

CFA® SAMPLE QUESTION - LEVEL I

Fixed Income

Q: A corporation issuing asset-backed securities can often improve the credit rating of the securities to above that of the issuing company by transferring the asset to a(n):

CORRECT ANSWER:

b) Special Purpose Vehicle

The assets are sold to a special purpose vehicle to protect them from general claims against the issuing corporation thus can help to improve the credit rating of the securities (even above that of the issuing company!)



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