Question #1 of 11

Question ID: 1574142

Every six months a bond pays coupon interest equal to 3% of its par value. This bond is a:

A) 3% semiannual coupon bond.

B) 6% annual coupon bond.

C) 6% semiannual coupon bond.

Question #2 of 11

Question ID: 1574140

Assuming bond yields are greater than zero, which of the following statements about zero-coupon bonds is *least* accurate?

A) A zero coupon bond may sell at a premium to par when interest rates decline.

B) All interest is earned at maturity.

C) The lower the price, the greater the return for a given maturity.

Question #3 of 11

Question ID: 1574144

An analyst observes a 5-year, 10% coupon bond with semiannual payments. The face value is £1,000. How much is each coupon payment?

A) £50.

B) £25.

C) £100.

Question #4 of 11

Question ID: 1574150

Restrictions on asset sales and additional borrowings by a bond issuer are *best* characterized as:

A) positive covenants.

B) negative covenants.

C) affirmative covenants.

Question #5 of 11

Question ID: 1574149

A covenant that requires the issuer not to let the insurance coverage lapse on assets pledged as collateral is an example of a(n):

A) affirmative covenant.

B) inhibiting covenant.

C) negative covenant.

Question #6 of 11

Question ID: 1574143

Which of the following fixed income securities is classified as a money market security?

A) Newly issued security that will mature in one year.

B) Security issued 18 months ago that will mature in six months.

C) Security issued six months ago that will mature in one year.

Question #7 of 11

Question ID: 1574145

Which of the following contains the overall rights of the bondholders?

A) Covenant.

B) Indenture.

C) Rights offering.

Question #8 of 11

Question ID: 1574146

A bond's indenture *least likely* specifies the:

A) source of funds for repayment.

B) covenants that apply to the issuer.

C) identity of the lender.

Question #9 of 11

Question ID: 1574147

Features specified in a bond indenture *least likely* include the bond's:

A) coupon rate and maturity date.

B) issuer and rating.

C) par value and currency.

Question #10 of 11

Question ID: 1574141

A bond is trading at a premium if its:

A) price is greater than its par value.

B) redemption value is greater than its face value.

C) yield is greater than its coupon rate.

Question #11 of 11

Question ID: 1574148

Which of the following bond covenants is considered negative?

A) Maintenance of collateral.

B) No additional debt.

C) Payment of taxes.