

# ACI Certification Exam - 3i0-008

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

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

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

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

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

**Answer(s): C**

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2. Click on the Exhibit Button to view the Formula Sheet. Convert 8.25% quoted on a semi-annually compounded money market basis for USD to the equivalent annually- compounded bond basis.

A. 8.52%

B. 8.69%

C. 8.30%

D. 8.54%

**Answer(s): D**

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3. Click on the Exhibit Button to view the Formula Sheet. Brokers should confirm all transactions:

A. Only if the deal is between overseas counterparties and for value today.

B. Only if the transaction is not for a marketable amount .

C. Initially by fax or other acceptable electronic means, then in writing.

D. To both counterparties immediately by fax or other acceptable electronic means.

**Answer(s): D**

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4. Click on the Exhibit Button to view the Formula Sheet. Brokers shall not reveal the identity of a counterparty unless:

A. They are forced to do so.

B. They are asked by their senior management to do so.

C. Explicitly authorised to do so by the counterparty.

D. They know the counterparty very well.

**Answer(s): C**

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5. Click on the Exhibit Button to view the Formula Sheet. The Chairman and members of the ACIs Committee for Professionalism are ready to assist in resolving disputes through the ACIs Expert Determination Service in situations where:

A. Litigation has already commenced.

B. The amount of the deal exceeds EUR 5 million.

C. The local regulator or central bank declines to intervene.

D. At the request of one of the counterparties.

**Answer(s): D**

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6. Click on the Exhibit Button to view the Formula Sheet. A CD can usually only be issued by what type of institution?

A. Investment bank

B. Credit institution

C. All of the above

D. Discount house

**Answer(s): B**

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7. Click on the Exhibit Button to view the Formula Sheet. Lending for 3 months and borrowing for 6 months creates a 3x6 forward-forward deposit. The cost of that deposit is called:

A. Forward-forward rate

B. Break-even rate

C. All of the above

D. Implied rate

**Answer(s): C**

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8. Click on the Exhibit Button to view the Formula Sheet. A 6-month SEK/NOK Swap is quoted 140/150. Spot is 0.9445. Which of the following statements is correct?

A. SEK interest rates and NOK interest rates are converging

B. NOK interest rates are higher than USD interest rates

C. SEK interest rates are higher than NOK interest rates

D. NOK interest rates are higher than SEK interest rates

**Answer(s): D**

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9. Click on the Exhibit Button to view the Formula Sheet. Which of the following is sometimes called two-name paper?

A. ECP

B. BA or bank bill

C. Treasury bill

D. CD

**Answer(s): B**

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10. Click on the Exhibit Button to view the Formula Sheet. Borrowing USD for 12 months and lending them for 6 months (means that you are making):

A. Forward-forward loan

B. An over-lent position

C. Negative gap

D. Forward-forward deposit

**Answer(s): D**

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11. Click on the Exhibit Button to view the Formula Sheet. What is replacement cost a function of?

A. Credit risk

B. Both of the above

C. Market risk

D. None of the above

**Answer(s): A**

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**12.** Click on the Exhibit Button to view the Formula Sheet. The term "under reference" refers to:

A. An unavailability of credit limit for the counterparty.

B. The unacceptability of the counterparty's name.

C. The need to reconfirm a transaction.

D. The rate quoted is going to be revised.

**Answer(s): C**

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**13.** Click on the Exhibit Button to view the Formula Sheet. If GBP/USD is quoted to you at

A. 1,242,720.50

B. 1,240,694.79

C. 1,237,873.80

D. 1,239,925.60

**Answer(s): D**

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**14.** Click on the Exhibit Button to view the Formula Sheet. The use of standard settlement instructions (SSI's) is strongly encouraged because:

A. It reduces operational risk.

B. It splits differences arising from failed settlement between the two counterparties.

C. All of the above.

D. It removes the need for sending out SWIFT payment authorisations.

**Answer(s): A**

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**15.** Click on the Exhibit Button to view the Formula Sheet. A CD with a face value of USD 250 million was issued at par with a coupon of 5% for 91 days. You buy it in the secondary market when it has 30 days remaining to maturity and is trading at 5.25%. How much do you pay?

A. USD 248,911,014.31

B. USD 252,056,972.97

C. USD 250,000,000.00

D. USD 252,028,916.32

**Answer(s): B**

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**16.** Click on the Exhibit Button to view the Formula Sheet. If a 6-month AUD/NZD swap is quoted 173/165, which of the following statements would you consider to be correct?

A. 6-month AUD rates are higher than 6-month NZD rates

B. Spot AUD/NZD will be higher by approximately 170 points in 6 months

C. The AUD yield curve is positive, whilst the NZD curve is negative

D. 6-month AUD rates are lower than 6-month NZD rates

**Answer(s): A**

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**17.** Click on the Exhibit Button to view the Formula Sheet. A 3-month (90-day) USD deposit is

A. 5.8425%

B. 5.75%

C. 5.8561%

D. 5.8342%

**Answer(s): C**

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**18.** Click on the Exhibit Button to view the Formula Sheet. You bought a EUR 8,000,000 6x9 FRA at 4.50%. The settlement rate is 3-month (90-day) EURIBOR, which is fixed at 3.50%.

A. You pay EUR 20,000.00

B. You receive EUR 20,000.00

C. You receive EUR 19,826.52

D. You pay EUR 19,826.52

**Answer(s): D**

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**19.** Click on the Exhibit Button to view the Formula Sheet. You deal over the phone with a counterparty. The subsequent confirmation differs from the terms agreed verbally. What is the result?

A. It depends on local law.

B. The confirmation takes precedence as it is a written contract.

C. The matter will have to be submitted to arbitration in order to establish the mutual intent of the parties.

D. The verbal agreement is binding.

**Answer(s): D**

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**20.** Click on the Exhibit Button to view the Formula Sheet. What is the ISO code for the Lebanon pound?

A. LNP

B. LBP

C. LEP

D. LBD

**Answer(s): B**

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