

ACI Operations Certificate challenging

1. You take a EUR deposit on Monday, 13 February. Assuming there are 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

Answer(s): C

2. 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

Answer(s): A

3. 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

Answer(s): A

4. What does ISDA stand for?

A. International Swaps and Derivatives Association

B. Integrated System Data Association

C. International Swap Derivatives Agreement

D. International Swaps Dealer Association

Answer(s): A

5. 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

Answer(s): B

6. Which SWIFT message formats would you use for a foreign exchange confirmation and fixed money market confirmation, respectively?

A. MT400, MT950

B. MT 200, MT 100

C. MT300, MT950

D. MT 300, MT 320

Answer(s): D

7. When do you use a SWIFT message type 202?

A. For a foreign exchange confirmation

B. For multiple general financial institution transfers

C. For a general financial institution transfer

D. For a customer transfer

Answer(s): C

8. 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

Answer(s): A

9. 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 priority).

D. They are generated in the morning at start of business when there is no direct link to other systems.

Answer(s): A

10. What is a SWIFT message type 210?

A. A request for financial institution transfer

B. A general financial institution transfer

C. A financial institution transfer for its own account

D. A notice to receive

Answer(s): D

11. What is done with counterparties' confirmations?

A. They are scanned for money laundering activities and afterwards destroyed

B. They are forwarded to the deal capturer to check the completeness of the deal

C. They are matched as soon as possible after receipt

D. They are archived after reception

Answer(s): C

12. What is the purpose of "internal cash reconciliation"?

A. To control the bank's 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

Answer(s): D

13. 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

Answer(s): B

14. 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

Answer(s): D

15. Which of the following types of payment demands extra diligence and review procedures?

A. Nostro funding payment

B. Third party payment

C. Value spot USD payment

D. Value spot payment for currency equivalents > USD 3,000,000.00

Answer(s): B

16. Which of the following best describes TARGET2?

A. The real-time gross settlement (RTGS) system owned and operated by the Euro system

B. The system used in Germany for settling high value domestic securities transactions

C. The pan-Europe netting system used for reducing credit risk for derivative transactions

D. The system used by the European Banking Federation to clear cross border Euro payments

Answer(s): A

17. What is a settlement date?

A. The date by which the interest payment on an operation must be made

B. The last date by which the minimum reserve amount can be paid to the central bank

C. The date, on which settlement must be made on the contracted amount or the differential amount of an operation

D. The date a deal is processed

Answer(s): C

18. What is the main difference between TARGET and TARGET2?

A. Finland did not participate in TARGET but it does participate in TARGET2

B. The cut-off time for TARGET2 is 20:00 (8.00 p.m.) CET, whereas the cut-off time for TARGET was 18:00(6.00 p.m.) CET

C. TARGET2 runs on a single shared technical platform whereas TARGET did not

D. TARGET2 processes payment orders denominated in EUR as well as USD

Answer(s): C

19. Which of the following best describes the main benefit of the RTGS payment system?

A. Final settlement of interbank funds transfers on a continuous, trade by trade basis throughout the day

B. Lower costs through fewer payments passing through nostro accounts

C. Lower costs through less labor intensive methods

D. Reduced market risk due to smaller values of open positions

Answer(s): A

20. A payment is made from Germany to a second Euro zone country. Which international payment system would normally be used?

A. TARGET2

B. Euro Link System (ELS)

C. Euroclear

D. Clearstream

Answer(s): A
