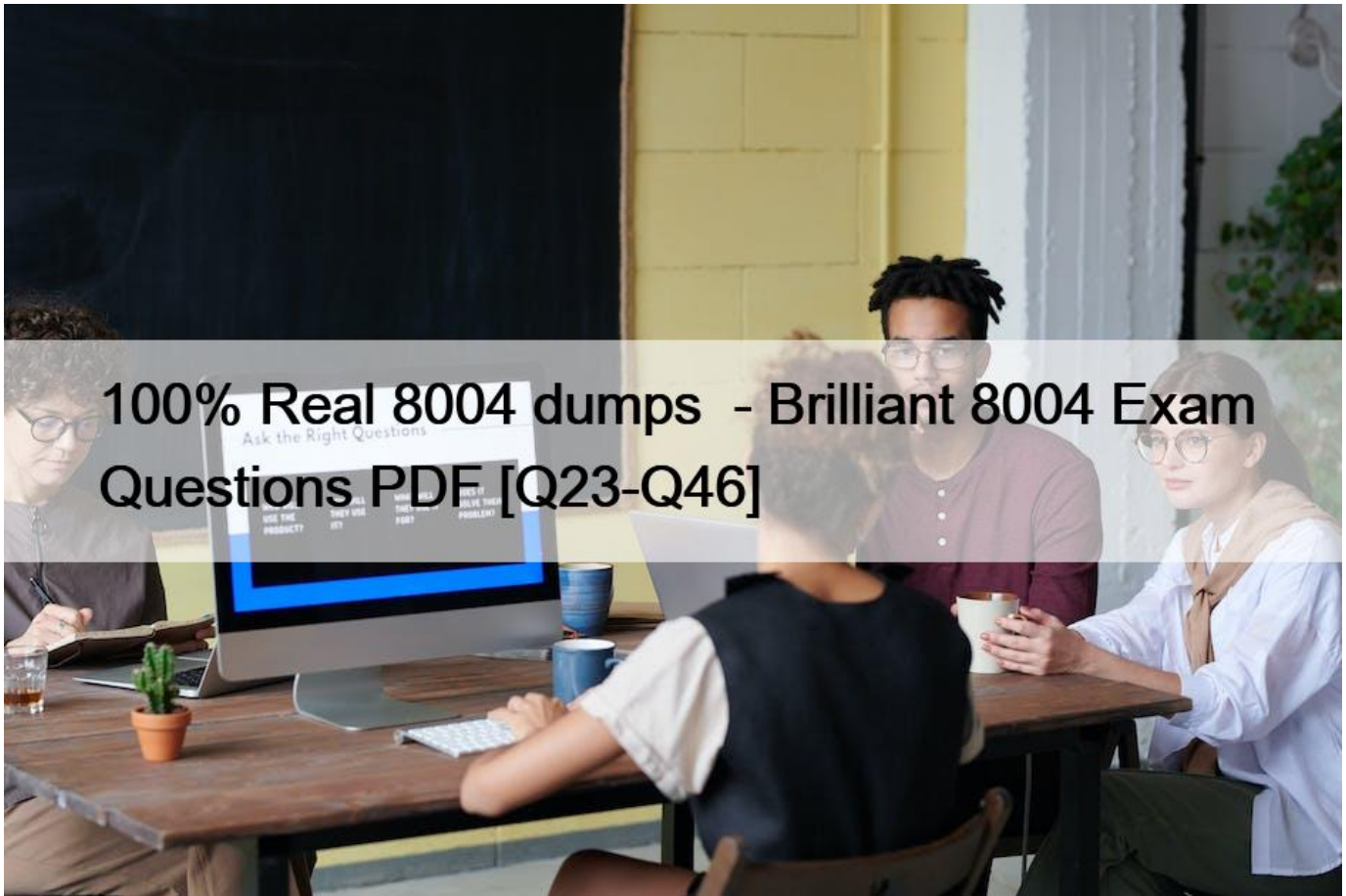


## 100% Real 8004 dumps - Brilliant 8004 Exam Questions PDF [Q23-Q46]



### 100% Real 8004 dumps - Brilliant 8004 Exam Questions PDF 8004 Exam PDF [2023 Tests Free Updated Today with Correct 112 Questions Q23. Corporate Governance &#8230;

- \* Eliminates risk to the greatest extent possible
- \* Is defined as the assembled knowledge and wisdom of the collective stakeholders in the organization, set to maximize shareholder value
- \* Is defined as business decision making predicated on a belief in potential rewards, balanced with the knowledge, understanding and appreciation of the risk taken to pursue those potential rewards
- \* Is defined as that which is best practiced within an enterprise risk management framework, guided by the PRMIA Standards of Best Practice, Conduct and Ethics above all else

**Q24.** The problems at Bankers Trust can best be characterized as failures related to:

- \* Market Risk
- \* Credit Risk
- \* Operational and Regulatory Compliance Risk
- \* All of the Above

**Q25.** How much of Washington Mutual's assets were funded by customer deposits for the decade ending in 2006?

- \* 30%

- \* 40%
- \* 50%
- \* 60%

**Q26.** What was the most important loss for Bankers Trust?

- \* Money due to unfavourable market moves
- \* Loss of its reputation; reputation due to actions seen as detrimental to their clients
- \* Loss of market share due to their licenses being revoked
- \* Time spent on legal proceedings in courts

**Q27.** A PRMIA member is offered a highly paid work assignment on the condition that some aspects of assignment are not to be done according to PRMIA standards.

What should they do?

- \* Perform the assignment, noting in the final report the standards to which the assignment was done
- \* Accept the assignment, produce and deliver two reports according to both standards
- \* Accept the assignment, and prior to doing any work, report the conflict of interest to the organization's compliance department
- \* The PRMIA member should place the integrity of the risk management profession and users of risk management above their own personal interests, and refuse the work

**Q28.** Metallgesellschaft's retail contracts were

- \* unhedged
- \* hedged using exchange-traded futures with longer maturities than the retail contracts
- \* hedged using exchange-traded futures with shorter maturities than the retail contracts
- \* fully hedged using exchange-traded futures of the same maturities as the retail contracts

**Q29.** The condition where futures prices of an underlying asset are lower than cash (spot) prices is known as:

- \* Backwardation
- \* Contango
- \* Reverse backwardation
- \* Conchacha

**Q30.** PwC concluded that the accounting policy adopted by China Aviation Oil was incorrect because it

- \* only regarded the intrinsic value (i.e. the difference between the strike price and the forward price of the underlying commodity) as the fair value of its options
- \* took into account both the intrinsic value and the time value
- \* only took into account the time value of the option (which includes recognizing the time left to maturity of the option, the volatility of the spot price of the underlying commodity, interest rates and other factors)
- \* used neither the intrinsic value nor the time value

**Q31.** Which is NOT part of the guidance on Professional Conduct in the PRMIA Standards of

Best Practice, Conduct and Ethics (Code of Conduct)?

- \* Know and abide by applicable rules and regulations
- \* Clearly inform all affected parties of any apparent or actual conflicts of interest
- \* Report to the Regulator any departures from generally accepted methodology or practices
- \* Provide advice that is clear and accurate

**Q32.** Which of the following is FALSE?

- \* Nick Leeson also ran the back office for his trading area
- \* Nick Leeson dealt in complex derivatives lacking transparency of pricing
- \* SIMEX made inquiries to Barings Bank about large margin calls on its positions
- \* Nick Leeson claimed to be running an arbitrage book

**Q33.** The problems at Bankgesellschaft Berlin can best be characterized as failures related to:

- \* Market Risk
- \* Credit Risk
- \* Operational Risk
- \* Both B and C

**Q34.** Which of the following would have contributed to noticing and preventing Leeson's violations at Barings?

- \* Separation of front and back offices
- \* More senior level involvement at Barings regarding use of derivatives
- \* Recognition that large profits can be an indicator of higher risk
- \* All of the above

**Q35.** The problems at WorldCom can best be characterized as related to:

- \* Market Risk
- \* Credit Risk
- \* Operational and Regulatory Compliance Risk
- \* All of the Above

**Q36.** A VaR model for managing market risk at Barings Bank in London would most likely have:

- \* Alerted senior management to the problems before the major losses occurred
- \* Helped very little as Nick Leeson hid many trades
- \* Not correctly assessed the risk in Nick Leeson's option trades as they have non-linear price characteristics
- \* Been used if senior management had ever seen it

**Q37.** The failure of Washington Mutual was NOT due to which one of the following?

- \* Using a combination of subprime mortgage loans and credit cards
- \* It failed due to the poor quality of its assets
- \* Low lending standards and bad quality acquisitions
- \* A run on its deposits by bank customers

**Q38.** In the case of National Australia Bank, which of the following was present?

- \* A window of time between close of day for reporting purposes and back office checking that allowed traders to hide losses using fictitious trades
- \* The Board received risk management information that was incorrect, incomplete or insufficiently detailed
- \* Both A and B
- \* Neither A nor B

**Q39.** A risk manager is asked to analyze the credit risk of a convertible bond. The risk manager has never analyzed convertible bonds, but does have significant expertise in credit risk. The risk manager accepts the assignment, finds a paper on the subject through the PRMIA web site and copies the method used there. The risk manager completes the assignment and delivers a report to his or her direct supervisor and the supervisor is quite pleased.

According to the PRMIA Standards of Best Practice, Conduct and Ethics (Code of Conduct), this was acceptable behavior if the following conditions were met:

I. The risk manager disclosed the lack of knowledge about convertible bonds

II. The methodology employed is disclosed and explained

III. The report was just to be used for analysis and not in practice

IV. The risk manager was sure of his/her understanding of the paper found on the web

- \* I and II
- \* I, II and IV
- \* I, II and III
- \* I only

**Q40.** The retrocession insurance cover was provided by

- \* Fortress Re and other insurers
- \* The Fortress Re reinsurers only
- \* The fronting insurance companies
- \* Fortress Re and their reinsurers

**Q41.** Which of the following is NOT part of the PRMIA Standards of Best Practice, Conduct and Ethics (Code of Conduct) Guidance on Ethical Behavior?

- \* Ensure globally accepted standards are adhered to at all costs
- \* Respect local customs
- \* Respect local laws and regulations
- \* Take responsibility for your work

**Q42.** Which of the following is FALSE?

- \* Nick Leeson also ran the back office for his trading area
- \* Nick Leeson dealt in complex derivatives lacking transparency of pricing
- \* SIMEX made inquiries to Barings Bank about large margin calls on its positions
- \* Nick Leeson claimed to be running an arbitrage book

**Q43.** The Financial Accounting and Reporting Infrastructure of any organization must:

I Accurately represent the corporation's current and known financial condition in a timely manner  
II Only use off-balance sheet transactions which have a legitimate economic, tax, risk transfer or risk mitigating purpose  
III Provide a detailed description of the Risk Management Infrastructure in the organization's Annual Report to Shareholders  
IV Provide an auditable Annual Statement of Compliance with the Board's publicly stated Standards of Corporate Governance to the Board and Audit Committee

- \* I, II and III only
- \* I, III and IV only
- \* I and III only
- \* All of these are expected of the Financial Accounting and Reporting Infrastructure

**Q44.** Which of the following is part of the Group of 30 Report's market risk and stress testing recommendations?

- \* To be consistent with regulatory capital measures, 10-day holding periods should be standardized for VaR reporting
- \* Historic simulations are not effective methods of stress testing
- \* Stress tests should incorporate changes in liquidity
- \* Market risk VaR measures should be multiplied by 3 to get to a stress test figure, as long as the VaR model has been back-tested

**Q45.** Metallgesellschaft's retail contracts were

- \* unhedged
- \* hedged using exchange-traded futures with longer maturities than the retail contracts
- \* hedged using exchange-traded futures with shorter maturities than the retail contracts
- \* fully hedged using exchange-traded futures of the same maturities as the retail contracts

**Q46.** Which of the following should NOT be part of the Risk Management Infrastructure?

- \* Define the organization's definition of risk management as articulated by the Board in clear and uncertain terms
- \* Include financial risk management, compliance and external reporting and, to the extent that resources allow, should exclude legal or accounting
- \* Be independently staffed and report to an employee who is on the Executive Committee (Operating Committee) but who is NOT a business unit leader
- \* Review continually the application of the Principles of Good Governance to the Risk Management Infrastructure, financial accounting and reporting infrastructure and the organization as a whole

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