



# ACI

## 310-010 Exam

### ACI - Operations Certificate

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**Question: 1**

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The control failings involving Barings and Daiwa highlight the critical importance of what operational risk management practice?

- A. the taping of conversations between counterparties
- B. model signing-off and implementation controls
- C. the separation between front/back office duties
- D. the existence of contingency plans

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**Answer: C**

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**Question: 2**

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The maximum term for which a London Certificate of Deposit may be issued is:

- A. 1 year
- B. 3 years
- C. 5 years
- D. 10 years

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**Answer: C**

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**Question: 3**

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A collateral pool can be defined as:

- A. assets lent by members of a payment system collectively available to the system as collateral to enable them to obtain funds in specific circumstances
- B. liabilities owned by members of a payments system collectively available to the system as collateral to enable them to obtain funds in specific circumstances
- C. assets owned by members of a payment system collectively available to the system as collateral to enable them to obtain funds in specific circumstances
- D. assets swapped by members of a payment system collectively available to the system as collateral to enable them to obtain funds in specific circumstances

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**Answer: C**

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**Question: 4**

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The prompt sending and checking of confirmations is considered a best practice when dealing in:

- A. amounts higher than USD 10,000,000.00 or the equivalent in other currencies

- B. amounts higher than USD 1,000,000.00 or the equivalent in other currencies
- C. any amount unless dealt via a broker
- D. any amount by any counterparty

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**Answer: D**

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**Question: 5**

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When should discrepancies between front-office and back-office systems be resolved?

- A. by the end of the trading day
- B. on the next business day
- C. on the value date
- D. as soon as they become apparent

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**Answer: D**

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**Question: 6**

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What is a nostro bank account?

- A. an account held with another bank
- B. an account another bank holds with you
- C. a trust account
- D. a suspense account

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**Answer: A**

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**Question: 7**

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What is a feature of multilateral netting?

- A. there are no more than two participants involved in the netting process
- B. there is no redistribution of default risk
- C. there is a central clearing house
- D. no legal entity is required

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**Answer: C**

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**Question: 8**

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You have two nostro accounts in USD, one account is long USD 5 million and the other is short USD 5 million. 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 million to cover the short balance and leave the long balance as it is
- C. You should lend the surplus USD 5 million in order to overdraft charges on the short balance with the interest earned on the loan
- D. You should instruct the bank with the long balance to pay USD 5 million to the other bank

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**Answer: D**

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**Question: 9**

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Physical securities reconciliation software packages are based on:

- A. SWIFT message type 5XX
- B. SWIFT message type 2XX
- C. SWIFT message type 320
- D. SWIFT message type 400

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**Answer: A**

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**Question: 10**

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Which of the following is the main objective of position-keeping?

- A. measuring market exposure
- B. defining capital adequacy
- C. evaluating country risk
- D. monitoring counterparty credit risk

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**Answer: A**

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**Question: 11**

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How many characters does a BIC have? (under ISO standard 9362, 2nd edition)

- A. 6 or 9 characters
- B. 9 or 12 characters
- C. 7 or 10 characters
- D. 8 or 11 characters

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**Answer: D**

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**Question: 12**

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You have just opened a position in EUR/USD that you run overnight. What risk is present?

- A. settlement, counterparty and equity risk
- B. only counterparty risk

- C. only currency and interest rate risks
- D. settlement, counterparty and market risk

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**Answer: D**

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**Question: 13**

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What type of documentation is recommended for repos in the international markets?

- A. an Overseas Securities Lenders Agreement
- B. a ISDA Master Repurchase Agreement
- C. a SIFMA/ICMA Global Master Repurchase Agreement
- D. an International Securities Lenders Agreement

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**Answer: C**

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**Question: 14**

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If the EUR/USD is quoted to you as 1.1050-53, what does this price represent?

- A. EUR per USD
- B. USD per EUR
- C. the interest rate differential between EUR and USD
- D. the fact that one USD is worth more than one EUR

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**Answer: B**

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**Question: 15**

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In FX swaps, the rate of the spot leg

- A. may be freely chosen by the quoting party as long as both parties agree on it
- B. must always be fixed immediately at the current mid rate, to reflect the rate at the time the deal was made
- C. should be fixed immediately within the current spread, to reflect current rates at the time the transaction was made
- D. should always be fixed off the current spread in order not to be mistaken for a spot FX transaction

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**Answer: C**

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**Question: 16**

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Under normal circumstances, which of the following is a non-negotiable instrument

- A. a Medium Term Note
- B. a Bankers Acceptance

- C. a Money Market Deposit
- D. a Treasury Bill

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**Answer: C**

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**Question: 17**

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Your money market dealer has lent GBP 5,000,000.00 at 4 3/4% for 6 months (183 days). How much must the counterparty pay back to you in capital plus accrued interest at maturity?

- A. GBP 5,117,123.29
- B. GBP 5,119,075.00
- C. GBP 5,119,075.34
- D. GBP 5,120,729.17

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**Answer: C**

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**Question: 18**

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Today is the fixing date for 6x9 FRA that you sold at 5.50% and for which the FRABBA LIBOR is now 6.00%. Which of the following is true?

- A. You will pay a cash settlement to the counterparty
- B. You will receive the cash settlement
- C. There is no cash settlement pending
- D. There is insufficient information to make a determination

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**Answer: A**

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**Question: 19**

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The notional amount in an interest rate swap is:

- A. the sum of all the fixed and floating rate payments
- B. the net difference between fixed and floating rate payments
- C. the principal amount on which floating and fixed interest payments are calculated
- D. the amount at which the two counterparties can close-out their transaction

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**Answer: C**

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**Question: 20**

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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

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**Answer: A**

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