

Latest Version: 6.0

Question: 1

Where Firm A has borrowed a fixed cash amount on a secured basis from Firm B, an increase in the collateral value means that:

- A. Firm A has exposure and must return some collateral to Firm B
- B. Firm B has exposure and must request additional collateral from Firm A
- C. Firm B has exposure and must request the return of collateral from Firm A
- D. Firm A has exposure and must request the return of some collateral from Firm B

Answer: D

Question: 2

Bond types that are traded at a deeply discounted price are:

- A. Floating rate notes
- B. Zero coupon bonds
- C. Convertible bonds and Exchangeable bonds
- D. Fixed rate bonds

Answer: B

Question: 3

From the perspective of one party to a securities trade, Free of Payment settlement without risk means:

- A. Delivering an asset to the counterparty prior to receipt of the contra asset from the counterparty
- B. Simultaneously exchanging securities and cash with the counterparty
- C. Delivering an asset to the counterparty following successful exchange of trade confirmations
- D. Receiving the counterparty's asset before instructing release of the contra asset

Answer: D

Question: 4

The type of organisation that specializes in deposit-taking and cash loans is known as a:

- A. Mutual fund
- B. Commercial bank
- C. Investment bank
- D. Private bank

Answer: B

Question: 5

The integrity of internal books & records for securities is proven by ensuring:

- A. The total ownership position is equal to the sum of open and closed trades with counterparties
- B. The total settled position is equal to the sum of open trades and trades with a future value date
- C. The total ownership position is equal to the sum of the settled positions plus/minus open trades with counterparties
- D. The total settled position is equal to the sum of open and closed trades with counterparties

Answer: C