

- _____ 1. Which type of bond is issued in a domestic market by a borrower overseas, denominated in the domestic currency, marketed to domestic residents, and regulated by the domestic authorities?
- International bond
 - Domestic bond
 - Eurobond
 - d. Foreign bond***
- _____ 2. The _____ is the discount rate or internal rate of return that equates the present value of all the future interest rate and principal payments to the net proceeds received by the issuer.
- a. all-in-cost***
 - Eurodollar rate
 - LIBOR rate
 - floating-rate note
- _____ 3. A _____ is legally a part of the parent bank, but it operates like a local bank. It allows the parent bank to offer its domestic, foreign and international customers direct service in multiple countries.
- correspondent bank
 - b. foreign branch of a bank***
 - subsidiary bank
 - affiliate bank
- _____ 4. The “all-in cost” has three components. Which of these is ***not*** one of those components:
- the “default free” interest rate
 - credit spread
 - c. market impact effect***
 - transactions costs
- _____ 5. The Basel Accord is an international agreement that
- regulates allowable bid-ask spreads charged by dealers
 - regulates credit rating agencies
 - sets requirements for issuance of foreign bonds
 - d. sets capital adequacy requirements for internationally active banks***

- _____6. _____ trading systems, often found in foreign exchange markets, are good examples of markets in which market makers stand prepared to buy at their bid prices and sell at the ask or offer prices.
- order-driven trading
 - price-driven trading***
 - cross-listed trading
 - cross-holding trading
- _____7. Which of these is ***not*** a reason why firms choose to cross-list?
- increases liquidity of stock
 - corporate governance signal
 - reduces listing fees***
 - may make it cheaper for foreigners to hold shares in the firm
- _____8. Which one of the following is ***not*** a trading cost on equity markets?
- Payment of brokerage commissions and other fees.
 - The investor must buy from the trader at the trader's high sell price and must sell to the trader at the trader's low bid price.
 - When the market is not very liquid, and an investor's trade is a relatively large one, it can adversely affect the price the investor gets.
 - Low credit ratings may adversely affect the price of a firm's shares.***
- _____9. Unlike an ADR, the global registered shares (GRS) do not require the intervention of a _____.
- depository bank***
 - organized exchange
 - private bourse
 - public bourse