

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 precision of counterparties mailing addresses.
- B. They must inform the central bank when a country limit is higher than a fixed level.
- C. To ensure that trades are confirmed and settled correctly within best market practice recommendations.
- D. They must be in constant contact 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 done by:

- A. Any dealer as long as he/she is not a party to the trade
- B. Staff in the back-office who are independent of the trade
- C. Staff in the dealing room who are not dealing
- D. Any staff outside the dealing room

2.2. In the unforeseen event that a particular maturity date is declared a public holiday, what is normal market practice?

- A. If that day is NOT the last trading day of the month, extend all contracts maturing on that day to the next business day
- B. If that day is NOT the last trading day of the month, shorten all contracts maturing on that day to the preceding business day
- C. Agree new maturity dates with the counterparties involved
- D. Adhere to decisions made by ACI's Committee for Professionalism on a case by case basis

3. Settlement, Netting and Clearing

3.1. Which ONE of the following BEST describes the Settlements process, in the correct order?

- 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. Which of the following BEST describes the main benefit of an RTGS payment system?

- A. final settlement of interbank funds transfers on a continuous, trade by trade basis throughout the day
- B. reduced costs through fewer payments passing over nostro accounts
- C. reduced costs through the implementation of less labour intensive working practices
- D. reduced market risk due to smaller open positions

4. Reconciliations and Investigations

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

- A. non-receipt funds
- B. duplicated payment
- C. unexpected receipt of funds
- D. failed payment

4.2. What is the main purpose of nostro reconciliations?

- A. It is to agree the cash entries that have been passed through the bank's internal nostro accounts, representing transactions that are starting or maturing on a given value date with the actual cash movements at the bank's agent account. Thus expected cash movements are compared with actual cash movements.
- B. It is to agree the securities entries that have been passed through the bank's internal nostro accounts, representing transactions that are starting or maturing on a given value date with the actual securities movements at the bank's agent account.
- C. The expected securities movements are compared with actual securities movements.
- D. It is to give an overview of all the transactions listed by counterparty.

5. Treasury Systems and Data Management

- 5.1. You receive a trade to process with counterparty settlement instructions that differ from those you hold on your standard settlement instruction file (SSI).**
- A. You should make the payment in accordance with the SSI you hold without referring to your dealer or contacting the counterparty.
 - B. You must make the payment in accordance with the trade instruction.
 - C. You should check it with your dealer and contact the counterparty to seek his specific instruction.
 - D. You shouldn't make the payment.
- 5.2. To which treasury system module does the open and the exchange risk management by currency belong?**
- A. Derivatives dealing and processing module
 - B. Standard back office features
 - C. FX spot and forward dealing input and processing module
 - D. Securities trading and processing module

6. Risk Management, Controls, Compliance and Documentation

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

7. Foreign Exchange

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

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

7.2. What are the factors determining if a FX transaction can be settled through the CLS Bank?

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

8. Money Markets

8.1. A Certificate of Deposit (C/D) was issued at 7 %, which you now purchase at 5 3/4 %. Would you expect to pay:

- A. The original face value of the C/D
- B. More than the originally paid value
- C. Less than the originally paid value
- D. Too little information to decide

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

- A. 10%
- B. 5%
- C. 8.33 %
- D. None of these

9. Derivatives

9.1. Your bank purchases an FRA at 5.75% in USD. Under which 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. By which way could you close out a future contract?

- A. Reverse and cash trade
- B. Cash and carry
- C. Reverse cash and carry
- D. Offset

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 these

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

- A. The settlement amount is the sum of money transferred between the buyer and the seller on settlement date.
- B. At the moment when the yield and the coupon are exactly the same, the settlement amount and the face value will be identical.
- C. The settlement amount is almost always a different amount than the face value on a coupon payment date.
- D. All of the above.