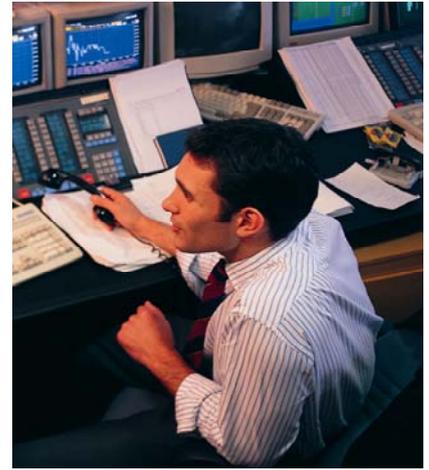




ACI
THE FINANCIAL
MARKETS
ASSOCIATION



ACI Operations Certificate (010) Sample Questions

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

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ACI Operations Certificate - Sample Questions

1. Overall Financial Market and Front to End Treasury View

1.1. What is the main role of back office staff?

- A. To check the accuracy of counterparties' mailing addresses.
- B. To inform the central bank if a country limit is higher than a fixed level.
- C. To ensure that trades are correctly confirmed and settled in accord with best market practices. ***
- D. To communicate with the counterparties' front office staff.

1.2. Which clearing system allows a transfer with immediate finality?

- A. EAF
- B. EBA
- C. RTGS ***
- D. None of the above

2. Deal Capture, trade entry and confirmations

2.1. Confirmation is a function that can be performed by:

- A. Any dealer who is not involved in the trade
- B. Staff in the back-office who are independent of the trade ***
- C. Dealing room staff who are not dealing
- D. Anyone excluding the dealing room staff

2.2. What is standard market practice if a public holiday is declared on a day on which a particular contract reaches maturity?

- A. All contracts maturing on that day are extended to the next business day, unless the maturity date is the last day of the month. ***
- B. All contracts maturing on that day are shortened to the preceding business day, unless the maturity date is the last trading day of the month.
- C. New maturity dates are negotiated with the counterparties involved.
- D. The problem is settled by ACI's Committee for Professionalism on a case-by-case basis.

3. Settlement, Netting and Clearing

3.1. Which sequence of events best describes the settlements process?

- A. netting, trade entry, settlement, confirmation, nostro reconciliation
- B. confirmation, netting, trade entry, settlement, nostro reconciliation
- C. trade entry, confirmation, netting, settlement, nostro reconciliation ***
- D. trade entry, confirmation, settlement, nostro reconciliation, netting

3.2. What is the main benefit of an RTGS payment system?

- A. It allows for final settlement of interbank fund transfers on a continuous, trade-by-trade basis. ***
- B. It reduces costs through fewer payments passing over nostro accounts
- C. It reduces costs by implementing less labour intensive practices
- D. It reduces market risk through smaller open positions

4. Reconciliations and Investigations

4.1. What would be the most likely explanation of an outstanding "ledger credit" found during the reconciliation process?

- A. non-receipt of funds
- B. duplicate payments
- C. unexpected receipt of funds
- D. failed payment ***

4.2. What is the main purpose of nostro reconciliations?

- A. To compare the cash entries from the bank's internal nostro accounts, representing transactions starting or maturing on a given value date, and actual cash movements from the bank's agent account and reconcile any differences between the two. ***
- B. To compare securities entries from the bank's internal nostro accounts, representing transactions starting or maturing on a given value date, with actual securities movements from the bank's agent accounts and reconcile any differences between the two.
- C. To compare expected and actual securities movements.
- D. To provide an overview of all the transactions listed by counterparty.

5. Treasury Systems and Data Management

- 5.1. What should you do if you receive a trade to process with counterparty settlement instructions that differ from those on your standard settlement instruction file (SSI).**
- A. You should make the payment in accordance with your SSI without consulting your dealer or contacting the counterparty.
 - B. You should make the payment in accordance with the trade's instructions.
 - C. You should check the matter with your dealer and contact the counterparty to seek his specific instructions before taking action. ***
 - D. You should not make the payment.
- 5.2. Which treasury system module does the "open and the exchange risk management by currency" belong to?**
- A. the FX spot and forward dealing input and processing module ***
 - B. the standard back office features module
 - C. the derivatives dealing and processing module
 - D. the securities trading and processing module

6. Risk Management, Controls, Compliance and Documentation

- 6.1. Which of the following types of payment require extra diligence and review procedures?**
- A. value spot JPY payments
 - B. value tomorrow USD payments
 - C. payments to a third party ***
 - D. variation margin payments on financial futures positions
- 6.2. Bank A has a large number of forward OTC trades with Bank B. Which type of risk may be reduced by a netting agreement?**
- A. market price risk and replacement risk
 - B. replacement risk and delivery risk ***
 - C. market price risk and delivery risk
 - D. replacement risk and liquidity risk

7. Foreign Exchange

7.1. How much would you receive in AUD on a spot sale of USD 7 million at 0.6650?

- A. none, you would pay AUD and receive USD
- B. 10,526,315.79 ***
- C. 4,655,000.00
- D. 5,500,000.00

7.2. What factors determine whether a FX transaction can be settled through the CLS Bank?

- A. Currency pair, price
- B. Counterparty, price
- C. Currency pair, price, counterparty
- D. Currency pair, counterparty ***

8. Money Markets

8.1. A Certificate of Deposit (CD) originally issued at 7 %, is subsequently purchased at 5 3/4 %. How much would you expect to pay?:

- A. the original face value of the CD
- B. more than you originally paid ***
- C. less than you originally paid
- D. there is insufficient information to decide

8.2. If the interest earned on a deposit of EUR 10,000,000.00 for 60 days is EUR 83,333.33, what is the interest rate?

- A. 10%
- B. 8.33 %
- C. 5% ***
- D. none of the above

9. Derivatives

9.1. Your bank purchases an FRA at 5.75% in USD. Under what circumstances will you pay a cash settlement?

- A. if EURIBOR is higher than 5.75 %
- B. if EURIBOR is lower than 5.75 %
- C. if LIBOR is lower than 5.75 % ***
- D. if LIBOR is higher than 5.75 %

9.2. How can you close out a future contract?

- A. offset ***
- B. cash and carry
- C. reverse cash and carry
- D. reverse and cash trade

10. Short Term Bonds and Notes

10.1. The price of a zero coupon maturing in 2 years is:

- A. always close to 100 %
- B. above 100 %
- C. below 100 % ***
- D. none of the above

10.2. With regard to the settlement amount, which of the following is true?

- A. The settlement amount is the sum of money transferred from the buyer to the seller on the settlement date.
- B. If the yield and the coupon are identical, the settlement amount and the face value will be identical as well.
- C. The settlement amount almost always differs from the face value on a coupon payment date.
- D. All of the above. ***