

Education

1 What is the highest level of education you have achieved?

- a. Bachelor's or master's degree in economics / law / math / technical field with a focus on finance
- b. Bachelor's or master's degree in economics / law / math / technical field without a focus on finance
- c. Degree in another field / completed high school w/ school leaving exam
- d. Expert secondary school w/o completed leaving exam / studied w/o completing leaving exam / basic (elementary) school
- e. None of the above

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Profession

2 Do you work, or have you worked, for at least one year in the financial services sector in a role that required knowledge of forward trades?

- a. Yes
- b. No

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Experience

Have you carried out any of the following trades in the last 5 years?

3 Spot trades

Number (count) of all transactions:

- a. So far never
- b. 10 max
- c. More than 10
- d. More than 30
- e. I don't know

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The full volume of transactions executed up to 1 mil. CZK
 The full volume of transactions executed between 1 - 5 mil. CZK
 The full volume of transactions executed exceed 5 mil. CZK

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4 Limit orders (automatic orders)

Number (count) of all transactions:

- a. So far never
- b. 10 max
- c. More than 10
- d. More than 30
- e. I don't know

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The full volume of transactions executed up to 1 mil. CZK
 The full volume of transactions executed between 1 - 5 mil. CZK
 The full volume of transactions executed exceed 5 mil. CZK

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5 Forwards, futures or swaps

Number (count) of all transactions:

- a. So far never
- b. 10 max
- c. More than 10
- d. More than 30
- e. I don't know

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The full volume of transactions executed up to 1 mil. CZK
 The full volume of transactions executed between 1 - 5 mil. CZK
 The full volume of transactions executed exceed 5 mil. CZK

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6 Options

Number (count) of all transactions:

- a. So far never
- b. 5 max
- c. More than 5
- d. I don't know.

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The full volume of transactions executed up to 1 mil. CZK
 The full volume of transactions executed between 1 - 5 mil. CZK
 The full volume of transactions executed exceed 5 mil. CZK

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Knowledge / Skills

7 What is a currency forward? (check the correct answer)

- a. A currency conversion in the future at an exchange rate that is not predetermined
- b. The right, in no way the obligatin, to convert a currency at a predetermined exchange rate
- c. A currency conversion in the future at a predetermined exchange rate
- d. A currency conversion at the current exchange rate
- e. I don't know.

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8 What is the difference between a Currency Forward and a Swap? (check the correct answer)

- a. None, they are different names for the same product.
- b. A Swap is a currency conversion at the current exchange rate, a forward is a currency conversion at a future rate.
- c. A Forward serves to hedge an exchange rate in the future, a Swap involves shifting/delaying the maturity of a currency conversion.
- d. They are counter (opposite) trades. A Forward involves purchase of a currency in the future. A Swap involves the sale of a currency in the future.

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e. I don't know.

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9 When hedging in relation to Forward Trades (e.g., Forwards, Swaps, Options and Option structures), the following is true: (check all correct answers)

- a. Forward trades do not require depositing monetary funds as collateral
- b. Money (funds) used for collateral are deposited when concluding any type of Forward Trade, provided the client was not provided a collateral limit
- c. In the case of negative market developments, Citfin can request deposit of supplementary funds (Margin Call) as collateral. With Forward trades there is a risk that the client will have to, during the trade, deposit further funds for an undetermined amount (one not predefined)
- d. The initial collateral value (the funds deposited as collateral when concluding a Forward Trade) is final. Citfin cannot request deposit of further funds as collateral.
- e. I don't know.

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10 Financial collateral deposited when concluding a Derivative trade serves to (check all correct answers)

- a. Cover eventual losses provided the market (exchange) rate does not develop/evolve in the client's favour
- b. Possibilities for the client to execute a Derivative trade even without a limit provided
- c. Maximum increase of client profits during positive exchange rate development
- d. Cover transaction costs and bank fees associated with the Derivative trade
- e. Collateral coverage for client obligations in the event that the value of the Derivative trade is negative.

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11 Margin Call (check all correct answers)

- a. Is a returnable deposit that the client gets back the moment when a negative market value for a Derivative trade returns below the stipulated level or when the client settles the trade.
- b. Serves as compensation for increased market risk on grounds of negative exchange rate development
- c. Is a non-refundable fee that the client must pay if negative exchange rate development arises.
- d. Is a request to supplement funds due to a change in the exchange rate.
- e. Is a request to end the trade prematurely.

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Options

If you are interested in Option trades, please answer the following questions:

12 What is a currency option? (check all correct answers)

- a. Hedging against inflation
- b. The right, in no case the obligation, to convert a currency in the future at a predetermined exchange rate
- c. Currency conversion in the future at a predetermined exchange rate
- d. Currency conversion at the current exchange rate
- e. A transaction whose conclusion (execution) is associated with paying an option premium
- f. I don't know.

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13 A Strike Rate (Strike) involves: (check all correct answers)

- a. A fixed fee for agreeing an Option. It is a non-refundable amount that is normally paid at the start of a trade.
- b. A predetermined exchange rate where the Option buyer has the right to execute a currency conversion in the future.
- c. Current spot rate on the day the Option is agreed
- d. Daily fixing announced by the CNB (Czech National Bank)
- e. Expressed as an amount in the secondary currency for one unit of the reference (main) currency
- f. I don't know.

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14 Knock-Out (KO) barrier: (check all correct answers)

- a. An exchange rate level where once achieved the option deactivates
- b. An exchange rate level where once achieved the option activates
- c. An exchange rate level where once achieved the option's volume rises (lever effect)
- d. A fixed exchange rate valid at the moment of agreeing a forward
- e. In the case of a US barrier it is monitored constantly.
- f. I don't know.

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15 "Cost-free" product: (check all correct answers)

- a. It means that the client does not pay any fee (premium) for an Option purchased. The option price is paid for by the sale of another option from which specific obligations for the client arise.
- b. It's free and without risk.
- c. Always contains a lever (the obligation to execute a currency conversion in a larger volume)
- d. Does not mean that it is also risk-free.
- e. It means that the client pays the fee for it only at the time of settlement.
- f. I don't know.

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16 Which is true about the TARF option structure? (check all correct answers)

- a. The product is free and without risk.

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- b. The product terminates either with the achievement of a predetermined profit value (expressed either in the secondary currency or by calculating the profit fixings) or based on the final fixing (whichever happens first)
- c. It is a series of currency forwards for which the client has the right (but not the obligation) to make use of the eventual, more advantageous exchange rate as opposed to the actual exchange rate on the settlement date.
- d. It is a series of forward transactions that represent a fixed obligation by the client to buy or sell a preagreed amount of a given currency in a different currency at a specific date in the future.
- e. It usually has no fees attached.
- f. I don't know.

17 Which claim is true in the case of a Knock-In (KI) barrier? (check all correct answers)

- a. It is the exchange rate level where, once achieved, the option deactivates.
- b. It is the exchange rate level where, once achieved, the option activates.
- c. It is a barrier that, once crossed, the client sells an exponential volume per the agreed lever.
- d. It is usually part of participatory option strategies.
- e. In the case of a European barrier it is monitored only on the expiration date.
- f. I don't know.

18 Which claim is true in the case of a Collar product? (check all correct answers)

- a. It is a combination of a put option and a call option.
- b. It is more expensive than a vanilla option.
- c. It is usually cheaper than a vanilla option.
- d. It always consists of two put options.
- e. It always contains a Knock-Out barrier.
- f. I don't know.

19 In what way can an option structure terminate? (check all correct answers)

- a. By achieving the predetermined profit value (provided it involves a TARF structure, for example)
- b. A request by phone to terminate it (termination is always free-of-charge)
- c. Its depletion upon achieving the final fixing (expiration)
- d. By achieving the limit for accumulated loss
- e. By achieving the Knock-In barrier
- f. I don't know.

Risk tolerance and the inability to cover losses

20 What exchange rate value fluctuations are you willing to accept in relation to Forward trades? (check one answer)

- a. I am unable to bear any change in the exchange rate that would be to my disadvantage.
- b. I am able to bear a max. 2% change in the exchange rate to my disadvantage.
- c. I am able to bear a 2-5% change in the exchange rate to my disadvantage.
- d. I am able to bear a 5% or greater change in the exchange rate to my disadvantage.
- e. I am able to accept a very high risk, including significant fluctuations in the exchange rate of more than 10%.

21 If, due to changes in market conditions, the value of your Forward transaction changes in such a way that you are asked to supplement the collateral (increase the collateral), what will you do? (select one answer)

- a. Based on the notice I will supplement the capital to reach the requested amount and will settle the trade on the maturity date.
- b. I will settle the trade before its maturity.
- c. I prefer to conclude a countertrade (a trade with opposite parameters), i.e., I am not willing to increase the collateral; i.e., I will report a loss per current market conditions.
- d. Nothing. I will ignore the notice.

22 What loss for your trade are you willing to bear based on your current asset status? (check one answer)

- a. I am not willing or able to bear any risk of loss of assets.
- b. I am aware that with Forward trades or those with a Lever effect, that it may be necessary to provide further funds as collateral in the event of negative market developments. In an extreme case I am willing and able to accept a loss that might exceed the deposited capital amount.

Grounds for collaboration

23 What is the main reason you wish to use Citfin services? (check all relevant answers)

- a. To maintain the nominal value of my assets
- b. Creation of capital reserves in the form of regular investments
- c. Hedging against currency risk
- d. Interest in investment opportunities with higher earning potential (potential returns)
- e. Currency trading
- f. I don't know.
