

FINANCE THEORY AND CAPITAL MARKETS

In trading floor parlance being “long cable” refers to...

- a) An particularly extravagant mobile phone charging device;
- b) Investing in the shares of telecommunications firm Cable & Wireless;
- c) *A trade made on the exchange rate between the British pound and US dollar;
- d) A male trader who is known to be particularly well-endowed;
- e) An options strategy where exercise time is rolled over

During the US subprime crisis of 2007-2010 a particular type of mortgage was offered to US homebuyers who had particularly low credit scores. Such mortgages were described as NINJA mortgages. The acronym standing for No Income, No Job and What A?

- a) No aspartane;
- b) No attitude;
- c) No assets*;
- d) No automobile

In stochastic calculus, the theory used to find the differential of a time-dependent function of a stochastic process is known as...

- a) Frank's law;
- b) Gibson's lambda;
- c) Luigi's diner or
- d) *Ito's lemma

In financial mathematics, partial derivatives relating to the function valuing a complex financial instrument are known as the....

- a) the Romans;
- b) the French;
- c) The Greeks;
- d) The Belgians;
- e) The In Laws

Does a European option refer to...

- a) A style of option where the underlying is any stock on the Euro Stoxx 50 index
- b) A style of option where you may exercise at any time
- c) A style of option where you may exercise only on a fixed date
- d) A second referendum on Britain leaving the European Union

In 2010 the average salary at Wall Street firm, Goldman Sachs, was \$544,000 including salary and bonus. How many bottles of Louis Roeder Cristal champagne could be purchased with this amount at today's prices at Laithwaite's online wine shop?

- a) 3636*;
- b) 2798;
- c) 1359 or
- d) 4212

When a trader purchases a derivative instrument known as a swap what is most commonly being swapped between the trader and his counterparty?

- a) Underpants;
- b) Shares;
- c) Wives;
- d) Interest rates*;
- e) Price sensitive information

New York hip impresario, Sean Coombs aka Puffy Daddy or Diddy, has a hit with his 1997 track entitled “It's All About The Benjamins.” The face of what famous Benjamin appears on the US \$100 bill?

A: Benjamin Frankling

In financial modeling, a continuous time stochastic process which models Brownian Motion is known as...

- a) Wiener Schnitzel;
- b) Wiener Process*;
- c) Weinstein Process;
- d) Windy Miller Process

In January 2009, during the Bank of America takeover of Merrill Lynch the former CEO of Merrill Lynch, John Thain, was fired for what indiscretion...

- a) Spending \$20,000 in one evening at a downtown New York strip club;
- b) Unspecified inappropriate activity involving two female cleaners;
- c) Spending \$1.2M on refurbishing his office*;
- d) Threatening the head of compliance after a particularly angry board meeting