

ACI Operations Certificate New Version (002-201)

Sample Questions

*“Setting the benchmark in
certifying the financial
industry globally”*

ACI Financial Markets Association
8, rue du Mail
75002 Paris France
www.acifma.com

1 – Financial Markets Environment

1.1 What would you use a SWIFT MT 340 for?

- A To confirm a vanilla currency option
- B To confirm a foreign exchange transaction
- C To confirm the terms of a contract relative to a fixed loan/deposit transaction
- D→** To confirm the details of a forward rate agreement (FRA)

1.2 In the life cycle of a trade, deal capture is a task performed by?

- A→** Front office staff
- B Operations staff
- C Middle office staff
- D Back-office staff

1.3 In which country would the “SIC system” be used to process both large value payments and retail transfers?

- A Sweden
- B China
- C→** Switzerland
- D Singapore

1.4 Which of the following is an example of a vostro (loro) account from the perspective of a bank in Zürich?

- A A CHF account it has with another bank in Zürich
- B A foreign currency account it has with another bank in Zürich
- C A foreign currency account it has with another bank outside Switzerland
- D→** A CHF account that it holds for a customer in Luxembourg

1.5 A JPY nostro account that you hold in Bank XYZ is long JPY 2,500,000,000 and a JPY nostro account that you hold in Bank FGH is short JPY 2,500,000,000. What action should you take to reconcile the accounts?

- A→** You should instruct Bank XYZ to transfer JPY 2,500,000,000 to your nostro account at Bank FGH
- B You should lend the surplus JPY 2,500,000,000 in order to compensate the overdraft charges on the short balance with the interest earned on the loan
- C No action is required. The credit interest earned on the long balance will offset the debit interest incurred on the short balance
- D You should borrow JPY 2,500,000,000 to cover the short balance and leave the long balance as it is

2 – Foreign Exchange

2.1 Your FX dealer has bought 12,000,000.00 USD/CHF spot at 0.9325. In settlement you would expect to:

- A Receive CHF 12,868,632.71
- B Pay CHF 12,868,632.71
- C Receive CHF 11,190,000.00
- D→ Pay CHF 11,190,000.00**

2.2 If a tom/next EUR/JPY FX Swap is traded on Thursday, 5 May, and there are no holidays in the relevant currencies during the week of May 9 – 16, what would be the value dates of the two swap legs??

- A 5 – 6 May
- B 6 – 7 May
- C→ 6 – 9 May**
- D 9 – 10 May

2.3 If GBP/USD is 1.1620-23 and USD/PLN is 3.9620-40, what is GBP/PLN?

- A→ 4.6038-74**
- B 4.6050-62
- C 0.2170-72
- D 5.1240-63

2.4 Your dealer has made the following deals in spot EUR/CHF today: Sold EUR 3,000,000.00 at 1.0620; Bought EUR 3,500,000.00 at 1.0580; Bought CHF 2,227,470.00 at 1.0607; Sold CHF 3,506,250.00 at 1.0625. What is the dealer's position?

- A Short EUR 2,000,000.00 at 1.0600
- B Long EUR 2,000,000.00 at 1.0595
- C→ Long EUR 1,700,000.00 at 1.0563**
- D Short CHF 1,795,780.00 at 1.0610

2.5 Your FX swap dealer bought and sold 3 months EUR/USD in 10,000,000.00 EUR; rates were set to 1.1580 against 1.1600. What payment is your bank expecting to make in 3 months from now?

- A EUR 11,600,000.00
- B USD 11,580,000.00
- C→ EUR 10,000,000.00**
- D USD 11,600,000.00

2.6 What is the ISO code for Palladium?

- A→** XPD
- B XAU
- C XAG
- D XPT

2.7 If the USD/CHF is quoted to you as 0.9100, what does this price represent?

- A→** That 1 USD is worth 0.91 CHF
- B That 1 CHF is worth 0.91 USD
- C The interest rate differential between CHF and USD
- D That the market maker can only sell USD

2.8 If you had sold USD/BRL at 5.6500 in a 3 months NDF and if it fixed at a Spot rate of 5.8500, you would expect to:

- A Receive a cash settlement in USD
- B Receive a cash settlement in BRL
- C→** Pay a cash settlement in USD
- D Pay a cash settlement in BRL

2.9 The term "Spot Next" is used to describe a FX Swap for which period?

- A Tomorrow against Spot date
- B→** Spot date against the day after the Spot date
- C Spot date against the day before the Spot date
- D Spot date against 1 week after the Spot date

3 – Rates

3.1 Your money market dealer has accepted an interbank deposit of ZAR 25,000,000.00 at 5.00% for 6 months (183 days). How much will you have to pay back in capital plus accrued interest at maturity?

- A 626,712.33
- B 635,416.67
- C→ 25,626,712.33**
- D 25,635,416.67

3.2 In a scenario where short-term interest rates are higher than long-term interest rates, the yield curve would be best described as:

- A→ Negative**
- B Steep
- C Positive
- D Flat

3.3 US Treasury Bills are commonly issued with maturities of:

- A Up to 2 years
- B 4 weeks only
- C 1 month, 2 months, and 3 months
- D→ 4 weeks, 13 weeks, 26 weeks, and 52 weeks**

3.4 A 5% bond, maturing in 6 years, is selling at 94.50. Its current yield...

- A→ Is higher than 5%**
- B Is lower than 5%
- C Is always 5%
- D Cannot be determined

3.5 The calculation basis for GBP money market transactions is:

- A ACT/360
- B ACT/ACT
- C 30/360
- D→ ACT/365**

- 3.6 A US Treasury Bill has 182 days to maturity. Its redemption value is USD 250,000.00. What is the purchase price of this bill using a discount rate of 0.80% per annum?**
- A USD 250,000.00
 - B USD 252,000.00
 - C→ USD 248,988.89**
 - D USD 251,011.11
- 3.7 A 6-months (182 days) investment of EUR 3,750,000.00 yields a return of EUR 1,705.35. What is the rate of return?**
- A +0.05%
 - B +0.02%
 - C -0.05%
 - D→ +0.09%**
- 3.8 With a calculation basis of ACT/360, which of the following is the equivalent rate on a bond basis of a rate on a money market basis of 0.6850%?**
- A 0.6850%
 - B 0.6750%
 - C→ 0.6945%**
 - D 0.7055%
- 3.9 Assuming a bank holiday on Tuesday, 16 November, what are the value dates of a Spot Next money market trade dealt on Friday, 12 November?**
- A→ 17 November – 18 November**
 - B 15 November – 17 November
 - C 13 November – 16 November
 - D 15 November – 18 November

4 – FICC Derivatives

4.1 Which reference rate would typically be used to settle a EUR FRA dealt between two Singapore based banks?

- A SIBOR
- B Euro LIBOR
- C→ EURIBOR**
- D SONIA

4.2 Which one of the following derivatives is never traded over the counter?

- A→ Financial futures**
- B Interest rate swaps
- C Forward rate agreements
- D Currency options

4.3 Today is the fixing date for a 3x6 FRA that you bought at 0.35% for 10,000,000.00 USD. LIBOR fixes at 0.415%. Which of the following is true?

- A You will receive 10,000,000.00 USD in 2 business days
- B You will pay a net settlement amount
- C→ You will receive a net settlement amount**
- D You will receive 10,000,000.00 USD in 3 months

4.4 Which of the following is a difference between American-style options and European-style options?

- A→ American-style options can be exercised at any time between the purchase date and the expiry date, whilst European-style options can be exercised only on the expiry date**
- B American-style options are always in USD and European-style options are always in EUR
- C American-style options are traded in the United States and European-style options are traded in Europe
- D American-style options can be exercised only on the expiry date, whilst European-style options can be exercised at any time between the purchase date and the expiry date

4.5 The buyer of an options contract...

- A Bears an unlimited risk
- B Bears a risk limited to the premium received
- C→ Bears a risk limited to the premium paid**
- D Bears no risk at all

4.6 Your dealer bought a GBP 2,500,000.00 6x9 FRA at 0.35%. The settlement rate is 3-month (91-day) LIBOR, and your entity pays GBP 1,246.11 as settlement amount at maturity. What is the fixing rate of this FRA?

- A→** 0.15%
- B 0.45%
- C 0.55%
- D 0.05%

4.7 Consider that your trader has built a trading strategy today for 3 years with the following positions:

- Purchase of a Cap on USD LIBOR 6 Months, Strike +0.75% with semi-annual observations in advance, Premium 0.15% of Notional
- Sale of a Floor on USD LIBOR 6 Months, Strike +0.05% with semi-annual observations in advance, Premium 0.35% of Notional

If USD LIBOR 6 Months always sets within the range of +0.05%/+0.75% during the life of this strategy, what could be the maximum positive result, in % of Notional, that your trader can achieve by this strategy?

- A→** Your trader will receive 0.20% of Notional
- B Your trader will pay 0.20% of Notional
- C Your trader will receive 0.50% of Notional
- D Your trader will pay 0.50% of Notional

5 – Financial Markets Applications

5.1 Which of the following is an objective of a Business Continuity Plan (BCP)?

- A→** Allows business operations to continue under disasters, emergencies, and other disruptions
- B Allows market risk to be completely mitigated in all stressed scenarios
- C Allows traders to choose which counterparty they can trade with
- D Allows regulators to investigate how financial institutions are managing operational risk

5.2 Which of these areas should be responsible for the setting of counterparty limits for a derivative transaction?

- A The Back Office
- B The Middle Office
- C→** The Credit Committee
- D The Front Office

5.3 A bank based in the United States has a EUR-convertible bond. What market risks can be associated with that position?

- A→** FX risk, stock price risk and interest rate risk
- B FX risk only
- C FX risk and stock price risk only
- D FX risk and interest rate risk only

5.4 A third-party payment can bring...

- A More efficiency in the payment process
- B More control to the settlement process
- C→** More fraudulent and illicit activities
- D More market risk

5.5 Which of these can be considered an appropriate legal documentation for the trading of FX derivatives?

- A→** The ISDA Master Agreement
- B The ACI Statutes
- C The International Foreign Exchange Master Agreement
- D The Global Master FX Agreement