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Question 1

Question Type: MultipleChoice

You purchase a USD Treasury Bill. Which of the following sentences best describes the trade you have done?

Options:

- A-** You have purchased a credit risk free security for which you have paid face value and will receive at maturity face value plus accrued interest
- B-** You have purchased a credit risk free security for which you have paid less than face value and will receive at maturity face value
- C-** You have purchased an interest rate risk free security for which you have paid face value and will receive at maturity face value plus accrued interest
- D-** You have purchased an interest rate risk free security for which you have paid less than face value and will receive at maturity face value

Answer:

B

Question 2

Question Type: MultipleChoice

Facilitating a movement of funds directly from lenders to borrowers is a definition of which the following?

Options:

- A- Credit banking
- B- Disintermediation
- C- Leveraged finance
- D- Private banking

Answer:

B

Question 3

Question Type: MultipleChoice

As a company moves through its industry lifecycle, toward maturity, how is this most likely to affect an equity analyst's perception of its growth rate for equity valuation?

Options:

- A- Analysts do not consider a growth rate in equity valuation
- B- It will have no impact
- C- It is likely to increase the expected growth rate
- D- It is likely to decrease the expected growth rate

Answer:

D

Question 4

Question Type: MultipleChoice

You have bought a call option on a stock at a strike of EUR 29, and paid a premium of EUR 1.5 for this option. What is your breakeven price on this position?

Options:

- A- EUR 27.50
- B- EUR 29.00
- C- EUR 30.50
- D- EUR 32.00

Answer:

C

Question 5

Question Type: MultipleChoice

A company raises money in the capital markets by issuing a bond that is offered for sale by the issuing bank. Which of the following best describes this deal?

Options:

- A- Primary market deal
- B- Secondary market deal

C- Overdraft transaction

D- Drawdown on a borrowing facility

Answer:

A

Question 6

Question Type: MultipleChoice

CHIPS is the payment system for which currency?

Options:

A- GBP

B- USD

C- EURO

D- CHF

Answer:

B

Question 7

Question Type: MultipleChoice

Which market regulation introduced the requirement for guaranteeing Best Execution in the Equities market?

Options:

A- Basel II

B- MiFID

C- EMIR

D- Dodd-Franks

Answer:

B

Question 8

Question Type: MultipleChoice

How are equity prices expressed?

Options:

- A- As percentage of the nominal values of the share
- B- As yields
- C- As monetary units per share
- D- As percentage of the value of the company

Answer:

C

Question 9

Question Type: MultipleChoice

Which of the following rates represents the lowest investment-grade rating?

Options:

A- A-

B- BBB-

C- BB

D- C+

Answer:

B

Question 10

Question Type: MultipleChoice

An EUR-denominated Eurobond matures on 15 January 2017 and pays an annual coupon of 5% on an act/act basis. The bond is trading at a yield to maturity of 6% for settlement on 10 March 2015. Which of the following statements is true of its clean price?

Options:

A- Its price will be above 100

B- Its price will be below 100

C- Its price will be 100

D- Need more information

Answer:

B

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