

РОССИЙСКАЯ ЭКОНОМИЧЕСКАЯ ШКОЛА
ПРОГРАММА МАСТЕР ФИНАНСОВ
ОЛИМПИАДА ПО АНГЛИЙСКОМУ ЯЗЫКУ (апрель 2023 г.)

Part 1 A. Structure

Directions: Questions 1-15 are incomplete sentences. Beneath each sentence you will see four words or phrases, marked (A), (B), (C), and (D). Choose the one word or phrase that best completes the sentence. Only one answer is correct.

1. His Bank colleagues had their convictions _____ on appeal in January, in a ruling that concluded “the government failed to show that any of the trader-influenced submissions were false, fraudulent, or misleading”.

(A) quashed
(B) quash
(C) quashing
(D) have quashed

2. A fixture in global financial plumbing for almost half a century, Libor is in the process of being phased out and _____ with an alternative mechanism that is considered harder to manipulate.

(A) has currently be replaced
(B) is currently being replaced
(C) has currently replaced
(D) was currently replaced

3. At the center of the storm is a simple question that analysts and market commentators _____ since Credit Suisse announced over the summer that it would strip back its investment bank and cut out SFr1.5bn of costs.

(A) are asking
(B) have been asking
(C) has been asking
(D) are being asking

4. Some 137 regional power suppliers will increase their prices _____ an average of around 61% and 167 gas suppliers by around 54%.

(A) at
(B) in
(C) for
(D) by

5. To help consumers, the government has cut value-added tax on energy supplies to 7% from 19% and provided _____ 13 billion euros in subsidies for fees charged by power grid firms.

- (A) with
- (B) for
- (C) -
- (D) of

6. Markets' implied Fed rate for next year moved back above 5% again for the first time since the _____ soft inflation report last week and two-year Treasury yields reclaimed 4.5%.

- (A) surprising
- (B) surprisely
- (C) surprisingly
- (D) surprisedly

7. Fears for the future of social media giant Twitter increased further _____ hundreds of Twitter employees were estimated to have quit the beleaguered firm following a Thursday deadline from new owner.

- (A) otherwise
- (B) despite
- (C) as
- (D) in comparison

8. The crypto world continued to lick its wounds amid unfolding revelations and reverberations _____ the collapse of the company.

- (A) being surrounded
- (B) having surrounding
- (C) surrounded
- (D) surrounding

9. The Fed needs to keep _____ interest rates given that its tightening so far "had only limited effects on observed inflation."

- (A) raising
- (B) raise
- (C) rising
- (D) rise

10. On Friday, the change in mood pushed the dollar _____ course for its best week in a month, while Asian stocks were stable.

- (A) in
- (B) with
- (C) to
- (D) on

11. If shares _____ trading shortly, the company _____ an expected market capitalisation of 3 billion euros at the time of listing.
- (A) will begin, will have
 - (B) begin, will have
 - (C) begin, has
 - (D) had begun, would have
12. It is the latest in a string of IPOs from the oil-rich Gulf that has defied market trends amid high oil prices, inflation comparatively lower _____ other regions and a dearth of equity offerings elsewhere.
- (A) compared
 - (B) in comparison
 - (C) than
 - (D) that
13. Stocks _____ in recent days after a strong month-long rally spurred by softer-than-expected inflation reports.
- (A) have retreated
 - (B) had retreated
 - (C) retreated
 - (D) will retreat
14. The central bank was in effect being forced _____ Britain's economy from the actions of its own government.
- (A) save
 - (B) to save
 - (C) saving
 - (D) to be saved
15. By Wednesday the Bank of England was obliged to reverse itself and announce another massive government bond-buying operation _____ stabilise the gilt market.
- (A) given that
 - (B) otherwise
 - (C) in spite of
 - (D) in order to

Part 1B. Written Expression

Directions: In questions 16-30, each sentence has four highlighted words or phrases. The four highlighted parts of the sentence are marked (A), (B), (C), and (D) beneath. Identify the one highlighted word or phrase that must be changed to correct the sentence. Only one answer is correct.

16. The Fed's efforts to tame inflation through higher interest rates have been the main driver of falling stock prices this year, and hope that the worst price rises are over has helped sustained the recent turnaround.
A B C D
17. If a historic breach in the global energy order is indeed imminent, there have been little apparent signs of this in the crude market.
A B C D
18. If China were to ease Covid restrictions next year, it's demand for oil and imported liquefied natural gas, which Europe is now heavily reliant on, could soar.
A B C D
19. The settlement with the Securities and Exchange Commission highlights a widening clampdown on potentially unsupported claims making by financial groups when it comes to socially-conscious investment products.
A B C D
20. Goldman agreed to the penalty as well as a cease-and-desist order and a censure, without admitting the SEC's findings. The agency's civil investigation into the bank's ESG claims first came to light in June.
A B C D
21. Separately on Tuesday, the US Department of Labor reversed a Trump-era rule that deterred asset managers from considering ESG criteria when offer retirement investing options to businesses.
A B C D
22. Five-year credit default swaps soared by 53 basis points (bps) to a record high of 398 bps from Friday's close, according data from S&P Global Market Intelligence.
A B C D
23. The Federal Reserve announcement suggests the bank could face additional fines related to its connection to Archegos, who collapse rocked Wall Street as its highly leveraged stock bets went sour.
A B C D

24. The kingdom have set itself high targets for diversifying its economy and reducing its dependence on oil, pouring hundreds of billions of dollars into a plan called Vision 2030 initiated by the kingdom's de facto ruler.
- A
B
C
D
25. It did not give details in the planned investments but a person familiar with the plans said the PIF's aviation department is getting hefty funds to create an ecosystem of cargo and passenger airlines, repair companies and airports.
- A
B
C
D
26. It was not clear when production would start at the Fremont plant or how large a cost savings Tesla would achieve from the redesign although it works with suppliers.
- A B
C D
27. The recession that is required to tame inflation in the UK is deeper than that needed elsewhere, with potentially serious societal implications.
- A B C
D
28. His gains this year come during a fruitful period for macro hedge funds, much of which have been able to profit from a huge rise in government bond yields globally, as central banks raise interest rates to try to combat high inflation.
- A B
C D
29. Several crypto firms have been bracing for the fallout from the FTX collapse, with many counting there exposure in millions to the beleaguered exchange.
- A B
C D
30. Many economists now shrugging off the bank's policy decisions, and private banks rely on other interest rates that move independently of the benchmark, such as deposit rates.
- A B
C D

Part 2: READING COMPREHENSION

Directions: In this section you will read two passages which are followed by a number of questions about them. You are to choose the one best answer, A, B, C, or D to each question. Only one answer is correct.

The Financial Times.

11 November 2022

Word count: 393

The crypto world must be made safer for investors and users.	
	The sudden collapse of the crypto exchange FTX raises serious questions about the state of the crypto ecosystem. Without serious changes in the way it works, it is hard to see how it could even become part of the existing mainstream financial system, let alone replace it as some would like to see.
8	The crisis at FTX, and before that crypto lender Celsius, Voyager, hedge fund Three Arrows Capital and digital tokens terraUSD and luna, has little do with cryptocurrency as a technology. Rather, it exposes what financial systems look like when there are insufficient checks and balances. Crypto people rail against central banks and regulators, but they exist for good reasons.
12 13 14	Exactly what went wrong at FTX is still unclear. Its chief executive, Sam Bankman-Fried, insisted it was just a liquidity failure. But Binance, which initially agreed to buy FTX to shore up liquidity, pulled out of the deal after looking at its books. There are reports that FTX has a balance sheet hole of about \$8bn. Unless someone is prepared to commit a lot of capital, FTX will eventually file for bankruptcy. Investors are bracing themselves for the worst: Sequoia Capital has already written down its investment to zero.
	More worryingly, it appears that customer funds are compromised. Indeed, it is hard to see how a balance sheet hole of such size could have developed unless the exchange had been lending out customer funds.
	Reuters reported that FTX lent customer funds to Alameda Research after it was hit hard by the failures of Three Arrows Capital and Voyager in May this year. And the US justice department and US regulators are now investigating relationships between FTX and Alameda, including whether customer funds may have been misused.
25	If customer funds have been lent out, then unless Bankman-Fried succeeds in finding a buyer who will pay near full price (which appears a tall order), customers of FTX's international exchange seem set to lose a substantial part of their funds. Some — perhaps many, because FTX attracted retail traders and encouraged ordinary people to deposit their wages into its accounts — will suffer hardship as a result.
	FTX is far from the first crypto company to fall amid token collapses, bank runs and allegations over the use of customer funds. The recent failures of Celsius, Voyager, and in 2021 the crypto lender Cred, show similar characteristics.

31. The purpose of the passage is to
- (A) discuss the consequences of the cryptoactivities
 - (B) describe the current situation in the cryptoworld
 - (C) persuade investors withdraw their investments from the cryptoworld
 - (D) inform investors about possible solutions in the current situation
32. According to paragraph 1, which of the following is true
- (A) It's obvious that cryptomarket has become the part of the global financial system
 - (B) Some major alterations are required for the crypto ecosystem to fit the financial system
 - (C) The existing mainstream financial systems requires revision
 - (D) The existing mainstream financial systems can be replaced by the crypto ecosystem
33. The word "rail against" in line 8 is closest in meaning to
- (A) criticize
 - (B) support
 - (C) praise
 - (D) launch
34. Which of the statements below is supported by paragraph 2?
- (A) The crisis has created cryptocurrency as a technology
 - (B) Central banks and regulators exist for nothing
 - (C) Sufficient checks and balances show what financial systems look like
 - (D) The crisis at FTX shows what financial systems look like without sufficient checks and balances
35. The word "shore up" in line 12 could best be replaced by
- (A) downsize
 - (B) enhance
 - (C) hinder
 - (D) halt
36. According to lines 12-14, what is the possible outcome of the crisis at FTX?
- (A) It is possible that someone will pour a lot of capital into FTX
 - (B) FTX may file for bankruptcy if someone doesn't pour a lot of capital into it
 - (C) FTX will file for bankruptcy if someone pours a lot of capital into it
 - (D) FTX is reported to have a balance sheet of about \$8bn

37. What is NOT mentioned in paragraphs 4 and 5?
- (A) The exchange might have been lending out customer funds
 - (B) US regulators are performing check-ups on FTX and Alameda liaison
 - (C) Customer funds haven't been properly leveraged
 - (D) Alameda Research has been experiencing hardships since May this year
38. The word "tall order" in line 25 could best be replaced by
- (A) a burden
 - (B) an anxiety
 - (C) the impossible
 - (D) a challenge
39. According to the two last paragraphs,
- (A) FTX is the first crypto company to fall amid token collapses
 - (B) Celsius, Voyager, and Cred failed in 2021
 - (C) All retail traders will suffer hardship as a result of FTX failure
 - (D) FTX is facing allegations over the use of customer funds
40. The tone of this passage is
- (A) pessimistic
 - (B) theoretical
 - (C) pragmatic
 - (D) criticizing

The Financial Times.
 16 November 2022
Word count: 384

ECB raises alarm over growing risks to financial system.	
	A toxic combination of recession, soaring inflation, rising funding costs and lower liquidity is threatening to trigger financial market turmoil in the euro area, the European Central Bank has warned.
6	Luis de Guindos, ECB vice-president, called for banks to take more provisions for bad loans, urged global regulators to make investment funds hold more liquid assets and said the central bank should be prudent in starting to shrink its €5tn bond stockpile next year.
	The ECB's twice-yearly financial stability review said high inflation, a growing likelihood of a recession and rising financing costs "pose increasing challenges" for indebted households, businesses and governments and could produce more bankruptcies and financial market volatility.
	"All of these vulnerabilities could unfold simultaneously, potentially reinforcing one another," the report added.
14	The ECB has itself contributed to the strains by raising interest rates sharply this year and it plans to discuss how to start shrinking its almost €5tn portfolio of bonds at its next policy meeting in December — a move that is likely to increase pressure on market liquidity.
	This should be done "with a lot of prudence", de Guindos said, adding that in his personal opinion, it would mean starting with "partial and passive" quantitative tightening, which means only replacing some of the bonds that mature, rather than actively selling securities.
22	This year's turmoil in UK gilt markets and an earlier cash crunch that hit European energy traders have underlined how the region's financial system is increasingly vulnerable to sharp moves in market prices that could spill over into a broader crisis, the ECB said.
	The ECB called on global regulators — coordinated by the Financial Stability Board — to accelerate work to address the non-bank financial sector's vulnerability to liquidity squeezes, similar to one that hit money market funds after the coronavirus pandemic struck in March 2020.
	De Guindos said the ECB's priority was for investment funds exposed to the risk of rapid and large-scale withdrawals in times of market stress to be forced to hold a certain proportion of liquid assets.
34	Cash holdings by eurozone investment funds have risen since the start of this year, but the ECB said their holdings of liquid assets "remain relatively low". It warned: "The risk remains high that investment funds could, in an adverse scenario, amplify a market correction via procyclical selling behavior."

41. Which statement from paragraphs 1 and 2 is true?
- (A) ECB is warning banks to be more careful with their loans
 - (B) ECB is threatening to impose financial market turmoil on banks
 - (C) ECB is making banks hold less liquidity assets
 - (D) ECB is starting to shrink its €5tn bond stockpile
42. The word “prudent” in line 6 is closest in meaning to
- (A) hazard
 - (B) reckless
 - (C) prompt
 - (D) judicious
43. Which of the sentences below best expresses the essential information in paragraphs 3 and 4?
- (A) Financial stability is posing increasing challenges for various groups of population
 - (B) Various groups of population may incur financial losses causing further financial market unpredictability
 - (C) Indebted households, businesses and governments are producing more bankruptcies and financial market volatility
 - (D) All these financial vulnerabilities could unfold sequentially, potentially reinforcing one another
44. The word “strains” in line 14 could best be replaced by
- (A) pressure
 - (B) increase
 - (C) productivity
 - (D) fatigue
45. What should be done “with a lot of prudence” according to de Guindos?
- (A) Reducing size of bond holdings
 - (B) Decreasing pressure on market liquidity
 - (C) Selling securities
 - (D) Tightening qualitative instruments
46. The pronoun “that” in line 22 refers to
- (A) gilt market turmoil
 - (B) cash crunch
 - (C) earlier cash
 - (D) gilt market turmoil and cash crunch

47. According to De Guindos, what is the ECB's priority?
- (A) Funds must be exposed to the risk of rapid and large-scale withdrawals during crisis
 - (B) Funds must hold enough liquid assets to withstand possible withdrawals
 - (C) Liquid assets must be secured by investment funds
 - (D) None of the answers is correct
48. The pronoun "it" in line 34 refers to
- (A) Eurozone
 - (B) ECB
 - (C) An adverse scenario
 - (D) A market correction
49. Why does the risk remain high, according to the last paragraph?
- (A) It is because the eurozone investment funds hold cash
 - (B) It is because investment funds can stop a market correction
 - (C) It is because the Eurozone investment funds don't have enough liquid assets
 - (D) The reason cannot be inferred from the last paragraph
50. What is the purpose of the whole passage?
- (A) It represents the argument
 - (B) It confronts certain thesis
 - (C) It reports on some events
 - (D) It humiliates actions

THIS IS THE END OF THE TEST!

THANK YOU!

ANSWERS

Part 1A.

1. A
2. B
3. B
4. D
5. C
6. C
7. C
8. D
9. A
10. D
11. B
12. C
13. A
14. B
15. D

Part 1B. Correct answers are indicated in the brackets.

16. D (help to sustain)
17. C (few)
18. B (its)
19. C (made)
20. B (admitting TO)
21. D (when offering)
22. D (according TO)
23. C (whose)
24. A (has set)
25. A (details ON)
26. D (as)
27. C (thAn)
28. B (many of which)
29. C (their)
30. A (shrug off)

Part 2.

31. B
32. B
33. A
34. D
35. B
36. B

- 37. C
- 38. D
- 39. D
- 40. C
- 41. A
- 42. D
- 43. B
- 44. A
- 45. A
- 46. D
- 47. B
- 48. B
- 49. C
- 50. C