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.leads4pass.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

Alpha Bank estimates that the annualized standard deviation of its portfolio returns equal 30%; The daily volatility of the portfolio is closest to which of the following?

A. 1.0%

B. 2.0%

C. 2.5%

D. 3.0%

Correct Answer: B

QUESTION 2

As Japan ___ its budget deficits and ___ its dependence on debt, the Japanese currency, JPY, would ___ in value against other currencies.

A. Reduces, reduces, appreciate

B. Reduces, reduces, depreciate

C. Increases, reduces, appreciate

D. Reduces, increases, depreciate

Correct Answer: A

QUESTION 3

How could a bank\\'s hedging activities with futures contracts expose it to liquidity risk?

A. The futures hedge may not work due to the widening of basis which could result in a loss for the bank.

B. Prices may move such that a loss results on the hedge.

C. Since futures require margins which are settled every day, the bank could find itself scrambling for funds.

D. The bank could get exposed to liquidity risk since futures trade on an exchange.

Correct Answer: C

QUESTION 4

When a credit risk manager analyzes default patterns in a specific neighborhood, she finds that defaults are increasing as the stigma of default evaporates, and more borrowers default. This phenomenon constitutes

A. Moral hazard

B. Speculative bias

C. Herd behavior

D. Adverse selection

Correct Answer: C

QUESTION 5

Which one of the following four statements correctly defines chooser options?

A. The owner of these options decides if the option is a call or put option only when a predetermined date is reached.

B. These options represent a variation of the plain vanilla option where the underlying asset is a basket of currencies.

C. These options pay an amount equal to the power of the value of the underlying asset above the strike price.

D. These options give the holder the right to exchange one asset for another.

Correct Answer: A