SOFQ Q&As

Securities Operations Foundation Qualification (SOFQ)

QUESTION 1

Accrued interest is designed to:

A. Compensate the buyer of an interest-bearing bond for interest earned, (but not paid) since the previous coupon payment date

B. Compensate the seller of an interest-bearing bond for interest earner, (but not paid) relating to the next coupon payment date

C. Compensate the buyer of an interest-bearing bond for interest earned, (but not paid) relating to the next coupon payment date

D. Compensate the seller of an interest-bearing bond for interest earned, (but not paid) since the previous coupon payment date

Correct Answer: D

QUESTION 2

The US regulator \\'SEC stands for:

A. Securities Exchange Corporation

B. Securities Enterprise Conglomerate

C. Securities and Exchange Commission

D. Securities Endeavour Company

Correct Answer: C

QUESTION 3

From the perspective of one party to a securities trade, Free of Payment settlement without risk means:

A. Delivering an asset to the counterparty prior to receipt of the contra asset from the counterparty

B. Simultaneously exchanging securities and cash with the counterparty

C. Delivering an asset to the counterparty following successful exchange of trade confirmations

D. Receiving the counterparty\\'s asset before instructing release of the contra asset

Correct Answer: D

QUESTION 4

The price of a bond trade which excludes accrued interest is known as:

A. A dirty price

B. A fresh price

C. A clean price

D. A cloudy price

Correct Answer: C

QUESTION 5

A bond which permits the issuer to redeem the bond prior to its maturity date is known as a:

A. Demandable bond

B. Callable bond

C. Requestable bond

D. Askable bond

Correct Answer: B