Question #1 of 28

Question ID: 1458467

Settlement for a government bond trade *most likely* occurs on the:

A) next trading day after the trade.

B) second trading day after the trade.

C) third trading day after the trade.

Question #2 of 28

Question ID: 1458464

Which of the following *least likely* represents a primary market offering? When bonds are sold:

A) from a dealer's inventory.

B) in a private placement.

C) on a best-efforts basis.

Question #3 of 28

Question ID: 1462918

Medium-term notes (MTNs) *most likely*:

A) have maturities between 2 and 10 years.

B) are sold through an underwritten offering.

C) have less liquidity than long-term bonds of the same issuer.

Question #4 of 28

Question ID: 1462917

Which of the following statements about debt securities is *least accurate*?

A) A medium-term note (MTN) is a corporate bond with an original maturity of 2 to 10 years.

B) Commercial paper is a short-term vehicle for corporate borrowing.

C) A securitized bond is a security whose cash flows are linked to a pool of underlying loans or financial instruments.

Question #5 of 28

Question ID: 1458486

Compared to a term repurchase agreement, an overnight repurchase agreement is *most likely* to have a:

A) higher repo rate and repo margin.

B) lower repo rate and higher repo margin.

C) lower repo rate and repo margin.

Question #6 of 28

Question ID: 1458469

Which of the following is most likely the settlement practice for corporate bonds?

A) Cash settlement.

B) Trade date + 1 day.

C) Trade date + 3 days.

Question #7 of 28

Question ID: 1458463

A quoted Libor interest rate is *least likely* to refer to a specific:

A) bank.

B) currency.

C) maturity.

Question #8 of 28

Question ID: 1458474

On November 15, 20X1, Grinell Construction Company decided to issue bonds to help finance the acquisition of new construction equipment. They issued bonds totaling $10,000,000 with a 6% coupon rate due June 15, 20X9. Grinell has agreed to pay the entire amount borrowed in one lump sum payment at the maturity date. Grinell is not required to make any principal payments prior to maturity. What type of bond structure has Grinell issued?

A) Amortizing maturity structure.

B) Serial maturity structure.

C) Term maturity structure.

Question #9 of 28

Question ID: 1458482

The interbank funds market is *most accurately* described as:

A) banks' borrowing of reserves from the central bank.

B) trading of negotiable certificates of deposit.

C) unsecured short-term loans from one bank to another.

Question #10 of 28

Question ID: 1458480

An investor pays $100,000 for a security that consists of a zero-coupon bond that will pay $90,000 in three months and $11,000 worth of call options on an equity index that expire in three months. This security is *most accurately* described as a:

A) capital protected instrument.

B) guarantee certificate.

C) participation instrument.

Question #11 of 28

Question ID: 1458483

The interest rate on excess reserves borrowed by one bank from another bank is *most accurately* described as a(n):

A) central bank funds rate.

B) interbank lending rate.

C) reserve swap rate.

Question #12 of 28

Question ID: 1458470

Settlement for corporate bond trades is *most likely* to happen on what basis?

A) Cash settlement.

B) Trade date + 1 day.

C) Trade date + 3 days.

Question #13 of 28

Question ID: 1458465

A purchase of a new bond issue by a single investor is *most accurately* described as a(n):

A) grey market transaction.

B) underwritten offering.

C) private placement.

Question #14 of 28

Question ID: 1458462

The reference rate for a floating-rate note should *least likely* match the note's:

A) currency.

B) maturity.

C) reset frequency.

Question #15 of 28

Question ID: 1458481

Which of the following coupon payment structures represents a leveraged inverse floater?

A) 10% – 0.75 times 180-day Libor.

B) 6% – 30-day Libor.

C) 8% – 1.5 times 90-day Libor.

Question #16 of 28

Question ID: 1458472

The principal value of a sovereign bond is $1,000 at issuance and $1,055 two years after issuance. This bond *most likely*:

A) has been upgraded.

B) is indexed for inflation.

C) trades at a premium.

Question #17 of 28

Question ID: 1458459

Fixed income classifications by geography *most likely* include:

A) emerging market bonds.

B) municipal bonds.

C) supranational bonds.

Question #18 of 28

Question ID: 1462916

The bid-ask spread for a bond *most likely* conveys information about:

A) its liquidity, but not its credit quality.

B) its credit quality, but not its liquidity.

C) both its liquidity and its credit quality.

Question #19 of 28

Question ID: 1458461

The *most appropriate* reference rate for a one-year, U.S. dollar denominated, floating-rate note that resets monthly is:

A) 30-day LIBOR.

B) overnight LIBOR.

C) 1-year LIBOR.

Question #20 of 28

Question ID: 1458485

A repurchase agreement is described as a "reverse repo" if:

A) a bond dealer is the lender.

B) collateral is delivered to the lender and returned to the borrower.

C) the repurchase price is lower than the sale price.

Question #21 of 28

Question ID: 1458473

Bonds issued by the International Monetary Fund (IMF) are *most accurately* described as:

A) supranational bonds.

B) non-sovereign government bonds.

C) quasi-government bonds.

Question #22 of 28

Question ID: 1458476

A structured security is a combination of:

A) a corporate bond and a syndicated loan.

B) a medium-term note and a derivative.

C) commercial paper and a backup line of credit.

Question #23 of 28

Question ID: 1458466

Which type of issuer is *most likely* to issue bonds by auction?

A) Corporate.

B) Municipal.

C) Sovereign.

Question #24 of 28

Question ID: 1458484

Which of the following statements regarding repurchase agreements is *most accurate*?

A) Greater demand for the underlying security results in a lower repo margin.

B) Higher credit rating of the underlying collateral results in a higher repo rate.

C) Lower credit rating of the underlying collateral results in a lower repo margin.

Question #25 of 28

Question ID: 1458475

If two banks fund a loan to a corporation, the loan is *most accurately* described as a:

A) backup line of credit.

B) syndicated loan.

C) bilateral loan.

Question #26 of 28

Question ID: 1458468

A bond is quoted at 96.25 bid and 96.75 ask. Based only on this information, this bond is *most likely*:

A) a corporate bond.

B) non-investment grade.

C) relatively illiquid.

Question #27 of 28

Question ID: 1458460

Fixed income classifications by issuer *most likely* include:

A) Financial sector bonds.

B) Floating-rate bonds.

C) Money market securities.

Question #28 of 28

Question ID: 1458479

TBTF Bank issues credit-linked notes (CLNs) that have 5-year debentures of Ossien Company as their reference asset. If Ossien defaults on its debentures, the CLNs will be redeemed:

A) for less than their par value.

B) for their par value plus a premium.

C) immediately for their par value.