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Question 1

Question Type: MultipleChoice

The key people involved in the application of good governance and risk management must:

i. be trustworthy

II.be honest

III.be approved by the local regulator

IV.treat others fairly at all times

Options:

A- I, II, and III only

B- III only

C- I, II, and IV only0

D- I, II, III and IV above

Answer:

C

Question 2

Question Type: MultipleChoice

What was the main type of risk that Metallgesellschaft was exposed to?

Options:

- A- Basis Risk
- B- Currency Settlement
- C- Interest Rate
- D- Inflation

Answer:

A

Question 3

Question Type: MultipleChoice

As LTCM started to have major losses, it compounded its problems by doing what?

Options:

- A- Trying to borrow more money from major money centre banks
- B- Issuing Subordinated Debt
- C- Returning capital to the general partners before others
- D- Unwinding its' more liquid trades thereby creating more liquidity risk overall

Answer:

D

Question 4

Question Type: MultipleChoice

Which of the following does NOT relate to the Orange County case?

Options:

- A- Where there are excess rewards, there must be risks
- B- The Know Your Customer rule
- C- Strategies that are not possible to explain to third parties should not be employed by the risk averse
- D- Fractured organisational structure and poor risk oversight mechanism make it easy for powerful individuals to hide risk in the gaps

Answer:

B

Question 5

Question Type: MultipleChoice

Which of the following best characterizes the problems that developed at Bankgesellschaft Berlin?

Options:

- A- Volume growth at the expense of margin.

- B-** Excessive reliance on volatile trading income.
- C-** Banking is a 'for-profit' business, not a means of fulfilling political goals.
- D-** A company culture where profits may justify 'excesses.'

Answer:

C

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