



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 in a STP system is a task performed by?

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

1.3 In the Execution leading principle of the FX Global Code, why are Market Participants expected to exercise care when negotiating and executing transactions in the FX Market?

- A In order to promote effective communication and protect Confidential Information
- B→** In order to promote a robust, fair, open, liquid, and appropriately transparent FX Market
- C In order to promote the timely settlement of transactions in the FX Market
- D In order to promote the effective management of the risks associated with their engagement in the FX Market

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 be taken to manage 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 Spot is currently quoted as 1.3580-85 and the 9-month Outright Forward is currently quoted as 1.3563-70, what are the Forward Points?

- A 15/17
- B→ 17/15**
- C 1.5/1.7
- D 0.17/0.15

2.4 Your dealer has made the following deals in Spot EUR/CHF today with the same payment netting counterparty: 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 are the cashflows in EUR and in CHF that will be settled on the Spot value date?

- A Your bank will pay EUR 2,000,000.00 and will receive CHF 2,120,000.00
- B Your bank will receive EUR 2,000,000.00 and will pay CHF 2,119,000.00
- C→ Your bank will receive EUR 1,700,000.00 and will pay CHF 1,795,780.00**
- D Your bank will pay EUR 1,700,000.00 and will receive CHF 1,795,780.00

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 Which of the following is not a negotiable instrument?

- A Certificate of Deposit (CD)
- B→ A Term Deposit**
- C US Treasury Note
- D A Government Bond

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-to-maturity...

- 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 settlement amount 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 Your bank lends an amount in GBP to another bank at 0.52% for 90 days. At maturity, your counterparty pays back the amount borrowed plus an interest of GBP 5,488.77. What is the amount lent by your bank?**
- A GBP 2,400,000.00
 - B GBP 4,000,000.00
 - C→ GBP 4,200,000.00**
 - D GBP 2,000,000.00
- 3.8 For a CD with a face value of EUR 10,000,000.00, issued at par for 91 days and with a coupon of 1%, what are its secondary market proceeds when it is now trading at 1,5% with only 10 days remaining to maturity?**
- A EUR 9,974,722.22
 - B EUR 9,978,897.68
 - C EUR 10,025,277.78
 - D→ EUR 10,021,102.32**
- 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 of these financial products typically involves exchanging a floating interest rate, such as a benchmark fixing, for a fixed interest rate?

- A A Floating Rate Agreement
- B An Interest Rate Cap
- C→ An Interest Rate Swap**
- D An Interest Rate Future

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 your bank bought at 0.35% for 10,000,000.00 USD. The reference rate 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 discounted net settlement amount
- C→ You will receive a discounted 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 3x6 FRA at 0.35%. The settlement period is 3-month (91-day) and the reference rate is 0.15%. What happens at the settlement date of this FRA?

- A→** Your bank pays GBP 1,246.11
- B** Your bank receives GBP 1,246.11
- C** Your bank pays GBP 2,181.51
- D** Your bank receives GBP 934,93

4.7 Today, your bank has just executed an Interest Rate Swap for EUR 5,000,000.00 with a tenor of 5 years. In that derivative, your bank will pay a fixed coupon of +0.20% and will receive EURIBOR 6 months (both legs ACT/360 and semi-annual). Which of the following situations reflects the settlement at the end of the first reset period (181 days), with EURIBOR 6 months for that period having set at -0.50%?

- A→** Your bank will pay EUR 17,597.22
- B** Your bank will pay EUR 5,027.78
- C** Your bank will pay EUR 12,569.44
- D** Your bank will receive EUR 12,569.44

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 Which of these is a type of market risk?

- A Settlement risk
- B Counterparty risk
- C→** Currency risk
- D Issuer risk

5.4 A third-party payment can bring...

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

5.5 Which of these can be considered an appropriate legal documentation for the trading of all types 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