

Question #1 of 4

Question ID: 1574483

Which of the following is typically equal to zero at the initiation of an interest rate swap contract?

- A)** Its value.
 - B)** Its price.
 - C)** Neither its value nor its price.
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Question #2 of 4

Question ID: 1574482

An investor could best replicate the position of the floating rate payer in a swap by:

- A)** borrowing at a floating rate and entering a series of zero-value FRAs.
 - B)** borrowing at a floating rate and buying a fixed-rate bond.
 - C)** borrowing at a fixed rate and entering a series of zero-value FRAs.
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Question #3 of 4

Question ID: 1574484

The price of a fixed-for-floating interest rate swap contract:

- A)** may vary over the life of the contract.
 - B)** is established at contract initiation.
 - C)** is directly related to changes in the floating rate.
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Question #4 of 4

Question ID: 1574481

For a series of forward contracts to replicate a swap contract, the forward contracts must have:

- A)** values at swap initiation that sum to zero.

B) values at swap expiration that sum to zero.

C) values at swap initiation that are equal to zero.