1) Which of the following factor do affect the foreign exchange rates in the long Term?
   a) Monetary Policy by Central bank
   b) Government Fiscal Policy and balance of Payment
   c) Growth Rate and Interest rate of economy.
   d) All of the above

2) Which of the following factor generally affect the Forex Rate in the short period?
   a) Trade balance of the economy with rest of the Economy
   b) Growth rate within the Economy
   c) Fiscal Policy
   d) None of the above.

3) The mismatch between Asset and Liability of Bank will lead to..
   a) Interest rate Risk
   b) Reinvestment risk
   c) Credit Risk
   d) Currency Risk

4) The parity between exchange rate and Interest rate is called
   a) Interest Rate cum exchange rate parity
   b) Exchange rate Parity
   c) International Rate of Parity
   d) Interest Rate Parity

5) Who among the following is the active participant in Derivative Market?
   a) Hedger
   b) Speculator
   c) Arbitrageur
   d) All of the above.

6) Derivative are Traded …..
   a) Across the Counter
   b) Over the exchange Rate
   c) Both the Market.
   d) None of these.
7) Difference between Future and Forward is
   a) Both are Standardized product.
   b) Both are Customized Product.
   c) Future is Standardized product Where as Forward is Customized product.
   d) None of the Above.

8) In the Money, At the Money and Out of Money is intrinsic Value associated with
   a) Future market
   b) Forward Market
   c) Option market
   d) All the Above.

9) The margin in Derivative Trading market that is calculated on daily basis during the contract period is called ...
   a) Initial margin
   b) Mark to Market Margin
   c) Floating margin
   d) Day End Margin

10). An option that can be exercised during the contract period is ....
   a) American Option
   b) European Option
   c) Global Option
   d) Over the counter Option.

11). Interest Rate Swap and Currency Swap are different because
   a) Former has both Interest and Currency Stream to be interchanged.
   b) Later have only Currency Stream to be exchanged
   c) Both are correct
   d) None of the Above.
12). When the strike Price of Option is equal to Spot Price of underlying, the status is best explained as
   a) At the Money
   b) In the Money
   c) Out of Money
   d) None of the Above.

13). Swap on Currency derivative is a
   a) Future Contract.
   b) Forward Contract
   c) Both.
   d) None of the Above.

14). Swap on Interest rate derivative is a
   a) Future Contract
   b) Forward Contract
   c) Both
   d) None of the Above.

15). Banking System is exposed to
   a) Systematic Risk
   b) Interest rate Risk or Duration Risk
   c) Credit Risk or default Risk
   d) All the Above.