESTION 15

In FX swaps, the rate of the spot leg

- A. may be freely chosen by the quoting party as long as both parties agree on it
- B. must always be fixed immediately at the current mid rate, to reflect the rate at the time the deal was made
- C. should be fixed immediately within the current spread, to reflect current rates at the time the transaction was made
- D. should always be fixed off the current spread in order not to be mistaken for a spot FX transaction

Correct Answer: C

QUESTION 16

Under normal circumstances, which of the following is a non-negotiable instrument?

- A. a Medium Term Note
- B. a Bankers Acceptance
- C. a Money Market Deposit
- D. a Treasury Bill

Correct Answer: C

QUESTION 17

Your money market dealer has lent GBP 5,000,000.00 at 4 3/4% for 6 months (183 days). How much must the counterparty pay back to you in capital plus accrued interest at maturity?

- A. GBP 5,117,123.29
- B. GBP 5,119,075.00
- C. GBP 5,119,075.34
- D. GBP 5,120,729.17

Correct Answer: C

QUESTION 18

Today is the fixing date for 6x9 FRA that you sold at 5.50% and for which the FRABBA LIBOR is now 6.00%. Which of the following is true?

- A. You will pay a cash settlement to the counterparty
- B. You will receive the cash settlement
- C. There is no cash settlement pending
- D. There is insufficient information to make a determination

Correct Answer: A

QUESTION 19

The notional amount in an interest rate swap is:

- A. the sum of all the fixed and floating rate payments
- B. the net difference between fixed and floating rate payments
- C. the principal amount on which floating and fixed interest payments is calculated
- D. the amount at which the two counterparties can close-out their transaction

Correct Answer: C

QUESTION 20

What does "modified following business day convention" mean?

- A. a convention whereby a transaction is dated the following business day, unless that day extends into the next month, in which case it is dated the preceding business day
- B. a convention whereby a transaction is dated the following business day
- C. a convention whereby a transaction is dated the preceding business day
- D. a convention whereby a transaction is dated the next business day that corresponds to the same numerical day of the month as the preceding payment

Correct Answer: A

QUESTION 21

What is volatility?

- A. the difference between the current price of an asset and its previous close
- B. a statistical measure of price fluctuations as an annualized percentage
- C. the measure of the liquidity of a contract or security
- D. the difference between the annual high and low of a security

Correct Answer: B

QUESTION 22

What does ISDA stand for?

- A. International Swaps and Derivatives Association

- B. Integrated System Data Association
- C. International Swap Derivatives Agreement
- D. Informative Software for Dealing Activities

Correct Answer: A

QUESTION 23

What is a "tick" in the futures markets?

- A. the maximum daily price change permissible on the futures exchange
- B. a temporary suspension of trading at a futures exchange
- C. the initial margin requirements at a futures exchange
- D. the minimum price movement defined by the futures exchange

Correct Answer: D

QUESTION 24

What does LIBOR stand for?

- A. London Interbank Overseas Rate
- B. London Interbank Offered Rate
- C. Lending Interbank Offered Rate
- D. Leading Interbank Basis Offered Rate

Correct Answer: B

QUESTION 25

If today is Thursday, 12 December, what is the spot date for a EUR/USD transaction?

- A. 14 December
- B. 15 December
- C. 16 December
- D. 17 December

Correct Answer: C

QUESTION 26

You take a EUR deposit on Monday, 13 February. Assuming there is no intervening bank holidays, what is the one-month maturity date?

- A. Monday, 13 March
- B. Tuesday, 14 March
- C. Wednesday, 15 March
- D. Thursday, 16 March

Correct Answer: C

QUESTION 27

In the Euro deposit markets, what is spot?

- A. value one bank business day forward
- B. value two bank business days forward
- C. value one calendar day forward
- D. value two calendar days forward

Correct Answer: B

QUESTION 28

If today is Wednesday, what are the value days of a spot next money market deal assuming there are no intervening bank holidays?

- A. Wednesday against Thursday
- B. Thursday against Friday
- C. Friday against Monday
- D. Monday against Tuesday

Correct Answer: C

QUESTION 29

The difference between the bid and the offer rate of a money market quotation is called:

- A. the margin
- B. the spread
- C. the variation
- D. the premium

Correct Answer: B

QUESTION 30

Who is responsible for producing the Model Code?

- A. the Federation of Bankers Associations
- B. the International Foreign Exchange Market Practices Committee
- C. the G7 Committee of Central Banks
- D. ACI - The Financial Markets Association

Correct Answer: D

QUESTION 31

According to ISDA definitions, if an USD IRS payment is due value Saturday, 31 May and the documentation states that the "modified business day convention" will be used, what value date should be applied to the payment?

- A. Saturday, 31 May
- B. Tuesday, 3 June
- C. Monday, 2 June
- D. Friday, 30 May

Correct Answer: D

QUESTION 32

Which action results in the highest STP-Rate?

- A. the daily reconciliation of nostro accounts
- B. the use of a Continuous Linked Settlement
- C. the use of internal limits regulations such as counterparty limits and country limits
- D. a trade confirmation check

Correct Answer: B

QUESTION 33

What is the main role of back office staff?

- A. to confirm the accuracy of counterparties mailing addresses

- B. to inform the central bank when a country limit is higher than a fixed level
- C. to ensure that trades are confirmed and settled correctly in accord with best market practice recommendations
- D. to be in constant contact with the counterparties front office staff

Correct Answer: C

QUESTION 34

A broker:

- A. is an agent who mediates between buyers and sellers, for their mutual financial interest
- B. controls country limits in cooperation with the compliance officer
- C. is responsible for reducing transaction fees
- D. acts as a correspondent bank

Correct Answer: A

QUESTION 35

A dealer belongs to:

- A. the money laundering staff
- B. the middle office staff
- C. the front office staff
- D. the back office staff

Correct Answer: C

QUESTION 36

If an overnight EUR/USD FX swap is traded on Tuesday, 19 June, and there are no currency holidays during the week of June 18 22, what would be the value dates of the two swap legs?

- A. 18 June against 19 June
- B. 19 June against 20 June
- C. 20 June against 21 June
- D. 21 June against 22 June

Correct Answer: B

QUESTION 37

The "value date" is best described as:

- A. The date a trade is undertaken
- B. The date the fixing rate is agreed upon
- C. The date the settlement occurs
- D. The date confirmations are exchanged between counterparties

Correct Answer: C

QUESTION 38

A "basis point", expressed as a percentage, is:

- A. 1%
- B. 0.01%
- C. 0.001%
- D. 0.0001%

Correct Answer: B

QUESTION 39

What is the deadline for settling interbank spot-deals in EUR via the TARGET system?

- A. 10:00 CET
- B. 18:00 CET
- C. 12:00 CET
- D. 15:00 CET

Correct Answer: B

QUESTION 40

Which clearing system allows a transfer to be settled with immediate finality?

- A. EAF
- B. EBA
- C. RTGS
- D. SWIFT

Correct Answer: C

QUESTION 41

Which of the following factors must be considered when making interbank EUR payments in RTGS systems between 17:00 CET and 18:00 CET with same day value?

- A. no special requirements need to be considered
- B. the receiver has to approve the transfer
- C. interest has to be paid to the receiver
- D. the receiver is required to accept the payment amount

Correct Answer: A

QUESTION 42

How is the price of an interest rate swap (IRS) expressed?

- A. as an exchange rate
- B. as a cash flow
- C. as a margin added to the floating rate
- D. as an interest rate expressed in percentage terms

Correct Answer: D

QUESTION 43

The abbreviation "FRN" stands for:

- A. fixed rate notional
- B. forward rate note
- C. fixed rate note
- D. floating rate note

Correct Answer: D

QUESTION 44

The price of a zero coupon, maturing in 2 years, is

- A. always close to 100%
- B. above 100%

- C. below 100%
- D. none of the above

Correct Answer: C

QUESTION 45

Major amendments to a prospectus can be made:

- A. at the discretion of the issuer and after the launch
- B. only with the consent of the note holders
- C. always in the case of default payment
- D. only by the custodian with the consent of the issuer

Correct Answer: B

QUESTION 46

A callable bond attributes a right to:

- A. the lead manager to acquire the entire issue
- B. the lead manager to acquire the entire issue and the issuer to redeem the note at specified dates
- C. the issuer to redeem agreed upon quantities of the note at specified dates
- D. the note holder to sell the notes at specified dates

Correct Answer: C

QUESTION 47

What is a junk bond?

- A. an AAA-rated security in payment default
- B. a sub-investment grade instrument
- C. an OECD Government bond
- D. a bond typically paying lower yields than an investment grade instrument

Correct Answer: B

QUESTION 48

A redemption premium for a bond is

- A. always paid in case of an early redemption
- B. paid, if stipulated in the prospectus, at an early redemption
- C. always paid at final maturity
- D. only paid if a bond is redeemed after its initially scheduled maturity

Correct Answer: B

QUESTION 49

The yield of a 1 month FRN in EUR depends on

- A. the level of short-term EUR interest rates
- B. the level of medium-term EUR interest rates
- C. the slope of EUR yield curve
- D. the level of long-term EUR interest rates

Correct Answer: A

QUESTION 50

When an over-the-counter broker executes an order for your bank, what information is required on the

confirmation you are sent?

- A. the price of the security
- B. the price of the security; the role played by the broker
- C. the price of the security; the role played by the broker; and the commission, if any, that was charged
- D. The price of the security; the role played by the broker; the commission, if any, that was charged and the security that was bought or sold

Correct Answer: D

QUESTION 51

Which of the following is characteristically of a CD?

- A. A CD is a certificate for a gold deposit
- B. The CD issuer can redeem the certificate at any time
- C. It is a non-negotiable instrument.
- D. A CD is a certificate for a time deposit

Correct Answer: D

QUESTION 52

In the UK, T-Bills are issued by:

- A. the Government (Debt Management Office)
- B. the Bank of England
- C. the FSA
- D. the International Monetary Fund (IMF)

Correct Answer: A

QUESTION 53

In a scenario where long-term interest rates are higher than short-term interest rates, the yield curve would best be described as:

- A. flat
- B. negative or inverse
- C. positive
- D. neutral

Correct Answer: C

QUESTION 54

A UK Treasury Bill has 91 days to maturity. Its redemption value is GBP 10,000.00. What is the purchase price of this bill using a discount rate of 6% per annum?

- A. GBP 9,400.00
- B. GBP 9,852.22
- C. GBP 9,850.41
- D. GBP 9,848.33

Correct Answer: C

QUESTION 55

A USD 1 million US Treasury Bill (91 days) is offered at a discount rate of 5.50%. The offer price will be:

- A. USD 1,000,000.00
- B. USD 986,097.22

- C. USD 945,000.00
- D. USD 986,287.67

Correct Answer: B

QUESTION 56

A bond selling at a discount will be selling for:

- A. less than 100%
- B. 100%
- C. more than 100%
- D. more than a bond selling at a premium

Correct Answer: A

QUESTION 57

A yield curve can be drawn for a wide variety of financial instruments. The most widely analyzed yield curves are those for benchmark instruments such as:

- A. consumption and inflation levels
- B. money market rates and government bonds
- C. mortgage rates
- D. commodities

Correct Answer: B

QUESTION 58

In the US commercial paper market, commercial paper is limited to

- A. a 270-day tenor
- B. a 360-day tenor
- C. a 365-day tenor
- D. a 366-day tenor

Correct Answer: A

QUESTION 59

The owner of a convertible bond

- A. has the obligation to convert his bond
- B. has the right to convert his bond
- C. must wait for the decision of the issuer if he wants to convert his bond
- D. has the obligation to convert the coupon into a variable or a fixed rate

Correct Answer: B

QUESTION 60

Which one of the following bonds uses variable rates?

- A. bond warrants
- B. reverse convertibles
- C. zero coupons
- D. FRN Minima's

Correct Answer: D

QUESTION 61

In the bond market, which of the following is true about the settlement amount?

- A. The settlement amount is the sum of the redemption value plus all coupons paid by the issuer.
- B. If the yield and the coupon are exactly the same, the settlement amount and the face value will be identical.
- C. The settlement amount is always calculated using the redemption price.
- D. On a coupon date, if the bond quotes at par, the settlement amount and the face value will be identical.

Correct Answer: D

QUESTION 62

What risks arise from not receiving the securities purchased or not receiving payment for securities sold?

- A. liquidity, market and counterparty risk
- B. only a funding risk
- C. only a liquidity and a funding risk
- D. settlement, funding and liquidity risk

Correct Answer: D

QUESTION 63

Rising interest rates will cause:

- A. a higher volume on settlement
- B. government borrowing to fall
- C. bond prices to rise in response to higher interest rates
- D. bond prices to fall

Correct Answer: D

QUESTION 64

The tenor of a bill of exchange describes:

- A. the original rate of the bill
- B. the rate at which the bill is bought
- C. the time to maturity of the bill
- D. the date on which the bill matures

Correct Answer: C

QUESTION 65

The purchase price of a coupon bond

- A. is higher than its face value if, and only if, its coupon rate is higher than its yield to maturity on the coupon date
- B. is higher than its face value if, and only if, its coupon rate is lower than its yield to maturity on the coupon date
- C. is lower than its face value if, and only if, its coupon rate is higher than its yield to maturity on the coupon date
- D. is always higher than its face value

Correct Answer: A

QUESTION 66

Which of the following are primary markets?

- A. auction markets conducted by the U.S. Treasury for U.S. Treasury bills
- B. the repo market

- C. the foreign exchange market
- D. the over-the-counter market for U.S. Government Bonds

Correct Answer: A

QUESTION 67

The coupon of this type of bond can be based on a country's CPI (Consumer Price Index):

- A. "step up" bonds
- B. index linked bonds
- C. premium bonds
- D. par bonds

Correct Answer: B

QUESTION 68

The "centralized collateral management service" offers which of the following services for its clients?:

- A. the valuation and transfer of collateral in general collateral (GC) repos only
- B. the valuation and transfer of collateral in triparty repos only
- C. the valuation and transfer of collateral in special repos only
- D. the valuation and transfer of collateral in any type of repo

Correct Answer: D

QUESTION 69

Which of the following institutions is not a cross-border clearing house?

- A. Monte Tittoli Milano
- B. Euro clear Brussels
- C. Clear stream Banking Luxembourg
- D. SWIFT

Correct Answer: D

QUESTION 70

A Luxembourg based bank, which regularly buys American securities for its customers, will preferably:

- A. buy the American securities directly on the NYSE
- B. open a bank account in the United States
- C. open an account in a bank in the U.S. that has an account at the NYSE
- D. buy the securities directly in Luxembourg

Correct Answer: C

QUESTION 71

The depository of your securities:

- A. is responsible only for the settlement of those securities
- B. is responsible only for safeguarding the securities that you have on your account
- C. is responsible for safeguarding both the securities that you have on your account and their settlement
- D. is never responsible for safeguarding securities

Correct Answer: C

QUESTION 72

If you execute a sale of bonds, and the securities have not been delivered 2 days after you have received

payment on the agreed settlement date, which of the following is correct:

- A. you will have to pay at least 2 days of funding costs on top of the coupon
- B. the counterparty will have to pay at least 2 days of interest charges on top of the coupon
- C. you have no debt to the counterparty
- D. the counterparty has a debt to you

Correct Answer: A

QUESTION 73

On 15 April 2010 you buy a bond whose coupon falls on 15 January 2010. The interest basis is 30/360. Using bond settlement T+1, how many days do you apply for the interest calculation?

- A. 89 days
- B. 90 days
- C. 91 days
- D. 92 days

Correct Answer: C

QUESTION 74

Which interest convention is used in the bond market for GBP?

- A. ACT/360
- B. ACT/ACT
- C. 360/360
- D. ACT/365

Correct Answer: B

QUESTION 75

The function of a prospectus can best be described as:

- A. establishing a guarantee for the prompt repayment of the issue at maturity
- B. establishing a guarantee of the issues investment value
- C. providing full disclosure about the issue
- D. formalizing the contract between the issuer and the lead / co-lead manager

Correct Answer: C

QUESTION 76

A 7% bond, maturing in 10 years, is selling at 92.00. What is its current yield?

- A. 7.61%
- B. 6.40%
- C. 7%
- D. the yield cannot be determined

Correct Answer: A

QUESTION 77

What is a convertible security?

- A. a security the owner has the right to convert
- B. a security the issuer has the right to redeem
- C. a security the owner has the right to redeem
- D. a security the issuer has the right to convert

Correct Answer: A

QUESTION 78

The interest rate below which the coupon for a FRN may not be fixed is called the:

- A. variable rate
- B. fixed rate
- C. floating rate
- D. minimum or floor rate

Correct Answer: D

QUESTION 79

A bank responsible for making due payments of principal and interest on a bond is called the

- A. purchase agent
- B. paying agent
- C. fiscal agent
- D. market maker

Correct Answer: B

QUESTION 80

All trades, internal and external, should be entered into trade capture systems:

- A. the same day they are executed
- B. as soon as possible
- C. within 24 hours of execution
- D. within an hour of execution

Correct Answer: B

QUESTION 81

What is a SWIFT message type 210?

- A. a payment by a private customer
- B. a confirmation of a spot transaction
- C. an interbank payment
- D. payment advice

Correct Answer: D

QUESTION 82

If a GBP/CHF trade is made on the spot foreign exchange market on Tuesday, when will the two currencies be settled if tomorrow (Wednesday) is a bank holiday in the U.K.?

- A. both currencies will be settled value date Friday
- B. GBP will be settled value Friday, CHF value Thursday
- C. both currencies will be settled value Thursday
- D. GBP will be settled value today, CHF will be settled value Friday

Correct Answer: A

QUESTION 83

What guidelines does the Model Code provide concerning the practice of only one party to a transaction sending a written confirmation?

- A. it is only permissible in derivatives markets
- B. it is not recommended
- C. it is recommended only when dealing interbank
- D. it is only permissible when dealing value today

Correct Answer: B

QUESTION 84

Confirmation is a function that can be performed by:

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

Correct Answer: B

QUESTION 85

A corporate client instructs you to make a USD payment to his account in London. What two message types should you send?

- A. MT 202 and MT 103
- B. MT 202 and MT 210
- C. MT 200 and MT 103
- D. MT 103 and MT 210

Correct Answer: A

QUESTION 86

In the unexpected event that a public holiday is declared on the date a particular contract matures, what is the normal market practice?

- A. if that day is NOT the final trading day of the month, all contracts maturing on that day are extended to the next business day
- B. if that day is NOT the final trading day of the month, all contracts maturing on that day are shortened to the preceding business day
- C. all new maturity dates have to be agreed upon with the counterparties involved
- D. decisions about the maturity dates of trading contracts are made by ACI's Committee for Professionalism on a case-by- case basis and must be adhered to

Correct Answer: A

QUESTION 87

Which of the following steps is typical for an interbank FX trade process flow?

- A. physical delivery
- B. collateral management
- C. negotiation of fees
- D. settlement

Correct Answer: D

QUESTION 88

Which department is responsible for originating deals?

- A. the front office
- B. the back office

- C. the middle office
- D. the compliance department

Correct Answer: A

QUESTION 89

Why are confirmations necessary?

- A. Confirmations authenticate the transaction to the risk manager, as well as providing essential information regarding bilateral limits.
- B. in order to authenticate the BIC-code of the counterparty when the confirmation is sent via SWIFT
- C. in order to have the exact mailing address of the counterparty when the confirmation is sent via mail
- D. Confirmations authenticate transactions to staff independent of the dealing room, as well as providing essential information regarding settlement.

Correct Answer: D

QUESTION 90

Which ONE of the following excerpts completes this statement of a best market practice? "Any exception to the confirmation process should be resolved..."

- A. no later than the value date
- B. within 2 days
- C. within 1 week
- D. on the day it is discovered

Correct Answer: D

QUESTION 91

What is the advantage of instantaneous matching?

- A. it gives the counterparty more time to cancel a deal
- B. it reduces errors and costs
- C. it gives front-office staff more time to process the payment orders
- D. it increases transaction costs

Correct Answer: B

QUESTION 92

What is the purpose of "internal cash reconciliation"?

- A. to control the banks cash and derivative positions
- B. to reconcile and control the cash balance for the Bank for International Settlements (BIS)
- C. to reconcile and control the cash balance for the central bank
- D. cash forecasting, cash collateral and cash positions control

Correct Answer: D

QUESTION 93

Which SWIFT message type family is used for securities transactions?

- A. MT 3XX
- B. MT 2XX
- C. MT 5XX
- D. MT 1XX

Correct Answer: C

QUESTION 94

The trade life cycle of a treasury deal starts with input and ends with:

- A. accounting
- B. adjustment of bilateral limits
- C. netting
- D. nostro reconciliation

Correct Answer: D

QUESTION 95

Which of the following is characteristic of derivative instruments?

- A. trades are executed in nominal amounts
- B. derivatives are bought and sold only over the counter (OTC)
- C. the final settlement of a derivatives trade can only be made by physical delivery
- D. the accounting for derivative instruments is off balance sheet

Correct Answer: D

QUESTION 96

What information is essential for an interbank FX confirmation?

- A. specification of the applicable law
- B. the value date
- C. the brokerage cost
- D. the name of the person(s) originating the deal

Correct Answer: B

QUESTION 97

What is the most frequently used settlement process for securities?

- A. free of settlement payment
- B. cash settlement
- C. same day value settlement
- D. delivery-versus-payment

Correct Answer: D

QUESTION 98

Which of the following is essential for the effective and timely execution of outward payments?

- A. confirmation of the exact processing time of the payment order with the central bank of your counterparty
- B. the strict adherence to the cut-off times of your domestic payment system
- C. confirmation of the time of processing of the payment order with your own central bank
- D. the strict adherence to the cut-off times for payments made worldwide

Correct Answer: D

QUESTION 99

How are accounting entries USUALLY generated?

- A. They are generated based on a code profile held for each product type on a time event basis.
- B. They are generated based on a code profile held for each front office staff member.
- C. They are generated based on the nature of instruments (debits = first priority / credits = second

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