Question #1 of 10

Question ID: 1574268

Whitetail Company issues 73-day commercial paper that will pay $1,004 at maturity per $1,000 face value. The bond-equivalent yield is *closest to*:

A) 2.00%.

B) 2.02%.

C) 1.97%.

Question #2 of 10

Question ID: 1576051

Jacobs Company (Jacobs) has issued floating-rate notes (FRNs) using a market reference rate (MRR) of 3.5%. Jacobs is deemed as having less credit risk than the institution from which the MRR was derived. Which of the following annualized coupon rates for the note is *most likely*?

A) 3.50%.

B) 3.15%.

C) 3.85%.

Question #3 of 10

Question ID: 1576488

If the discount margin is lower than the quoted margin on a floating rate note, it is *most likely* that:

A) the reference rate has decreased.

B) the note's credit quality has improved.

C) the note is priced at a discount.

Question #4 of 10

Question ID: 1576052

If the quoted margin (QM) of a floating-rate note (FRN) is deemed to be deficient, the FRN will trade at what price relative to par value?

A) At par.

B) Below par.

C) Above par.

Question #5 of 10

Question ID: 1574270

A $1,000 par value note is priced at an annualized discount of 1.5% based on a 360-day year and has 150 days to maturity. The note will have a bond equivalent yield that is:

A) equal to 1.5%.

B) higher than 1.5%.

C) lower than 1.5%.

Question #6 of 10

Question ID: 1576049

The relationship between the quoted margin and the discount margin on a floating-rate note (FRN) is such that if the note is priced below par, it must be a case that the discount margin is:

A) equal to the quoted margin.

B) greater than the quoted margin.

C) less than the quoted margin.

Question #7 of 10

Question ID: 1576050

As a floating-rate note (FRN) gets closer to maturity, assuming no change in credit quality since the original issuance, the quoted margin (QM) will:

A) fall below the discount margin.

B) equal the discount margin.

C) exceed the discount margin.

Question #8 of 10

Question ID: 1574267

An investor buys a pure-discount note that matures in 146 days for $971. The bond-equivalent yield is *closest to*:

A) 1.2%.

B) 3.0%.

C) 7.5%.

Question #9 of 10

Question ID: 1574269

A bond-equivalent yield for a money market instrument is a(n):

A) add-on yield based on a 365-day year.

B) discount yield based on a 360-day year.

C) discount yield based on a 365-day year.

Question #10 of 10

Question ID: 1576053

A company issues a $1 million annual coupon floating-rate note (FRN) with a quoted annual market reference rate (MRR) of 3.5% plus a quoted margin (QM) of 80 basis points. With three years remaining until maturity, the MRR is quoted at the same 3.5% with a discount margin equal to 50 basis points. The estimated value of the FRN is *closest* to:

A) $1,008,910.

B) $1,008,325.

C) $1,007,740.