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QUESTION & ANSWER

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Exam : **3I0-012**

Title : ACI Dealing Certificate

Version : DEMO

1.7-day USCP is quoted at a discount rate of 1.75%.
What is its true yield?
A. 1.73%
B. 1.75%
C. 1.77%
D. 1.80%
Answer: B

2.EURIBOR is the:
A. Daily fixing of EUR interbank deposit rates in the European market
B. Daily fixing of EUR interbank deposit rates in the London market
C. Another name for EUR LIBOR
D. The ECB's official repo rate
Answer: A

3.What is a "normal" shaped curve?
A. Gradual positive slope
B. Steep positive slope
C. Flat
D. Inverted
Answer: A

4.Which of the following currencies is quoted on an ACT/365 basis for the calculation of interest on interbank deposits in London?
A. EUR
B. JPY
C. HKD
D. AUD
Answer: C

5.The Market Segmentation Hypothesis suggests that the yield curve bends at some point along its length because:
A. Investors have less appetite for longer-term investments
B. Borrowers prefer to borrow long-term but lenders prefer to lend short-term
C. Different types of institution tend to specialise in different maturity ranges
D. The risk premium becomes significant only at longer maturities
Answer: C