3I0-012^Q&As

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QUESTION 1

In FX trading a "third party beneficiary" is best described as:

A. the issuer of a payment for the relevant trade distinct from the counterparty

B. the issuer of a payment for the relevant trade identical to the counterparty

C. the recipient of a payment for the relevant trade distinct from the counterparty

D. the recipient of a payment for the relevant trade identical to the counterparty

Correct Answer: C

QUESTION 2

Basis risk on a futures contract is:

A. The risk of an adverse change in the futures price

B. The risk of an adverse change in the spread between futures and cash prices

C. The progressive illiquidity of a futures contract as it approaches expiry

D. The risk of a divergence between the futures price and the final fixing of the underlying interest rate

Correct Answer: B

QUESTION 3

Management has a specific responsibility to issue guidelines to staff on transacting after-hours and off-premises. Which of the following does the Model Code suggest?

A. Dealing should only be allowed during normal trading hours.

B. It is not recommended that an unofficial close of business be specified for each trading day.

C. There should be clear written guidelines regarding the limit and type of deals that are permitted after normal hours or off-premises.

D. All after-hours and off-premises transactions must be dealt exclusively with the dealer\\'s personal mobile phones

Correct Answer: C

QUESTION 4

What rate should be used if the settlement date in a foreign exchange transaction is no longer a "good" date?

A. The original rate of the transaction

B. The original rate of the transaction adjusted by the relevant forward points

C. The affected parties should agree to adjust the exchange rate according to the prevailing relevant forward mid swap points at the time the bank holiday is announced

D. The rate is open to negotiation by the two parties

Correct Answer: C

QUESTION 5

If the yield curve is upward sloping, a bank would not profit from:

A. borrowing short and lending long

B. borrowing long and lending short

C. paying a higher rate on deposits than the market

D. increasing the banks leverage

Correct Answer: B