



BrainDumps
Collection

PRMIA

8004 Exam

**PRM Certification - Exam IV: Case Studies; Standards: Governance,
Best Practices and Ethics**

Thank you for Downloading 8004 exam PDF Demo

You can also try our 8004 practice exam software

Download Free Demo

<https://www.braindumpscollection.com/8004.html>

**DEMO
VERSION** (LIMITED CONTENT)

Questions
& Answers

Version: 8.0

Question: 1

A VaR model for managing market risk at Barings Bank in London would most likely have:

- A. Alerted senior management to the problems before the major losses occurred
- B. Helped very little as Nick Leeson hid many trades
- C. Not correctly assessed the risk in Nick Leeson's option trades as they have non-linear price characteristics
- D. Been used if senior management had ever seen it

Answer: B

Explanation:

Question: 2

Which of the following is FALSE?

- A. Nick Leeson also ran the back office for his trading area
- B. Nick Leeson dealt in complex derivatives lacking transparency of pricing
- C. SIMEX made inquiries to Barings Bank about large margin calls on its positions
- D. Nick Leeson claimed to be running an arbitrage book

Answer: B

Explanation:

Question: 3

What is (are) the lesson(s) of the Barings' failure?

- A. Incentive plans have risk management implications
- B. Front and back offices need to be independent
- C. Large profits can be an indicator of risk
- D. All of the above

Answer: D

Explanation:

Question: 4

Which of the following was a key problem in the Barings Bank case?

- A. Having the back office and front office operations under the same person
- B. Difference in the contract sizes in the OSE and SIMEX
- C. The different time zones that the office was trading in
- D. Leeson was executing an arbitrage strategy even though he was not authorized to do so

Answer: A

Explanation:

Question: 5

Barings failed to recognize that Nick Leeson's losses were increasing because:

- A. Leeson ran the front office
- B. The London office did not ask for any reports
- C. Leeson hid his trades in a suspense account
- D. The margin report sent to London did not show the true margin needs

Answer: C

Explanation:

Thank You for trying 8004 PDF Demo

To try our 8004 practice exam software visit link below

<https://www.braindumpscollection.com/8004.html>

Start Your 8004 Preparation

Use Coupon "20OFF" for extra 20% discount on the purchase of Practice Test Software. Test your 8004 preparation with actual exam questions.