ACI Dealing Certificate

1. What is the amount of the principal plus interest due at maturity on a 1-month (32-day) deposit of
USD 50,000,000.00 placed at 0.37%?

A. EUR 50,015,416.67

B. EUR 50,016,219.18

C. EUR 50,016,444.44

D. EUR 50,016,958.33

Answer(s): C

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2. 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(s): D

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3. Today's spot value date is the 30th of June. What is the maturity date of a 2-month EUR deposit deal today? Assume no bank holidays.

A. 27th August

B. 30th August

C. 31st August

D. 1 September

Answer(s): C

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4. How many GBP would you have to invest at 0.55% to be repaid GBP 2,000,000.00 (principal plus interest) in 90 days?

A. GBP 1,997,253.78

B. GBP 1,997,291.34

C. GBP 1,997,287.67

D. GBP 1,997,250.00

Answer(s): B

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5. 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(s): D

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6. What is EONIA?

A. Volume-weighted average overnight EUR deposit rate

B. Volume-weighted average overnight EUR LIBOR

C. Arithmetic average overnight EUR deposit rate

D. ECB overnight lending rate

Answer(s): A

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7. Which of the following is not a negotiable instrument?

A. CD

B. FRA

C. BA

D. ECP

Answer(s): B

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8. Which of the following is a Eurocurrency deposit?

A. A 3-month deposit of USD 10,000,000.00 offered by a US bank in New York

B. A 3-month deposit of USD 10,000,000.00 offered by the US branch of a UK bank in New York

C. A 3-month deposit of USD 10,000,000.00 offered by a US bank in London

D. A 3-month deposit of GBP 10,000,000.00 offered by the UK branch of a US bank in London

Answer(s): C

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9. What is the maximum maturity of an unsecured USCP?

A. One year

B. 270 days

C. 183 days

D. 5 years

Answer(s): B

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10. Which party usually takes an initial margin in a classic repo?

A. The buyer

B. The seller

C. Neither

D. Both

Answer(s): A

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11. What are the primary reasons for taking an initial margin in a classic repo?

A. Counterparty risk and operational risk

B. Counterparty risk and legal risk

C. Collateral illiquidity and counterparty risk

D. Collateral illiquidity and legal risk

Answer(s): C

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12. What happens when a coupon is paid on bond collateral during the term of a classic repo?

A. Nothing

B. A margin call is triggered on the seller

C. A manufactured payment is made to the seller

D. Equivalent value plus reinvestment income is deducted from the repurchase price

Answer(s): C

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13. A CD with a face value of EUR 10,000,000.00 and a coupon of 3% was issued at par for 182 days and is now trading at 3.10% with 120 days remaining to maturity. What has been the capital gain or loss since issue?

A. -EUR 52,161.00

B. -t-EUR 47,839.00

C. -EUR 3,827.67

D. Nil

Answer(s): C

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14. You have taken 3-month (92 days) deposits of CAD 12,000,000.00 at 1.10% and CAD 6,000,000.00 at 1.04%. Minutes later, you quote 3-month CAD 1.09-14% to another bank. The other dealer takes the CAD 18,000,000.00 at your quoted price. What is your profit or loss on this deal?

A. CAD 2,722.19

B. CAD 460.00

C. CAD 3,220.00

D. CAD 2,760.00

Answer(s): D

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15. A 7% CD was issued at par, which you now purchase at 6.75%. You would expect to pay:

A. The face value of the CD

B. More than the face value

C. Less than the face value

D. Too little information to decide

Answer(s): B

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16. The tom/next GC repo rate for German government bonds is quoted to you at 1.75-80%. As collateral, you sell EUR 10,000,000.00 nominal of the 5.25% Bund July 2012, which is worth EUR 11,260,000.00, 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(s): C

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17. The tom/next GC repo rate for German government bonds is quoted to you at 1.75-80%. As collateral, you sell EUR 10,000,000.00 million nominal of the 5.25% Bund July 2012, which is worth EUR 11,260,000.00. If you have to give an initial margin of 2%, the Repurchase Price is:

A. EUR 11,035,336.41

B. EUR 11,035,351.74

C. EUR 11,039,752.32

D. EUR 11,039,767.65

Answer(s): D

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18. A bond is trading 50 basis points special for 1 week, while the 1-week GC repo rate is 3.25%. If you held GBP 10,500,000.00 of this bond, what would be the cost of borrowing against it in the repo market?

A. GBP 7,551.37

B. GBP 6,544.52

C. GBP 5,537.67

D. GBP 1,006.85

Answer(s): C

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19. 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(s): B

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20. 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(s): B
