2016-FRR Q&As

Financial Risk and Regulation (FRR) Series

Pass GARP 2016-FRR Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

https://www.pass4itsure.com/2016-frr.html

100% Passing Guarantee
100% Money Back Assurance

Following Questions and Answers are all new published by GARP Official Exam Center

QUESTION 1

When the cost of gold is $1,100 per bullion and the 3-month forward contract trades at $900, a commodity trader seeks out arbitrage opportunities in this relationship. To capitalize on any arbitrage opportunities, the trader could implement which one of the following four strategies?

A. Short-sell physical gold and take a long position in the futures contract

B. Take a long position in physical gold and short-sell the futures contract

C. Short-sell both physical gold and futures contract

D. Take long positions in both physical gold and futures contract

Correct Answer: A

QUESTION 2

In the United States, during the second quarter of 2009, transactions in foreign exchange derivative contracts comprised approximately what proportion of all types of derivative transactions between financial institutions?

A. 2%

B. 7%

C. 25%

D. 43%

Correct Answer: B

QUESTION 3

Which one of the following four exotic option types has another option as its underlying asset, and as a result of its construction is generally believed to be very difficult to model?

A. Spread options

B. Chooser options

C. Binary options

D. Compound options

Correct Answer: D

QUESTION 4

A proprietary trading desk for a large bank hedges an Arab light OTC forward position with Brent crude oil forwards. The trading desk benefits from using the most liquid OTC market to hedge, the market for the Brent crude, but hedging its using the Brent contract, exposes itself to the following type of risk:

A. Basis risk

B. Term risk

C. Correlation risk

D. Seasonality risk

Correct Answer: A

QUESTION 5

Which one of the four following statements about Basis point values is correct? Basis point value:

A. Is a widely used statistical tool used to measure market risk.

B. Refers to the change in the value of a fixed income position for a very small change yields.

C. Is a risk sensitivity measure used to measure the point spread risk in the banking book.

D. Provides a quick estimate of the sensitivity of the bank\\'s banking book, to increasing volatility in interest rates.

Correct Answer: B