# KillTest

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# 學習資料

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**Exam** : **3I0-008**

**Title** : ACI DEALING CERTIFICATE

**Version** : Demo

1. These are all the pirctures which this dumps will use. When you meet the questions, you can refer to them by yourself.

A

**INTEREST RATE CONVERSIONS**

Converting between bond basis and money market basis (Act/360)

$$\text{rate}_{\text{bond basis}} = \text{rate}_{\text{money market basis}} \frac{365}{360}$$

$$\text{rate}_{\text{money market basis}} = \text{rate}_{\text{bond basis}} \frac{360}{365}$$

Converting between annually and semi-annually compounding frequencies

$$\text{rate}_{\text{annually-compounded}} = \left(1 + \frac{\text{rate}_{\text{semi-annually compounded}}}{2}\right)^2 - 1$$

$$\text{rate}_{\text{semi-annually compounded}} = \left(\sqrt{1 + \text{rate}_{\text{annually compounded}}} - 1\right)2$$

*The formulae for converting between annually and semi-annually compounded rate apply only to rates quoted on a bond basis, not a money market basis.*

B

**MONEY MARKET**

Certificates of deposit

$$\text{proceeds at maturity} = \text{face value}\left(1 + \frac{\text{coupon} \times \text{term}}{\text{annual basis}}\right)$$

$$\text{secondary market proceeds} = \frac{\text{proceeds at maturity}}{1 + \frac{\text{yield} \times \text{day count}}{\text{annual basis}}}$$

Discount-paying instruments quoted as a true yield

$$\text{secondary market proceeds} = \frac{\text{face value}}{1 + \frac{\text{yield} \times \text{day count}}{\text{annual basis}}}$$

Discount-paying instruments quoted as a rate of discount

$$\text{discount amount} = \text{face value} \frac{\text{rate of discount} \times \text{day count}}{\text{annual basis}}$$

$$\text{secondary market proceeds} = \text{face value}\left(1 - \frac{\text{rate of discount} \times \text{day count}}{\text{annual basis}}\right)$$

$$\text{true yield} = \frac{\text{rate of discount}}{1 - \frac{\text{rate of discount} \times \text{day count}}{\text{annual basis}}}$$

Forward price of sell/buy-back

$$\text{forward price} = \frac{(\text{repurchase price} - \text{accrued interest on collateral at termination})}{\text{nominal price of collateral}} 100$$

C

**FORWARD-FORWARDS & FORWARD RATE AGREEMENTS**

$$\text{forward - forward rate} = \left[\frac{1 + \frac{\text{interest rate}_{\text{long period}} \times \text{day count}_{\text{long period}}}{\text{annual basis}}}{1 + \frac{\text{interest rate}_{\text{short period}} \times \text{day count}_{\text{short period}}}{\text{annual basis}}} - 1\right] \frac{\text{annual basis}}{\text{day count}_{\text{forward-forward period}}}$$

$$\text{FRA settlement amount} = \text{notional principal amount} \frac{\left(\frac{(\text{FRA rate} - \text{settlement rate}) \times \text{day count}}{\text{annual basis}}\right)}{\left(1 + \frac{\text{settlement rate} \times \text{day count}}{\text{annual basis}}\right)}$$

D

## FIXED INCOME

Clean and dirty price of bond with annual coupons on coupon date

$$\text{price} = 100\left[\left(\frac{\text{coupon}}{\text{yield}}\left(1-\frac{1}{(1+\text{yield})^{\text{remaining coupons}}}\right)\right)+\frac{1}{(1+\text{yield})^{\text{remaining coupons}}}\right]$$

Dirty price of bond with annual coupons

$$\text{dirty price} = \frac{\text{first cashflow}}{(1+\text{yield})^{\frac{\text{days to next coupon}}{\text{annual basis}}}}+\frac{\text{second cashflow}}{(1+\text{yield})^{1+\frac{\text{days to next coupon}}{\text{annual basis}}}}+\Lambda+\frac{n^{\text{th}}\text{ cashflow}}{(1+\text{yield})^{(n-1)+\frac{\text{days to next coupon}}{\text{annual basis}}}}$$

Duration at issue or on a coupon date

$$\text{Macaulay Duration} = \frac{\left[\begin{array}{l}(\text{present value of first coupon amount} \times \text{time to first coupon})+\\ \quad(\text{present value of second coupon amount} \times \text{time to second coupon})+\ldots\\ \quad+(\text{present value of }(\text{last coupon amount}+\text{nominal amount})\times \text{time to last coupon})\end{array}\right]}{\text{net present value of bond}}$$

$$\text{Modified Duration} = \frac{\text{Macaulay Duration}}{\left(1+\frac{\text{yield}}{\text{compounding frequency}}\right)}$$

Calculating zero-coupon yield from an annual yield-to-maturity (bootstrapping)

$$\text{zero - coupon yield for n - year term} = \left(\sqrt[n]{\frac{\text{final coupon amount}+\text{nominal amount}}{\text{implied present value of final coupon and nominal amount}}}-1\right)100$$

The implied present value of the final coupon and nominal amount is calculated by subtracting from the net present value of the bond the sum of the present values of all coupons except the final one, where each present value is calculated using the appropriate zero-coupon yield.

E

## FOREIGN EXCHANGE

Forward FX rate

$$\text{forward rate} = \text{spot rate} \frac{1 + \frac{\text{interest rate}_{\text{quoted currency}} \times \text{day count}}{\text{annual basis}_{\text{quoted currency}}}}{1 + \frac{\text{interest rate}_{\text{base currency}} \times \text{day count}}{\text{annual basis}_{\text{base currency}}}}$$

Covered interest arbitrage

synthetic quoted currency interest rate =

$$\left[\left(\left(1 + \frac{\text{interest rate}_{\text{base currency}} \times \text{day count}}{\text{annual basis}_{\text{base currency}}}\right)\frac{\text{forward rate}}{\text{spot rate}}\right) - 1\right]\frac{\text{annual basis}_{\text{quoted currency}}}{\text{day count}}$$

synthetic base currency interest rate =

$$\left[\left(\left(1 + \frac{\text{interest rate}_{\text{quoted currency}} \times \text{day count}}{\text{annual basis}_{\text{quoted currency}}}\right)\frac{\text{spot rate}}{\text{forward rate}}\right) - 1\right]\frac{\text{annual basis}_{\text{base currency}}}{\text{day count}}$$

F

## OPTIONS

Standard deviation

$$\text{standard deviation} = \sqrt{\frac{\sum_{t=1}^{n}(\text{return at time } t - \text{mean return})^2}{\text{number of observations} - 1}}$$

Calculating the volatility over a period from annualised volatility

volatility over period t = annualised volatility $\sqrt{t}$

Where t is in years or fractions thereof.

2. Click on the <> Button to view the Formula Sheet.

A 1-month (30-day) USCP with a face value of USD 5 million is quoted at a rate of discount of 2.31%.

How much is the paper worth?
A.USD 4,884,500.00
B.USD 4,990,375.00
C.USD 4,990.506.85
D.USD 4,990,393.49
ANSWER: b

3. Click on the <> Button to view the Formula Sheet.
Which of the following is issued by auction?
A.Treasury bill
B.CD
C.BA
D.USCP
ANSWER: a

4. Click on the <> Button to view the Formula Sheet.
Which of the following will tend to have the higher yield?
A.Treasury bill
B.Repo against Treasury bill collateral
C.They have the same yield
D.Cannot say
ANSWER: b

5. Click on the <> Button to view the Formula Sheet.
In case of a default on a repo by the seller:
A.The buyer can liquidate the collateral
B.The buyer has to liquidate the collateral
C.The buyer cannot liquidate the collateral until the seller is declared insolvent
D.A court is appointed to decide what happens to the collateral
ANSWER: a

6. Click on the <> Button to view the Formula Sheet.
What are the secondary market proceeds of a CD with a face value of EUR 5 million and a coupon of 3% that was issued at par for 182 days and is now trading at 3% but with only 7 days remaining to maturity?
A.EUR 4,997,085.03
B.EUR 5,000,000.00
C.EUR 5,071,086.45
D.EUR 5,072,874.16
ANSWER: d

7. Click on the <> Button to view the Formula Sheet.
Four banks provide you with quotes in CHF/SEK. Which is the best price for you to buy SEK?
A.5.5825
B.5.5820
C.5.5815
D.5.5830
ANSWER: d

8. Click on the <> Button to view the Formula Sheet.
Voice-brokers in spot FX are remunerated with:
A.Commission paid by both parties at rates agreed beforehand
B.A fee paid by the seller
C.Bid/offer spread
D.A share of the bid/offer spread
ANSWER: a

9. Click on the <> Button to view the Formula Sheet.
Covered interest arbitrage is possible when:
A.The low interest rate currency depreciates
B.There is a large swing in the spot rate
C.The values of the forward points and of the interest rate differential between two currencies diverge
D.The interest rate differential widens rather than narrows
ANSWER: c

10. Click on the <> Button to view the Formula Sheet.
What is the ISO code for platinum
A.XAU
B.XAG
C.XPT
D.XPD
ANSWER: c

11. Click on the <> Button to view the Formula Sheet.
If EUR/USD is 1.1025-28 and the 6-month swap is 112.50/113, what is the 6-month outright price?
A.1.1380-1.11405
B.1.11375-1.1141
C.1.09125-1.0915
D.None of these
ANSWER: b

12. Click on the <> Button to view the Formula Sheet.
The 180-day GBP/USD rate is bid 62 and the 90-day GBP/USD rate is bid 29.
What is the bid rate for 120 days, assuming straight-line interpolation?
A.33
B.42
C.27
D.40
ANSWER: d

13. Click on the <> Button to view the Formula Sheet.
In the international market, a FRA in USD is usually settled with reference to:
A.BBA LIBOR
B.Fed funds
C.ISDA LIBOR
D.EURIBOR
ANSWER: a

14. Click on the <> 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.Break-even rate
B.Implied forward rate
C.Forward-forward rate
D.All of the above
ANSWER: d

15. Click on the <> Button to view the Formula Sheet.
What is the Overnight Index for GBP?
A.SONIA
B.STINA
C.LIBOR
D.EONIA
ANSWER: a

16. Click on the <> Button to view the Formula Sheet.
Prior to expiration, an in-the-money option has:
A.Intrinsic value but no time value
B.Time value but no intrinsic value

C.Both time value and intrinsic value
D.Neither time value nor intrinsic value
ANSWER: c

17. Click on the <> Button to view the Formula Sheet.
The position delta of an in-the-money short put option is:
A.Between -0.5 and -1
B.-0.5
C.Between +0.5 and +1
D.+0.5
ANSWER: c

18. Click on the <> Button to view the Formula Sheet.
The seller of a floor:
A.Receives compensation if a reference interest rate falls below an agreed level
B.Pays compensation if a reference interest rate falls below an agreed level
C.Receives compensation if a reference interest rate rises above an agreed level
D.Pays compensation if a reference interest rate rises above an agreed level
ANSWER: b

19. Click on the <> Button to view the Formula Sheet.
You have done the following deals in spot USD/JPY:
Sold USD 5.0 million at 130.60
Bought USD 3.5 million at 130.20
Bought USD 2.0 million at 130.50
Sold USD 2.0 million at 130.55
What is your net position and average rate?
A.Short USD 1.5 million at 130.46
B.Long USD 1.5 million at 130.46
C.Short USD 1.5 million at 131.60
D.Long USD 1.5 million at 131.60
ANSWER: c

20. Click on the <> Button to view the Formula Sheet.
Taking collateral to hedge the credit risk on a counterparty means that you have:
A.Eliminated credit risk
B.Eliminated market risk
C.Taken a guarantee from the issuer of the collateral
D.Taken on market, legal and operational risks
ANSWER: d

21. Click on the <> Button to view the Formula Sheet.
Making interest rate swap transactions subject to agreement on documentation:
A.Is recommended where the complications of the transaction warrant the practice.
B.Is strictly forbidden.
C.Is considered bad practice.
D.Must have senior management approval.
ANSWER: c

22. Click on the <> Button to view the Formula Sheet.
One of your major customers is visiting your bank and wishes to meet you and see the dealing room. What is the Model Code recommendation?
A.There is no problem.
B.There is no problem provided the visitor is a member of your customers management and not a dealer for the customer.
C.There is no problem with a short, one-off visit approved by management.
D.Non-treasury personnel and visitors should not be allowed into the dealing room.
ANSWER: c

23. Click on the <> Button to view the Formula Sheet.
It is now permissible in most markets for brokers to be owned by banks and other principals. Where there is shared management, or a shareholding or other investment in a broker by a counterparty:
A.The broker is not obligated to reveal the connection provided Chinese Walls are in place.
B.The broker is not obligated to reveal the connection in the professional market.
C.The broker should advise the other counterparty of the connection.
D.The matter is covered in the Model Code.
ANSWER: c

24. Click on the <> Button to view the Formula Sheet.
If a counterparty's name is not acceptable to a lending bank, that bank:
A.Can revise the rate according to his credit position for the counterparty.
B.Should not revise the rate.
C.Can revise the rate but only with the consent of senior management.
D.Can revise the rate according to the credit rating of the counterparty
ANSWER: b

25. Click on the <> Button to view the Formula Sheet.
Written confirmation is a function that can be done by:
A.Any dealer as long as he/she is not a party to the trade.

B.Staff in the back-office.
C.Staff in the dealing room who are not dealing.
D.Any staff outside the dealing room.
ANSWER: b

26. Click on the <> Button to view the Formula Sheet.
The extension of an off-market rate could have the following implications:
A.An unauthorised extension of credit to the counterparty.
B.Deferring a loss to a future date.
C.Deferring an income to a future date.
D.All of the above.
ANSWER: d

27. Click on the <> Button to view the Formula Sheet.
Although The Model Code discourages the extension of forward FX contracts at their historic rates, one of the conditions required for this is:
A.Prior management approval has been sought.
B.They are executed within six months.
C.They are extended for not more than one year.
D.All of the above.
ANSWER: a

28. Click on the <> Button to view the Formula Sheet.
What are some of the major objectives of The Model Code?
A.To clarify the roles of dealers, brokers and customers
B.To promote a high level of ethical, professional behaviour
C.To act as a guide in the absence of government regulation
D.All of the above
ANSWER: d

29. Click on the <> Button to view the Formula Sheet.
What is the amount of the principal plus interest due at maturity on a 1-month (31-day) deposit of EUR 50 million placed at 3.67%?
A.EUR 50,152,916.70
B.EUR 50,155,849.30
C.EUR 50,158,013.90
D.EUR 50,161,888.90
ANSWER: c

30. Click on the <> Button to view the Formula Sheet.
Which of the following currencies is quoted on an actual/365 basis for the calculation of interest on interbank deposits in London?
A.EUR
B.JPY
C.GBP
D.CHF
ANSWER: c