

Question: 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: C

Question: 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: A

Question: 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: A

Question: 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: A

Question: 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: B

Question: 6

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

- A. MT 400, MT 950
- B. MT 200, MT 100
- C. MT 300, MT 950
- D. MT 300, MT 320

Answer: D

Question: 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: C

Question: 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: A

Question: 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: A

Question: 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: D

Question: 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: C

Question: 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: D

Question: 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: B

Question: 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: D

Question: 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: B

Question: 16

Which of the following best describes TARGET2?

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

Question: 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: C

Question: 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: C

Question: 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: A

Question: 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: A

Question: 21

What are the principal functionalities of interbank funds transfer systems?

- A. The matching of confirmations
- B. The dealing and archiving of payment orders
- C. Reconciliation and correspondent banking
- D. The transfer of information and settlement

Answer: D

Question: 22

Which of the following currencies is eligible for CLS settlement?

- A. ZAR
- B. TRY
- C. MYR
- D. CNY

Answer: A

Question: 23

A message received and accepted by SWIFT will be acknowledged with:

- A. OK
- B. ACK
- C. MAK
- D. NAK

Answer: B

Question: 24

Which of the following processes are offered by the CLS settlement system?

- A. The close-out process
- B. The customer matching process
- C. The settlement process
- D. The securities lending process

Answer: C

Question: 25

CHIPS is the name commonly used for the domestic clearing system in:

- A. London
- B. Frankfurt
- C. New York
- D. Hong Kong

Answer: C

Question: 26

You have five outstanding amounts with five different values. Which of the following should be investigated first?

- A. The most recently processed deal
- B. The counterparties in your own country
- C. The counterparty which claims first
- D. Those positions with the highest loss potential

Answer: D

Question: 27

What is the primary role of the position-keeper in a dealing room?

- A. To keep the multilateral limits updated
- B. To invest funds at the highest available interest rate
- C. To keep the balance or position of the accounts or nostros in each currency representing the accounts held by the bank's agents
- D. To keep the management informed about interest rate developments

Answer: C

Question: 28

What is an essential feature of nostro reconciliations?

- A. That a daily nostro reconciliation report is sent out to the correspondent bank
- B. That they are performed before the next business day
- C. That they are performed in a timely and efficient way
- D. That open items are booked on an internal account

Answer: C

Question: 29

You have two nostro accounts in USD, one account is long USD 5,000,000.00 and the other is short USD

5,000,000.00. What action should be taken to reconcile the accounts?

- A. No action is required. The credit interest earned on the credit balance will offset the debit interest incurred on the short balance
- B. You should borrow USD 5,000,000.00 to cover the short balance and leave the long balance as it is
- C. You should lend the surplus USD 5,000,000.00 in order to compensate the overdraft charges on the short balance with the interest earned on the loan
- D. You should instruct the bank with the long balance to transfer USD 5,000,000.00 to your nostro account at the other bank

Answer: D

Question: 30

Which kind of report is a reconciliation system unable to produce?

- A. A “probable matched items report” (a report in which most fields match but there are some discrepancies)
- B. A “calculated fees report” (a report of the expected fees owed)
- C. A “matched items report” (a report of all fields that match)
- D. An “unmatched items report” (a report of items for which one is unable to find matches)

Answer: B