**Corporate bonds - re-cap questions**

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| 1. A corporate instrument with a maturity of less than a year is known generally as which of the following: | |
| A | A corporate bond |
| B | A covered bond |
| C | A commercial paper |
| D | A company document |

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| 1. ABC plc issues bonds using unsold stock as security. What type of security have they offered? | |
| A | A third party guarantee |
| B | A fixed charge |
| C | A floating charge |
| D | A specific asset |

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| 1. The greater the level of security offered on a bond; | |
| A | the more risky the investment is |
| B | the higher the coupon rate offered |
| C | the higher the cost of borrowing |
| D | the lower the cost of borrowing |

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| 1. Which of the following is not true about Fixed Rate Bonds; | |
| A | They pay set coupons |
| B | They pay coupons on a quarterly basis |
| C | They have a pre-determined redemption date |
| D | They pay coupons plus a quoted margin |

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| 1. Which of the following is not true about a foreign bond; | |
| A | Issued by a domestic company |
| B | Issued by a company overseas |
| C | Issued in the domestic market |
| D | Issued in the domestic currency |

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| 1. Floating-rate notes are most likely to link their coupon rates to which of the following: | |
| A | RPI |
| B | LIBOR |
| C | CPI |
| D | RPIX |

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| 1. A French Company issues a bond out of London to UK Investors in $US. Which of the following statements best describes this bond; | |
| A | It is a domestic bond |
| B | It is a Eurobond |
| C | It is a foreign bond |
| D | It is likely to be a FRN |

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| 1. What classification are bonds issued by an Italian company to UK investors in £Sterling? | |
| A | UK |
| B | Eurobond |
| C | Domestic |
| D | Foreign |

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| 1. Which of the following statements is not true about Eurobonds? | |
| A | They provide fixed charges as security |
| B | They are assessed by credit ratings agencies |
| C | Most activity takes place out London |
| D | They typically include a ‘negative pledge’ clause |

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| 1. Which of the following is not an advantage of issuing Eurobonds; | |
| A | Less regulation and disclosure required |
| B | Gross interest payments are made to investors |
| C | Ability to reach potential lenders internationally rather than just domestically |
| D | Higher funding costs |