

SURNAME/NAME: _____

If you get at least 25 points, will you take the oral exam?

YES

NO

Do you have special reasons to take the oral later today?

YES

NO

A) MULTIPLE CHOICE QUESTIONS (1 point each, no penalties, at least 5 to pass)**1**

I sold a stock option, strike price 100 and premium of 5. If at the exercise date the price of the stock is 120, I gain:

- (a) if it is a put option, 5
- (b) if it is a put option, 15
- (c) if it is a call option, 5
- (d) if it is a call option, 15

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If a floating mortgage provides a cap, this means that its interests...

- (a) can not be higher than the cap
- (b) can not be lower than the cap
- (c) can be switched to a fixed interest rate at predetermined dates
- (d) it requires lower interest-only payment for a given amount of time, then requires the payment of the full installment

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After the USD, the largest market share in the market for foreign currencies is held by...

- (a) the currencies of BRICS countries
- (b) the CAD and the AUD
- (c) the EUR and the JPY
- (d) the GBP and the CNY

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When a central bank provides liquidity through open market transactions, in its balance sheet...

- (a) bonds and reserves increase
- (b) bonds increase, reserves decrease
- (c) bonds decrease, reserves increase
- (d) bonds and reserves decrease

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The most important portion of the economic performance of a commercial bank is represented by:

- (a) its fee/commission net income
- (b) its interest margin
- (c) its trading margin
- (d) loan losses

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Compared to open-end mutual funds, closed-end ones...

- (a) are more liquid
- (b) are more numerous
- (c) attract fewer volumes
- (d) are charged with lower taxes

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The initial public offering (IPO) is the procedure by which:

- (a) a firm is offered to another firm interested in a merger or acquisition (M&A)
- (b) the stocks of an existing firm become public for the first time
- (c) an existing firm increases its capital base by issuing new stocks
- (d) the government sells some of its strategic holdings of firms

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In the majority of countries the largest issuer of bonds is represented by...

- (a) governments
- (b) non-financial firms
- (c) financial firms
- (d) households

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The recent evolution of regulation and supervision of financial intermediaries shifted towards:

- (a) increasing the amount of capital required to establish a financial firm
- (b) increasing sanctions and fines for breach of contracts
- (c) increasing competition by breaking down financial conglomerates
- (d) more prudential and transparency requirements

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In a fully amortised loan where the share of principle is fixed, the share of interests is...

- (a) decreasing
- (b) increasing
- (c) fixed
- (d) paid in full at the maturity date

Why do central banks influence mostly interest rates in order to obtain price stability?

[illegible]

Bond A is a zero-coupon with a duration of 3 and a current price of 89. What is the price that a newly issued two-year 5% annual coupon bond should have today to offer the same yield to maturity?

A full-page sheet of white graph paper with a light gray grid. The grid consists of small squares, approximately 10 units wide by 10 units high. A thick black border frames the entire page.