(!) This quiz has been regraded; your score was affected.

Quiz 2

Due Oct 20, 2017 at 11:30pm **Points** 100 **Questions** 34

Available Oct 20, 2017 at 8am - Oct 24, 2017 at 1pm 4 days

Time Limit 30 Minutes

Instructions

- -Time allowed:30 minutes
- -There are 34 Questions in total
- -Please note that each questions carries different weight of points. Manage your time properly
- -Once you start the quiz, there are no break nor pause, if you accidentally close the browser, but open it again ASAP as the time counter still counting the time even you close the browser/logoff during the quiz.

Please download this calendar for info for some of the questions.

Calendar for year 08&09.docx (https://canvas.ust.hk/files/1117983/download? verifier=S6CqPqUzz9g3PhfP5imfNcdOdcimhpNlxKy8wjZT&wrap=1) (https://canvas.ust.hk/files/1117983/download? verifier=S6CqPqUzz9g3PhfP5imfNcdOdcimhpNlxKy8wjZT&wrap=1)

This guiz is no longer available as the course has been concluded.

Attempt History

	Attempt	Time	Score	Regraded
LATEST	Attempt 1	30 minutes	70 out of 100	73 out of 100

Score for this quiz: **73** out of 100 Submitted Oct 20, 2017 at 3:52pm This attempt took 30 minutes.

Question 1 0 / 5 pts

On Friday 2 January 2009 (value/effective date) Abracadra Company borrows HK\$10 million for 6 months from Perfid Bank Ltd at a rate of 3% per annum. How much interest will the company have to pay at maturity? Assume that the Modified Following Business Day convention and Actual/365 day basis convention apply. The following are holidays in HK: January 1, 26, 27 and 28, and Wednesday July 1st. 2009 is not a leap year.

10/16/2018

'ou Answered

HK\$ 150,833

Nothing

0 / 5 pts Question 2

On Friday, 26th September 2008, the treasurer of Glorious Company in Hong Kong calls his banker at Rich Bankers (Hong Kong) Limited to ask for a 2 months loan for HK\$ 2 million. Rich Bankers agrees to the transaction on that date with value spot (T+2) and charge interest at the rate of 3% per annum. The applicable convention is actual/365. What amount of interest will Glorious Company have to pay? Note that in this particular case the modified following business day convention applies to BOTH the value and maturity date. The following dates are banking holidays in Hong Kong: 15th September, 1st October, 7th October, 25th and 26th Saturdays and Sundays are not business days.

orrect Answer

HK\$ 9,698.63

ou Answered

• HK\$ 9,863.01

HK\$ 9,534.25

0 / 5 pts **Question 3**

on 25th February 2009, the treasurer of Lucky Gold Company wishes to draw down a multicurrency line of credit provided by Rich Bankers. He calls his banker to ask for a three months loan in HKD. The applicable conventions are: settlement spot (T+2); day basis actual/365 and Modified Following Business Day for determining the maturity date ONLY. The following are holidays in HK: 4, 10 and 13 April, 1 and 28 May. What will be the maturity date of the loan?

26th May, 2009

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'ou Answered

27th	May,	2009
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29th May, 2009

Question 4 0 / 4 pts

On Wednesday, 24th December, 2008 Anna Ng, the interbank trader at Rich Bankers in Hong Kong, agrees with his counterpart Mohammed Erdogan of Wealthy Bankers in Dubai to place a USD 50 million 1 month interbank deposit with Wealthy Bankers, Dubai. The interest rate is 5% p.a. The applicable conventions are: settlement spot (T+2); day basis actual/365 and Modified Following Business Day for determining the maturity date ONLY. The business day definition covers Hong Kong, Dubai and New York; Saturdays and Sundays are not business days. The following are holidays in HK: 25th and 26th December 2008; 1st, 26th, 27th and 28th January 2009. In the United Arab Emirates: 29th December 2008, 1st and 20th January 2009. In New York: 25th December 2008; 1st and 19th January 2009; 12th and 16th February 2009. What is the value date of the deposit?

Monday 29th December

'ou Answered

Tuesday 30th December

orrect Answer

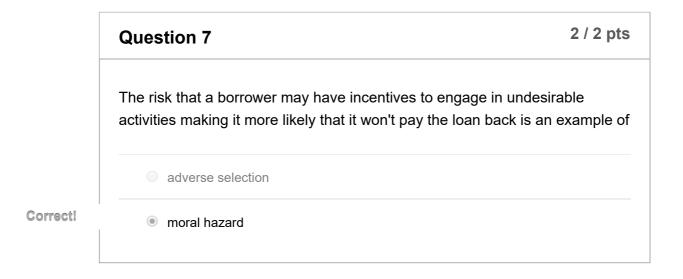
Correct!

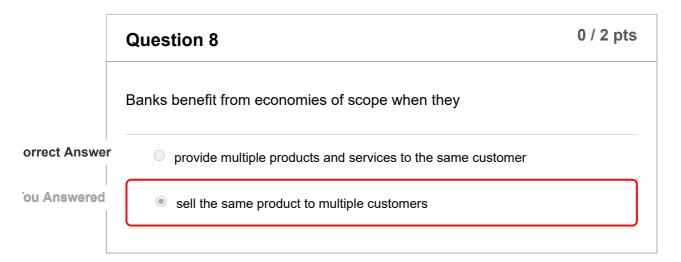
- Wednesday 31st December
- Thursday 1st January
- Friday 2nd January

Question 5		3 / 3 pts
Banks engage in	when they	
Economies of scale/accept	deposits	
Money creation/make loans		

Money laundering/make loans	
Money creation/take deposits	

Question 6 Financial institutions like Schwab which simply execute clients orders are an example of: Discount brokers Investment banking boutiques





	Question 9	2 / 2 pts
	banks serve as conduit for fiscal policy of the government	
	O TRUE	
Correct!	• FALSE	

Which of the following roles of banks is under attack from big retailers such as Walmart? Providing deposit accounts Providing custodian services Providing consumer finance

Pinancial intermediaries allow small investors to buy assets which would have been inaccessible due to large minimum investment size; this is called Maturity intermediation Denomination intermediation Credit allocation Intergenerational wealth transfer

Question 12 3 / 3 pts

	All of the following provide financial intermediation EXCEPT
	Depository institutions
	 Insurance companies
	Savings and loans
	Credit unions
Correct!	Brokers

Angel Fok is the head trader in US treasuries at Sticky Fingers Inc and her daily job involves taking views on the market, for which she is allowed substantial intra-day trading limits. Angel is a Broker Dealer

	Question 14	3 / 3 pts
	What is the purpose of Chinese Walls?	
	Preventing insider trading	
	Preventing leakage of price sensitive information	
Correct!	Both of the above	
	None of the above	

Question 15 0 / 3 pts

(All other things being equal) When a bank receives additional deposits, it gains an equal amount of reserves; when it loses deposits, it loses an equal amount of reserves.

Orrect Answer

Ou Answered

False

Question 16 Which performance indicator would financial analysts focus on to track the quality of a bank's asset portfolio? AUM (Assets Under Management) ROA (Return on Assets) ROE (Return on Equity) NPL (Non Performing Loans) NOI (Net Operating Income)

	Question 17	/ 2 pts
Correct!	The Global Legal Settlement of 2002 dealt with conflicts of interest in	
	Accounting firms.	
	• Investment banks.	
	Credit rating agencies.	
	All of the above.	

	Question 18	3 / 3 pts
	Jason Ng applies for a mortgage from his bank to buy a flat in Tseur O. His parents provide a financial guarantee. This is an example of:	
	liquidity enhancement	
Correct!	credit enhancement	
	financial intermediation	

Question 19 One of the provisions of SOX (Sarbanes-Oxley) which has been blamed for the loss of competitiveness of Wall Street is Rule 144A Section 404 Reg FD

	Question 20	3 / 3 pts
	Within a given level of default risk, risk can vary widely	:
Correct!	Payment	
	Recovery	
	Contingency	

Question 21 3 / 3 pts

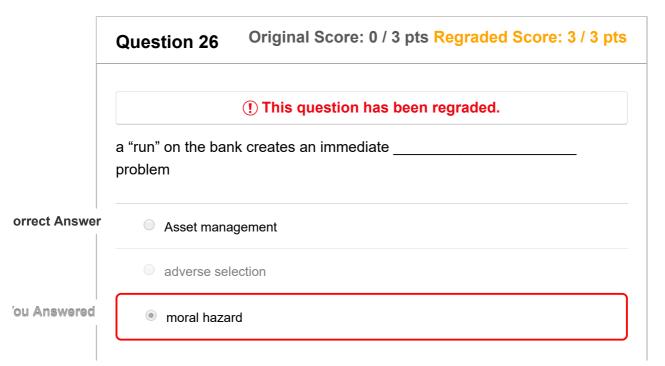
	Netting is one of the ways to mitigate:
	Industry risk
Correct!	Counterparty risk
	Consumer risk

To avoid problems such as experienced by Barings in Singapore or UBS in London due to a rogue trader, what would you recommend be implemented? concentration limits segregation of duties redit scoring ALM policies

	Question 23	3 / 3 pts
	Financial intermediaries	
	Exist because there are substantial information and transaction costs in economy.	n the
	Improve the lot of the small saver.	
	Are involved in the process of indirect finance.	
orrect!	Do all of the above.	
	Oo only (a) and (b) of the above.	

	Question 24	2 / 2 pts
	When the potential borrowers who are the most likely to default most actively seeking a loan, is said to exist.	are the ones
Correct!	adverse segregation	
	adverse selection	
	moral hazard	
	fraud	

	Question 25	2 / 2 pts
	Unless a bond defaults, an investor cannot lose money investing in	bonds.
	True	
Correct!	False	



Correct!

fraud

Question 27	3 / 3 pt
the ability of banks to access financing is called	
Market liquidity risk	

Bankers' concern regarding the optimal mix of excess reserves, secondary reserves, borrowings from the Fed, and borrowings from other banks to deal with deposit outflows is an example of liability management. liquidity management. managing interest-rate risk none of the above.

	Question 29	2 / 2 pts
	contingent liabilities such as back up lines of credit are	
	On balance sheet	
Correct!	Off balance sheet	

Banks can protect themselves from the disruption caused by deposit outflows by Holding excess reserves. Selling securities. "Calling in" loans. Doing all of the above.

	Question 31	3 / 3 pts
	Which of the below is asset management for a bank?	
	Make sure the bank has enough cash to meet deposit outflows	
Correct!	Pursue an acceptably low level of risk by acquiring assets with low defa and diversifying asset holdings	ault rate
	Acquiring funds at low cost	
	Decide the amount of capital the bank should maintain and acquire this	s capital

Question 32 3 / 3 pts

when banks hold assets denominated in a currency other than their reference currency they are exposed to:

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	Credit risk	
Correct!	Market risk	
	Operational risk	
	Legal risk	
	Question 33	3 / 3 pts
		-
	which type of policy can banks use to prevent money	laundering problems?
	AML policy	
	SEE policy	
Correct!	KYC policy	
	Question 34	3 / 3 pts
	Examples of off-balance-sheet activities include	
	Coan sales.	
	Foreign exchange market transactions.	
	Trading in financial futures.	

Quiz Score: 73 out of 100

• All of the above.

Only (a) and (b) of the above.

Correct!