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Гуманитарно-педагогический институт

БАНКОВСКИЕ ОПЕРАЦИИ=
BANKING OPERATIONS

Методическое пособие
к практическим занятиям по дисциплине
«Деловой английский язык» для студентов
I-II курсов экономических специальностей
очной формы обучения

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БАНКОВСКИЕ ОПЕРАЦИИ = BANKING OPERATIONS.
Методическое пособие к практическим занятиям по дисциплине «Деловой английский язык» для студентов I-II курсов экономических специальностей очной формы обучения / Сост. А.А.Дроздова. - Севастополь: Изд-во СГУ, 2015. - 36 с.

Целью предлагаемого методического пособия является оказание реальной практической помощи студентам экономических специальностей очного отделения по дисциплине «Деловой английский язык». Методическое пособие позволяет приобрести необходимый лексический минимум и знания, необходимые для осуществления деловой коммуникации и коммерческой деятельности.

Методическое пособие утверждено на заседании кафедры «Романская и германская филология» (протокол № 9 от 30.09.2015 г.).

Допущено учебно-методическим центром и научно-методическим советом СГУ в качестве методического пособия .

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СОДЕРЖАНИЕ

ВВЕДЕНИЕ

Целью предлагаемого методического пособия является оказание реальной практической помощи студентам специальности «Менеджмент организаций» очного отделения. Пособие позволяет приобрести необходимый лексический минимум и знания, необходимые для осуществления деловой коммуникации и коммерческой деятельности.

Методическое пособие состоит из 6 уроков. Каждый из уроков включает в себя основной текст, активный словарь к нему, разнообразные упражнения, диалоги и темы для обсуждения.

Данное методическое пособие предназначено для студентов I-II курсов очного отделения специальности «Менеджмент организаций».

1. UNIT 1. Other Services for Cheque Account Customers.

Active vocabulary

allowance	- налоговая скидка, денежное пособие
assign (v)	- ассигновать, предназначать, распределять
beneficiary	- бенефициар, получатель денег (по аккредитиву, страховому полису, ренты и т.д.)
benefit	- право, которое дает владельцу акция
bid (v) (bade, bidden)	- принимать участие в торгах, предлагать цену
claim	- претензия, требование
collect	- инкассировать, получать деньги
common stocks	- обыкновенные акции
commission	- комиссионные сбор
corporate bond (US)	- корпорационная облигация
coupon	- купон, отрезная часть ценной бумаги
counsel (v) (US)	- обсуждать, совещаться
creditor	- кредитор
cover	- покрытие, уплата, обеспечение, страхование
demand	- требование, спрос
empower (v)	- уполномочивать, доверять
executor	- душеприказчик
flier	- рекламный листок, игра на бирже
industrial bond	- промышленная облигация
inheritance	- наследство
insure (v)	- страховать(ся)
inventory	- опись, инвентаризация
liability	- обязательство, задолженность, пассив
market	- рынок
mature (v)	- подходить сроку платежа
policy	- политика
preferred stocks	- привилегированные акции
premium	- премия, надбавка
probate (v)	- утверждать
proceeds	- поступления
redemption	- погашение кредита
registered bond	- именная облигация
safe-deposit box (US)	- сейф в банке
seat	- «место», членство в фондовой бирже
stock broker	- маклер
strong room	- хранилище, сейфовая комната

Dialogue
Read the dialogue in parts.

Part 1. Brokerage Services.
Mr. Watson: I have some corporate bonds that'll mature next month. Can you help me to present them for redemption?
Banker: Surely. Where are they payable?
Mr. W.: At one of the banks in New York.
B.: Are they registered or the coupon style?
Mr. W.: They're registered in the names of both me and my wife.
B.: You'll both have to assign them.
Mr. W.: Yes, I know. And when the proceeds have come in, could you help me reinvest the funds in some preferred stocks?
B.: Oh, yes. Our brokerage house can bid on some shares for you.
Mr. W.: The charge the usual broker's commission, I suppose?
B.: Yes, they charge the same as any reliable house. They have a seal on both the New York and the American Exchanges.
Mr. W.: I've also thought of taking a flier on some common stocks, if you could find a good growth industry.
B.: Well, the market looks favorable right now.

Part 2. Trust Services.

Banker: Mrs West, I was sorry to hear of your husband's death.
Mrs West: Thank you. I'm pleased that the bank was named executor of the estate.
B.: We'll help you in every way we can. We've looked through the contents of the safe-deposite box and made an inventory. Everything seems to be in good order.
Mrs. W.: I know so little about my husband's affairs.
B.: Our counseling service is for people in just your position.
Mrs W.: I'm most concerned about my immediate expenses.
B.: Well, we're empowered under the terms of the will to provide you with an allowance until the estate has been probated.
Mrs W.: Yes, I knew about those.
B.: The benefits from these polices will be paid directly to you within the next two weeks.
Mrs W.: Oh, I don't have to worry then.
B.: No. The income from your inheritance is going to be quite sizable. Of course, we don't know yet what demands will be made against the estate.
Mrs W.: As far as I know, there are no large creditors.
B.: We hope not. You understand, also, that this bank is named trustee under the will. This means that we will take care of the portfolio of securities and give an annual report of the transactions.
Mrs W.: Yes, I understand that/ I feel much better about the future now.

Questions on the dialogue

Part 1.

1. What sort of securities did the Mr Watson invest his funds in?
2. What does he want the banker to help him in?
3. Why will he have to assign his bonds to the bank?
4. What does he intend to do with the proceeds?
5. In what way can the bank help him reinvest his funds?

Part 2.

1. In what circumstances did Mrs West turn to the bank?
2. What did the banker inform her about?
3. What was Mrs West most concerned about?
4. What was Mrs West provided with by her late husband?
5. When will the banker be able to estimate the income from her inheritance?
6. Who will take care of the portfolio of securities left by the late Mrs West?
7. How did Mrs West feel after her visit to the bank? Why?

Text 1.

Investment in stock and shares can be made through any branch of the bank on behalf of it's customers. All quoted Stock Exchange securities can be bought or sold with maximum security and minimum formality through the bank. Being in constant touch with leading stock brokers in London and the country, the bank is in a position to obtain information regarding all classes of stocks and shares in which customers may be interested. Shares may be bought or sold without any charges beyond those payable to a stockbroker and the bank is responsible for the collection of the proceeds of a sale and for the delivery of the certificate on a purchase. An investment report service is also often available for the customer who needs a second opinion on a portfolio being managed personally. In addition, professional advice can be given on investments in foreign stock not quoted on the London Stock Exchange.

Share certificates, documents, jewellery and other valuables can be stored in the strong rooms of the bank. They will be safer with the bank than at the customer's home but it is his responsibility to insure them.

The bank also provides a continuing service for personal income tax payers, checking tax liabilities and generally assuming the main burden of work involved in the preparation of tax returns and claims. Because if the sources of income and allowances are complicated, it's not easy to know for the individual if he is paying the right amount of tax. The bank helps the customer on particular problems resulting from Capital Gains Tax and Capital Transfer Tax. It may be able to point out ways in which the customer can quite legitimately minimize the effect of these taxes.

Insurance need not be a problem for the bank's customer either. Insurance cover for life, house, accident or anything else may be effected through any Bank Insurance Service which employ highly experiences brokers in this field. They can usually arrange to obtain the best possible terms consistent with absolute safety.

No matter what the customer’s age it is a wise and considerate precaution to make a will. When one dies, it will be his executor’s responsibility to protect, to account for and to distribute all his “worldly goods” in accordance with his last will and testament. Therefore the choice of an executor should be carefully considered. One of the best answers to this problem is to appoint the bank’s trust company sole or joint executor. The appointment of the bank as the will executor ensures that the estate will be dealt with promptly, efficiently and in strict confidence.

Vocabulary exercises

I. Find proper definition.

Terms	Definitions
1. Flier	a) a unit of ownership in a company;
2. Corporate bond	b) a document which states how a person wishes his estate to be divided, made public only after his death;
3. Preferred stock	c) a list of items of property;
4. Registered bond	d) an amount of money regularly given to a person for current expenses;
5. Common stock	e) the party to whom property or a sum of money is given under the terms of a will or trust;
6. Share	f) a sum of money payable in case of loss of life;
7. Life insurance	g) a bond issued by a corporation or group of people who have a charter to act as an individual;
8. Will	h) a bond having the owner’s name placed on it;
9. Beneficiary	i) ordinary stock, with no fixed dividend rate;
10. Inventory	j) stock on which dividends are paid before those on common stock and which gives the holder some rights to any assets that are distributed;
11. Allowance	k) a speculative transaction.

II. Using the words in brackets as a guide, explain the meaning of the following terms.

a) mature (due for payment, become)
b) proceeds (some transaction, the money, received from)
c) broker (stocks, bonds, for others, buys, sells)
d) brocker’s commission (in a sale, for services, a charge, the amount of the transaction, based on)
e) assign (ownership, transfer)

f) good growth industry (development, giving promise of, will increase, an investment, the value of, so that)
g) estate (left by a dead person, holdings, obligations)
h) safe-deposit box (kept in a bank, important papers, valuables)
i) income (to an individual, the total sum of, coming in, earnings)
j) inheritance (an estate, money or property, received from)
k) creditor (is owed, a debt, a party of whom).

III. Choose the right answer.
1. “present bonds for redemption” means:
    a) collect at maturity the money invested in a bond;
    b) estimate the value of bonds presented.
2. “the coupon type of bonds” is:
    a) a premium bond a price of which may be obtained on collecting a certain number of coupons;
    b) a bond with a removable printed statement of the interest due at a particular time.
3. “bid on some shares for you” means:
    a) make an offer to buy at a certain price from you;
    b) make an offer to buy at certain price on behalf of you.
4. “they have a seat on the New York Exchange” indicates:
    a) they have the right to take park as a member:
    b) they have an office at the New York Exchange.
5. “the market looks favourable” indicates:
    a) downward movement of prices on the market;
    b) upward movement of prices on the market.
6. “the bank was named executor of the state” means:
    a) the bank was appointed to carry out the requests in a will;
    b) the bank was appointed to divide the estate.
7. “we’re empowered” means:
    a) we’re not allowed to;
    b) we’re given authority to.
8. “the estate has been probated” means:
    a) the estate has been proved genuine and placed on the records of the proper court;
    b) the estate has been thoroughly examined and all the demands against it have been settled.
9. “under the terms of the will” means:
    a) within the specified period of the time stated in a will;
    b) following the conditions stated in a will.
10. “the benefits from these polices” means:
    a) payments arising from an insurance contract:
    b) obligations arising from an insurance contract.
11. “demands made against the estate” means:
    a) request for payments made by the creditors of the dead man;

b) payments made by the debtors of the dead man.

IV. Translate into English.
1. Банк проверил содержимое сейфа и провел инвентаризацию.
2. Обычно банк занимается ценными бумагами и представляет годовой отчет о сделках.
3. Акции, драгоценности, документы и другие ценности могут храниться в сейфах банка.
4. Если вы хотите воспользоваться услугами страховыми услугами банка, то вам понадобиться помощь брокера, имеющего большой опыт в этой области.
5. Вне зависимости от возраста, со стороны клиента будет очень мудрым составить завещание.
6. В случае смерти, душеприказчик является ответственным за сохранность имущества клиента в соответствии с завещанием.
7. Сумма страхования жизни – это сумма денег, выплачиваемая в случае смерти.
8. Акции можно покупать и продавать без издержек, кроме тех, которые вы платите брокеру.

V. Make up a dialogue.
1. Discuss advantages and disadvantages of life insurance.
2. Do you find it necessary to make a will?
3. Speak about the role of banks in stock market.

Text 2.
Read the whole passage and find the answers to the following questions.
1. What must an executor apply for before handling an estate?
2. What are the first duties of an executor even before probation?
3. Why are the knowledge and experience of an executor essential in fiduciary services?
4. Which outstanding bills and claims does an executor have to settle?
5. When can an executor start the distribution of an estate?
6. What different features of character should an executor possess?
7. What is the main duty of an executor?
8. Who is an executor responsible to?

Tasks Facing an Executor

An executor cannot safely commence the distribution of an estate until he has successfully applied to the Court for a Grant of Probate, i.e. until the will has been proved. Usually this is a less complex and protracted process than that facing an administrator of an intestacy when applying for his Grant of Letters of Administration, but problems can arise – and do arise – sometimes involving lengthy and complicated litigation.

There are, however, a number of important responsibilities you must be able to rely upon your executor to fulfill even before applying for his Grant of Probate. For example, it will be up to his to ensure the appropriate funeral arrangements are made, bearing in mind any special wishes you may have expressed in this regard. Right from the start, he must see that all the various assets are kept safe and properly insured. If there is a business to look after it is your executor who must keep it alive. If there is freehold or leasehold property, it is his responsibility to maintain it for as long as it is in his care.

Before he is ready to apply for his Grant of Probate your executor must prepare a detailed written valuation of all the various assets comprising your estate. How many of these will require the professional services of specialist valuers will depend on the knowledge and experience of the executor you have chosen. Due account having been taken of all applicable exemptions and reliefs, your estate’s liability to Capital Transfer Tax will be assessed on the basis of your executor’s valuation and, if his application for Grant of Probate is to succeed, his figures must be sufficiently accurate to satisfy the Island Revenue.

Another of your executor’s first tasks will be to plan how he will raise the sufficient cash to cover the estate’s tax liabilities and to settle those outstanding bills and claims that he deems to be properly due, rejecting those he does not. In the latter case he must be prepared to defend his actions in court, if called upon to do so. In general, however, settling the debts is a simple matter compared with his responsibility to quantify and discharge the estate’s tax liabilities.

Income Tax, Capital Gains Tax, Capital Transfer Tax – an executor must be able to cope with all of these. Once the tax liabilities have been discharged your executor will be in a position to distribute your estate which he must do in strict accordance with the terms of your will. Now, as at all times when coming into contract with your beneficiaries, there are chosen wisely – your executor can be relied upon to display. Sympathy and tact towards the bereaved, firmness and impartiality in the face of conflicting family pressures - technical skills alone will seldom enable an executor to perform his duties in the manner you would wish.

For the whole time that the estate is in his care your executor must, of course, make every reasonable endeavor to safeguard and maximize the assets – maintaining accurate records of all transactions – and his last duty will be to render a full account of his stewardship to the beneficiaries.

UNIT 2. Interbank Relations

Active Vocabulary

at par	по номинальной стоимости
clearinghouse	клиринговая палата
clear (v)	осуществлять клиринг векселей и чеков, выплачивать по чеку
collection	инкассация
collection charge	расходы по инкассированию
commercial paper (UA)	коммерческие бумаги
correspondent bank	банк-корреспондент
debenture	долговое обязательство, необеспеченный долгосрочный долг, облигация акционерной компании
discount house	учетный дом
drawee bank	банк-трассант, банк, на который выписан чек
endorse (indorse) (v)	индонсировать
endorse with recourse (v)	индонсировать с правом оборота
face value	номинал
foreign exchange	валюта
honour a cheque (v)	акцентовать чек, оплачивать чек
incorporated	акционерный
industrial bank	промышленный банк
installment	взнос в уплату в рассрочку
knock-down price	сбитая (минимальная) цена
liable	обязанный, ответственный, подлежащий
listed stocks	акция, зарегистрированная на бирже
money at call and short notice	деньги до востребования или при краткосрочном уведомлении
payee	получатель платежа
quotation	котировка
recall (v)	отзывать, аннулировать
redeem (v)	выкупать, погашать, изымать
discount, rediscount (v) (US)	учитывать
refinance (v)	рефинансировать
remit (v)	ремитировать, переводить, пересылать

Dialogue

Read the dialogue:
Interbank Relation in the USA.
Student: How many correspondent bank accounts do you have?
Banker: We have reserves in six banks. Two of the accounts are inactive.

S.: Do you use any clearing house other than the Federal Reserve Bank?
B.: Yes, we also get a daily letter from our central bank in St. Lawrence.
S.: Are you allowed to make a collection charge on your items from your central bank?
B.: No. We've agreed to clear them at par.
S.: Will your correspondent banks purchase any instatement loans that you're not licensed to handle?
B.: Yes, any that our customers are willing to endorse to them.
S.: Do they advise you on your investments, like commercial papers and short-term debentures?
B.: Oh, yes. And each week our New York correspondent sends us their report on financial and economic trends, including quotations on listed and unlisted stocks.
S.: And they handle your foreign exchange?
B.: That's right.
S.: Suppose I'm remitting by check on your bank an amount due on my note to a bank in California. Will that bank send the check directly to you for collection?
B.: It could do that. But it'll probably send the check through the regular channels.
S.: What does this mean?
B.: Well, the bank to which your check is payable will send it to the Federal reserve Bank in its Reserve District. The transit department of that bank will send it to the Federal Reserve Bank in our Reserve District. From there it's sent to us.
S.: How many Reserve Districts are there?
B.: There are twelve, with one Reserve Bank in each District. Also, most our larger banking institutions like ours are members of the System, and all checks and other items of exchange flowing through the System are cleared at par.
S.: Par means face value?
B.: Yes. And every bank that handles an item endorses it with resource.
S.: Does that mean that if a check isn't honoured by the drawee bank, it's finally returned to the payee, who is held liable for the amount.
B.: That's right.
S.: To become member of the System, was your bank required to subscribe to any stock in the Reserve Bank in your District.
B.: Yes. And, to explain further, all national banks must be members of the System. Incorporated State Banks, including commercial banks, mutual savings banks, trust companies and industrial banks, may join the System.
S.: Other than handling items of exchange, what services do Federal Reserve Banks offer member banks?
B.: As fiscal agents of the United States Treasury, they assist in the issue and redemption of government bonds and the refinancing of bonds that have reached maturity. They'll also accept from us any paper that can be rediscounted, if our cash reserve becomes low.

Questions on the dialogue.

1. What services do correspondent banks render each other?

2. What are the functions of central banks?
3. If you remit by the check drawn on one bank an amount due on your note to another bank, what route does your check usually take?
4. What does the United State Federal Reserve System consist of?
5. What is the collection charge on checks and other items flowing through the Federal Reserve Banks?
6. What does "endorsed with resource" mean?
7. What does a bank have to do to become a member of the System?
8. Which banks must be members of the System and which banks may be?
9. What services do Federal Reserve Banks offer to member banks?

Text 1.

The Discount Houses and the Money Market

Dotted about the City, but mostly close to the Bank of England are the seven discount houses. These relatively small City businesses make their living by borrowing money from those who have it to spare and investing it in various easily liquidated paper assets. In particular, they finance the Government by buying it's Treasury bills each week. To the Bank of England this "covering" of the weekly Treasury bill issue by the discount houses in a useful service. The *quid pro quo* of this arrangement is that the Bank of England will act as "lender of the last resort" to the houses to provide them with cash when they can't obtain it elsewhere.

To understand the role of lender of last resort it is necessary first to have grasped the extremely delicate nature of the discount houses' business. Practically all the money which they invest has been lent to them. What is more, most of it will have been lent to them. What is more, most of it will have been lent to them for very short periods of time like a week or even overnight, or else it will be subject to recall at very short notice. Using this sort of money, the houses purchase bills and even bonds in the open market, some of which might not be repurchased or redeemed from them for months or years. This practice is known as "borrowing short and lending long" and can be hazardous. Should those who have lent to the houses recall their money, the houses would have some difficulty getting it back in a hurry. On any given day, each house will find some of it's assets falling due for repayment and will also receive new loans, but it quite often happens that the proceeds of these transactions are insufficient to provide for all the calls that are made that day by those who have lent to the house. It is then that the Bank may help in one of a variety of ways. In particular, it may offer to buy back some Treasury bills to provide the necessary money, or it may lend the required sum charging at least the minimum lending rate. This rate is defined as the lowest rate at which the Bank of England will lend and is fixed each week a little above the Treasury bill rate for that week.

The chief sources for cash for the discount houses – often known collectively as the discount market – are the banks, particularly the commercial banks. These are the ordinary High Street banks with which we are all familiar. Their business requires them to hold a certain proportion of the money which the general public has deposited with them in a liquid form, that is in the form of cash or some assets which can be turned into cash quickly and without losing its value. For example, a building or something like that is not a liquid asset because it takes time to sell, a quick sale can only be achieved if the owner is prepared to see it go at a knock-down price. Loans to the discount market are ideal from the point of view of the commercial or any other type of bank. They can be at an agreed rate for an agreed period, although it can be for as short as they like, in which case the houses call them “fixtures”, or they can be simply “at call”, again at an agreed rate, and then they can be withdrawn whenever the lender needs them. An important part of the job of the money manager in a discount house is to make sure that he has the right balance between fixtures and call money. If there is a general trend in the market for rates of interest to rise so that borrowers have to pay more this week that last and will have to pay more next week than this, it is in the interests of the house to persuade institutions to lend to it for fixed periods. Otherwise call money will be quickly withdrawn and offered back to them again at a higher rate! Similarly, when the rate in the market is rising, the houses themselves take care not to make too many long-term loans, the rate of interest on which will soon fall below the general market rate. The houses that can judge best which way things will go make the greatest profit.

Questions on the test.
1. In what way do the discount houses earn money?
2. On what terms is the money lent to the discount houses?
3. How do the discount houses invest the money lent to them?
4. Why can the practice known as “borrowing short and lending long” be hazardous?
5. In what circumstances does the Bank of England act as “lender of last resort”?
6. Why do commercial banks lend money willingly to the discount houses?
7. What are “fixtures” and “call money”?
8. What must the money manager in a discount house do to make the greatest profit?

Vocabulary Exercises

I. Using the words in brackets as a guide, explain the meaning of the following terms.
a) clearing house (cheeks drawn on one another, exchange, banks, an office, where);
b) collection (an item of exchange, obtaining payment of, the process of);
c) installment (an obligation, several payment on, one of);
d) endorse (to transfer ownership, the back of the document, to place one’s signature on);
e) debentures (issued by a corporation, an obligation, but is, which pays interest, often unsecured);
f) to honour a cheque (payment, make, on);
g) subscribe (financing, agree, a business operation, to take a share in);
h) rediscount (less than, agree, a business operation, to take a share in);
i) transit department (to do with, other banks, having, drawn. on, the collection of checks);
j) discount house (institution, the City of London, promissory notes, buys, resells).

II. Choose the best answer.

1. "to clear items of exchange at par" means:
a) to exchange checks between banks at their face value;
b) to make profit out of exchanging check between banks.
2. "commercial papers" in the USA are:
a) business letters;
b) short term obligations of industrial companies.
3. "a quotation on listed stocks" is:
a) making a bid for stocks accepted for sale on a stock exchange;
b) a statement of the current price of stocks accepted for sale on a stock exchange.
4. "to endorse a check with recourse" means:
a) to be legally responsible for making payment of the amount due;
b) to endorse in such a way that the party which endorses it must make payment if the other party to the transaction refuses payment.
5. "to be held liable for the amount" means:
a) to be the party to whom a payment is made;
b) to be required to make payment.
6. "to be subject to recall at very short notice" means:
a) the money is lent on the condition that it will be returned any time;
b) the money is lent on the condition that it will be returned any time.
7. "borrowing short and lending long" means:
a) small amounts of money are borrowed and large amount of money are lent;
b) the money is borrowed for short periods and lent for longer ones.

III. Say what is true and what is false. Correct the false sentence.

1. Correspondent banks make a collection change on any item of exchange from their central banks.
2. Central banks seldom advise correspondent banks on their investment, like commercial papers and short-term debentures.
3. Every bank which handles an item of exchange endorses it with recourse.
4. Federal taxes are paid into the United States Treasury.
5. Commercial banks and industrial banks must be members of the Federal Reserve System.
6. All the money which the discount houses invest has been lent to them.
7. The proceeds of daily transactions carried out by a discount house are sufficient to repay the calls made any day.
8. Minimum lending rate is the same as the Treasury bill rate.
9. Your car is your liquid asset.
10. If rates of interest are on the increase, banks are willing to lend money for fixed periods.

IV. Fill in the blanks.

The central banking system of the United States is called … . It differs from that of most other countries' … in that it consists not of one bank but of twelve … and some twenty four branches under the control of the Federal Reserve Board in Washington.

The Federal Reserve Banks perform a lot of services for … . Checks flowing through the System are cleared at … . These checks are endorsed in such a way that the parties who endorse them must make payment if the other … to the transaction refuse …. . The checks are …… . The Federal Reserve Banks assist their … banks in many other ways. For instance when their cash … becomes low, the Federal Reserve Banks will accept from them any notes that can be … . They also help in the … of new bonds to replace ones that have matured.

V. Translate into English.

1. Если чек не оплачен банком, на который он выписан, то он возвращается получателю.
2. Объединённые банки штата, включая коммерческие, трастовые и промышленные банки могут стать частью системы.
3. Какие услуги Федеральный резервный банк предлагает банкам членам системы?
4. В учетных домах менеджеры инвестирую день с целью получения прибыли.
5. В частности, небольшие предприятия финансируют правительство, покупая его налоговые сертификаты.
6. Основные источники наличных денег для учетных домов – это банки, а точнее коммерческие банки.
7. Учетные дома знают лучше всех как получить максимальную прибыль.
8. Мы ежедневно получаем письма с котировками из клирингового дома в Сент-Лоуренсе.

VI. Make up a dialogue.

1. Discuss the way the discount houses get profit.
2. Tell your friend about the interbank relation in USA.
3. Speak about fixtures and call money. What’s this? How does it work?

UNIT 3. Foreign Exchange

Active Vocabulary

aptly	соответствующим образом, быстро, легко
capital movements	движение капитала
claims	требование, претензия
conclude (v)	заключать
conversion	конверсия
convertibility	конвертируемость
current transactions	текущие сделки
dealer	дилер, посредник
dealing	коммерческие сделки
domicile (v)	обозначать место платежа по векселю
Eurodollar market	международный евродолларовый рынок
excess funds	избыточный капитал
foreign exchange	иностранная валюта
money movements	движение денег
non-resident	нерезидент
partial convertibility	частичная конвертируемость
place	размещать, выпускать на рынок
two-tied market	двухъярусный валютный рынок

Text 1.

Foreign Exchange

International trade and more important international money and capital movements are the basis of foreign exchange dealings. Take a simple example: if a Swiss exporter sells a machine to a Japanese buyer, to conclude the transaction the yen which the Japanese businessman has available will have to be changed into Swiss francs, the currency sought by the supplier of the machine. Or if Continental banks want to place excess funds in the Eurodollar market rather than in their own domestic markets, they have to buy dollars against local currency. The observation of the French economist Gaetan Pirou, that foreign exchange deals spring from "the coexistence between the internationalism of trade and the nationalism of currencies", thus aptly describes at least the oldest origin of this métier. Clearly the day that sees the arrival of a single world currency will also witness the disappearance of foreign business.

All claims to foreign currency and payable abroad, whether consisting of funds held in foreign currency with banks abroad, or bills or cheques, again in foreign currency and payable abroad, are termed foreign exchange. All these claims play a part in the relation between a bank and it's customers. In the trading of foreign exchange between banks. which is the job of the foreign exchange dealer, only foreign currency held with banks abroad is concerned.

Foreign bank notes are not foreign exchange in the narrower sense. They can be converted into foreign exchange, however, proved they can be placed without restriction to the credit of an ordinary commercial account abroad. The exchange regulations of some countries do not allow this conversion of bank notes into foreign exchange, although the operation in reverse is nearly always permitted.

A currency, whether in foreign exchange or bank notes, is usually called convertible if the person holding it can convert it, in other words change it freely into any other currency. A distinction needs to be made, however, between unrestricted convertibility. The Swiss franc, for example, is fully convertible whether the holder is resident in Switzerland or abroad and regardless of whether it is a matter of current payments or financial transactions.

Many countries, on the other hand, recognize only external or non-resident convertibility. This is for instance still the case with the United Kingdom: if a German exporter, for example, has sterling funds in a British bank, he can simply instruct the bank to convert his pounds into any other currency and remit the proceeds abroad; but a person domiciled in Britain cannot as a general rule export capital except with the consent of the Bank of England.

Exchange regulations may also draw a distinction, as far as convertibility is concerned, between funds arising from current transactions (goods and services) and those coming from purely financial operations, only the latter in general being subject in some degree to a restriction on convertibility. In a few countries this distinction between commercial and financial transactions culminated in the establishment of two-tier markets, this is the case in Belgium, and it applied temporarily to France and Italy in recent years.

Exercises to the text

I. Find the proper answer.

1. “foreign exchange dealings”:
a) financial operations connected with settling payments in foreign trade as well as international money and capital movements:
b) concluding agreements with foreign firms;
c) converting one currency into another;

2. “the yen which the Japanese businessman that available”:
a) wants to exchange;
b) has in abundance;
c) has at his disposal.

3. “foreign exchange deals spring from”:
a) refer to;
b) are the result of;
c) imply.

4. “placed to the credit of”:
a) entered on the credit side of an account;
b) considered to be favourable for;
c) accredit granted to.

5. “the operation in reverse”:
a) conversion of foreign exchange into the currency of a given country;
b) conversion of bank notes into foreign exchange;
c) remitting bank notes abroad.

6. “a currency is usually called convertible”:
a) only residents of a country can remit their payments abroad;
b) it can be changed into any other currency without any restrictions;
c) non-resident can instruct the bank to convert their earnings into any other currency.

7. “a person domiciled in Britain”:
a) one being on a business trip;
b) one living permanently in;
c) one touring the country.

8. “the proceeds”:
a) money arising from converting one currency into another;
b) earnings from the export of goods;
c) foreign currency held with banks abroad.

9. “except with the consent of the Bank of England”:
a) provided you apply for a permission to the Bank of England;
b) only in case the Bank of England grants a permission;
c) only if one has an account with the Bank of England.

10. “the latter”:
a) funds arising both from current transactions and financial operations;
b) funds arising from current transactions;
c) funds arising from purely financial operations.

11. “being subject … to a restriction on convertibility”:
a) being externally convertible;
b) being freely convertible;
c) being under control of exchange regulations.

12. “two-tier markets”:
a) economies which draw distinctions between current transactions and financial operations as regards exchange regulations;
b) two-storey department stores;
c) economies permitting free money and capital movements.

II. Say what is true and what is false. Correct the false sentence.

1. To facilitate foreign exchange dealings single world currency should be created.
2. In the trading of foreign exchange between banks only foreign currency held with banks abroad is concerned.
3. Foreign bank notes are foreign exchange.
4. The conversion of foreign exchange into bank notes of the given country is nearly always permitted.
5. The holder of Swiss francs can convert them into other currencies provided he is a resident of Switzerland.
6. A person domiciled in Britain can as a general rule export capital only with the consent of the Bank of England.
7. In Belgium funds arising from current transactions are subject to a restriction on convertibility.

III. Answer the following questions.

1. What is the basis of foreign exchange dealings?
2. What would a Japanese buyer have to do if he wanted to purchase a machine from a Swiss exporter?
3. What would happen to foreign exchange dealings if a single world currency were created?
4. How would you define “foreign currency”?
5. What is the job of a foreign exchange dealer?
6. On what condition do foreign bank notes become foreign exchange?
7. What is a fully convertible currency?
8. What is a partially convertible currency?
9. Give examples of currencies which are fully convertible and partially convertible.

IV. Complete the following sentences in English.

1. If a bank wants to place excess funds in the Eurodollar market … .
2. Foreign bank notes can become foreign exchange provided … .
3. A currency is called convertible if … .
4. Sterling funds are partially convertible because only … .
5. In Belgium, France and Italy a distinction is drawn between … .

V. In the sentences of this text every sixth word has been left out. Fill in the word that fits best.

The Foreign-Exchange market is … market which has no central … place, but operates through the … offices of the bank concerned … overseas trade. The main preoccupation … the foreign-exchange dealers is … secure supplies of foreign currency… required ro finance international trade … price of foreign currencies, like … prices, is determined by the … for that currency and the … of it. The demand for … currency depends on the demand … that currency depends on how many … goods and services its home … wish to buy. Capital movements … also affect the exchange rate … making supplies of a currency … on long-term loans or … .

VI. Translate into English.

1. Международная торговля и движения капитала являются основой коммерческих сделок в иностранной валюте.
2. Работой дилера по иностранной валюте является проведение валютных операций между банками.
3. Банкноты иностранного банка не являются иностранной валютой в более узком смысле.
4. В некоторых странах не позволяется конвертировать банкноты банка в иностранную валюту.
5. Если немецкий экспортер имеет фунты стерлингов в британском банке, он может просто дать распоряжение банку конвертировать фунты в другую валюту.
6. Эти отличия между коммерческими и финансовыми операциями можно наблюдать в Бельгии и Франции.
7. Чтобы облегчить процесс международных валютных операций, необходимо создать единую мировую валюту.
8. Что придется сделать японскому бизнесмену, чтобы купить бельгийские товары?

VII. Make up a dialogue.

1. Discuss the idea of a single world currency.
2. What difficulties will you face if you decide to buy clothes in Italy.
3. Explain your friend difference between fully and partly convertible currency.

UNIT 4. Banks and the Foreign Exchange Market

Active Vocabulary

arbitrage	арбитраж
assets	имущество, средства, активы, капитал, фонды
cross rate	кросс-курс
foreign exchange market	валютный рынок
forward rate	форвардный валютный рынок
forward transaction	форвардная валютная сделка
incessantly	непрерывно, постоянно
inevitably	неизбежно
intermediary	посредник
market rate	посредник
spot rate	курс «спот», курс по кассовым сделкам
spot transaction	сделка на наличный товар
supply	предложение

Text 1.

Banks and the Foreign Exchange Market

The banks are the natural intermediary between foreign exchange supply and demand. The main task of a bank's foreign exchange department is to enable its commercial or financial customers to convert assets held in one currency into funds of another currency. This conversion can take the form of a spot transaction or a forward operation. Banking activities in the foreign exchange field tend inevitably to establish a uniform price range for a particular currency throughout the financial centres of the world. If at s given moment the market rate in one centre deviates too far from the average, a balance will soon be restored by "arbitrage", which is the process of taking advantage of price difference in different places. It can be seen that foreign exchange business acts as a very important regulator in a free monetary system.

Only the big banks and a number of local banks specializing in this kind of business have a foreign exchange department with qualified dealers. Banks which merely carry out their customers' instructions and do no business on their own account do not really require the services of a foreign exchange expert. For these it will be sufficient to have someone with a general knowledge of the subject because his role in practice will be that of an intermediary between the customer and the bank professionally in the market.

A foreign exchange dealer acquires his professional skill largely through experience. Here we should point out how important close cooperation is among a team of dealers. The group can work together smoothly only if each member is able to shed his individuality. We must not forget that, almost incessantly, all the dealers are doing business simultaneously on different telephones and when large transactions are completed the rates may change, whereupon the other dealers must be brought up-to-date immediately. it is essential for a dealer to have the knack of doing two things as once so that he can do business on the telephone and at the same time take note of the new prices announced by his colleagues.

Personal foreign exchange dealing requires advanced technical equipment. Business is done by telephone (with many direct lines to important names) and teleprinter depending on distance and convenience. Spot and forward Rates of the most important currencies and money market rates are displayed on a big rate board, remote-controlled by the chief dealers. Electronic data processing equipment is employed to keep instantly of the exchange positions and for the administrative handling of the business done. Cross rates are figured out with the help electronic table calculators.

Vocabulary exercises

I. Find the proper answer.

1. “to convert to”:
a) to supply;
b) to carry out;
c) to change into.

2. “to establish a uniform price range”:
a) to set the limits within the price varies;
b) to take advantage of price differences;
c) to differentiate prices.
3. “to deviate from the market rate”:
a) to announce new market rates;
b) to turn away from the market rate;
c) to differ from the market rate.

4. “to restore a balance”:
a) to bring back into a former position;
b) to take advantage of price differences;
c) to rebuild the economy.

5. “to do business on your own account”:
a) not to cooperate with a team of dealers;
b) to settle accounts on your own;
c) to do business for one’s own profit or advantage.

6. “dealers must be brought up-to-date”:
a) acquainted with the recent methods of marketing;
b) notified immediately about any changes in market rates;
c) alarmed by any changes in market rates.

7. “to have a knack of doing two things at a time”:

a) to be able to do things simultaneously;
b) to conduct transaction by telephone or cable;
c) to get in touch with two people at a time.

8. “to keep track of”:
a) to use advanced technical equipment;
c) to keep in touch with;
c) to figure out cross rates.

II. Say what is true and what is false. Correct the false sentences.
1. One of the main objectives of banking activities in foreign exchange markets is to prevent too high market rate deviations from the average.
2. The conversion of assets held in one currency into funds of another currency takes the form of forward transactions.
3. All banks have foreign exchange departments and employ foreign exchange dealers.
4. If one wants to become a foreign exchange dealer he must be able to do two things at the same time.
5. If the market rate changes, dealers all over the world must be notified at once.
6. Spot rates of the most important currencies are revealed while forward rates are kept secret.
III. Answer the following questions.
1. What is the task of a bank’s foreign exchange department?
2. What types of transactions are concluded at foreign exchange markets?
3. What steps are taken when the market rate of a currency in one foreign exchange market deviates too rate from the average?
4. What are banking activities in foreign exchange dealings aimed at?
5. Which banks employ foreign exchange dealers?
6. What features of character should a foreign exchange dealer possess?
7. What modern technical devices are foreign exchange markets equipped with? How are they used?
IV. Show the relationship between pairs of the following sentences by using a pronoun instead of a noun phrase which is repeated in the second sentence.

Example.
The banks are the natural intermediary between foreign exchange supply and demand.
The banks enable their commercial or financial customers to convert assets held in one current into funds of another currency.
The banks are the natural intermediary between foreign exchange supply and demand. The enable their commercial or financial customers to convert assets held in one currency into funds of another.

1. Banking activities in the foreign exchange field tend to establish a uniform price range for particular centres of the world.

A uniform price range for any currency is achieved by means of arbitrage.
2. Only the big banks have a foreign exchange department with qualified dealers.
Local banks do not usually employ qualified foreign exchange dealers.
3. A foreign exchange dealer acquires his professional skill largely through experience.
A foreign exchange dealer works in close cooperation with other dealers.

V. Complete the following sentences.
1. Banks specializing in foreign exchange dealings act as an intermediary in the conversion of …
2. A balance in market rates at foreign exchange markets may be restored by …
3. Only the banks dealing in foreign exchange employ …
4. Transaction in which the amount due is paid on the delivery of goods are called …
5. Transactions in which the sum due is to be remitted in the agreed period of time are called …
6. Electronic data processing equipment facilitates …
7. Foreign exchange supply and demand dictate …
8. Arbitrage in foreign exchange dealings take advantage of …

VI. Translate into English.
1. Банки являются посредниками между запасами иностранной валюты и спросом на неё.
2. Бизнес в области иностранной валюты является очень важным регулятором денежной системы.
3. Вы всегда можете воспользоваться услугами квалифицированных дилеров в отделениях иностранной валюты в крупных банках.
4. Необходимо, чтобы дилер имел богатый опыт в своей области, так как он выступает посредником между клиентом и финансовым рынком.
5. Кроме того, дилер может работать одновременно на нескольких телефонах, чтобы всегда получать новую информацию о сделках.
6. Большим экраном, на котором появляются курсы валютного рынка, управляют дистанционно.
7. Самое новое электронное оборудование используется для административного управления сделками.

VII. Make up dialogues.
1. Talk about traits of character a good broker should have.
2. Explain how the exchange market works.
3. Speak about role of banks in a foreign exchange market.

UNIT 5. The Global Money Market

Active Vocabulary

balance of payments	платежный баланс
conversion value	конверсионная стоимость
devalue, devaluate	девальвировать
explode (v)	взрывать
fix (v)	устанавливать, фиксировать
float of currency (v)	1) вводить плавающий курс; 2) размещать валюту
fluctuation	колебания курса
outstanding	1) выпущенный в обращении; 2) непредъявленный к платежу
parity	паритет, равенство
profit margin	размер прибыли
rate speed	процент разницы между ценами
revert to (v)	возвращаться в прежнее положение
exchange rate	обменный курс

Text 1.

The Global Money Market

Foreign exchange trading in Britain is centered wholly in London. The London foreign exchange market is a telephonic market consisting of 3 groups: authorized banks, 11 foreign exchange brokers and the Bank of England. British operations are to some degree over-seen and controlled by the Bank of England, which limits outstanding positions and calls regular returns. Sterling is thereby protected against undesirable speculations. This control has never prevented the involvement in world money operations necessary to strengthen the commercial base, and in fact it has provided protection against the vicious losses reported by some banks overseas during the past few years.

Continuous contact between dealers in banks in many cities around the world is, in essence, the international market. They fix the international conversion value of one currency against another and conflicting operations are swiftly ironed out by the movement of funds. At any one moment of time, the value of sterling against the American dollar is the same, whether you deal in London, Germany, Tokyo or San Francisco.

The major controlling factors that affect exchange rates are speculation, interest rates and the balance of payments. In the past, speculation against the dollars and the consequent purchase of other currencies. Interest rates dictate the flow of money from one foreign centre to another money markets plus window dressing operations at the ends of month, quarters and the year, react on money flows. So the impact of a balance of payments surplus or deficit is quite apparent. It follows that the currency of a country with a constant surplus will always be in demand. But other things quite apart from financial factors affect the foreign exchange market. Political events can move the market quite significantly.

At one point exchange rates were controlled and monitored by the central banks under the Bretton Woods Agreement. This affected member countries of the International Monetary Fund, which meant simply that all such countries would have a parity for their currency against the American dollar, itself tied to gold, and their currency would be protected against the dollar to a maximum spread of ¾ per cent either side of this parity. All commercial companies working on a wider commercial profit margin could rely on the rate movement staying within agreed boundaries.

Vocabulary Exercises

I. Using the words in brackets as a guide, explain the meaning of the following terms and phrases.

1. Speculation (profiting from, buying, selling, fluctuating prices, in the hope of).
2. Balance of payments (all economic transactions, a systematic record of, completed, resident).
3. Exchange rate (in different countries, the relation, used, between the money, in value).
4. Balance of payments surplus (merchandise, services, foreign sales of, the total receipts from, higher than).
5. Balance of payments deficit (purchased abroad, merchandise and services, the total payments for, higher than).
6. Parity (equality of, between two convertible currencies, at a legally fixed ratio, purchasing power, at par).
7. Revaluation (a new value to, to give, currency).
8. Devaluation (in a crisis, a currency, the legal value of, to lower).
9. Floating currency (not fixed, the rate of exchange).
10. Spread (to differ, put and call price, in which, an option).

II. Choose the correct word or phrase in brackets that would best substitute for the word or phrase in bold print in the following sentences.

1. The Bank of England limits **outstanding** positions at the London Foreign Exchange.
(unpaid, easily noticed, well-known)
2. This control has never prevented **the involvement** in world money operations.
(support, participation, spontaneity)
3. They **fix** the international conversion value of one currency against another.
(put in order, justify, settle)
4. The factors that **affect** exchange rates mostly are speculation, interest rates and the balance of payments.
(cause a change of, increase, decrease)
5. The Bank of England will **promote a protection** to hold the pound within the agreed rate spread.
(keep a promise, announce, give support to)
6. British export **proceeds** were **invariably** received in sterling.

(debts, earnings, credits)
(usually, rarely, frequently)
7. The devaluation of sterling accentuated the **switch away** from the pound.
(selling, buying, a move from)
8. After sterling had been devalued, rates of exchange were **relatively stable**.
(changeable, unchangeable, flexible)
9. During that period the pound **rose against** the dollar.
(in value increased, stayed at the same level, fell)
10. The EEC **is bent on** removing fluctuations between their own currencies.
(opposed to, indifferent to, determined to)

III. Say what is true and what is false. Correct the false sentence.
1. British operations at foreign exchange markets are free of any control.
2. The global money market means continuous contact between dealers in banks all over the world.
3. The value of sterling against the American dollar is higher if you deal in London.
4. The balance of payment surplus or deficit has no affect upon exchange rates.
5. Interest rates dictate the flow of money from one foreign centre to another.
6. The currency of a country with a constant deficit is rarely in demand.
7. Political events have little significance for foreign exchange markets.

IV. Using information from the text, write a short summary.

V. In the sentences of the text every seventh word has been left out. Write in the word that fits best.
The international Monetary Fund was set … by the Bretton Woods Agreement of … The Fund was established to encourage … cooperation in the monetary field and … removal of foreign exchange restrictions, to … exchange rates and to facilitate a … payments system between member countries … required to observe an exchange rate … in which should be confined to … per cent of its par value … member war required to consult with … IMF before devaluing or revaluing its … . Members in deficit were obliged by … terms of the agreement to consult … the IMF on the procedures being … to improve their balance of payments … was agreed that it was essential … hold discussions to consider the reform … the international monetary system over … long term.

VI. Translate into English.
1. Лондон является центром международной валютной торговли в Британии.
2. Британские операции контролируются Банком Англии, таким образом, фунт стерлинга защищен от нежелательных сделок.
3. Международный рынок представляет собой постоянную связь между дилерами в банках многих городов по всему миру.
4. Валюта страны с постоянным избытком всегда будет пользоваться спросом.
5. Все коммерческие компании могут рассчитывать на движение цен на валюту в согласованных пределах.

6. Процентная ставка определяет поток денег из одного иностранного центра в другой денежный рынок.
7. Политические события очень сильно влияют на курс на валютном рынке.
8. В случае скорой девальвации гривны, люди начнут в спешке обменивать гривны на доллары.

VII. Make up a dialogue.
1. Discuss the foreign exchange trade centre in Britain.
2. Talk about controlling factors that effect exchange rates.
3. Ask your friend to tell you a general information about Global Money Market.

UNIT 6. Covering Clients in an Exchange Contract

Active Vocabulary

be entitled to (v)	иметь право
capital goods	средства производства
commitment	обязательства
contractual	контрактный
cover (v)	покрывать, обеспечивать, страховать
enter into a contract (v)	заключать контракт
entrepreneur	предприниматель
exchange control	валютный контроль
firm	фирма
forward exchange cover	форвардное покрытие валютного рынка
liquidate (v)	ликвидировать, погашать
option	опцион
penalty	штраф
playground	площадка
rule (v)	поставлять, устанавливать
rule out (v)	исключать
ruling	господствующий
thin market	вялый, узкий рынок
undervalue (v)	недооценивать
whereby	посредством чего-либо

Text 1.

Covering Clients in an Exchange Contract

The Euri-market now has become an entrepreneurial playground. Weak currencies have been borrowed by speculators, then liquidated through the exchange markets for a strong currency on a scale that has inevitably caused a dramatic downturn in the rates. For instance, sterling sold against an undervalued dollar created a pressure on the London Market. The dealers were unable, by exchange control ruling, to hold the resultant shortage of dollars. They were then driven to repurchase them on a thin market. Such an accumulation to pressure through a number of London banks led to a double counting of turnover, which in turn accelerated the rate movement against the pound. So, in a floating exchange system, the quoted rates do not necessarily reflect economic values. This is where the speculator steps in.

The most important defence against speculation is the Forward Exchange Contract – a legally binding contract between the bank and its customer. The agreement is that one currency will be exchanged for another at some future date the exchange rate being agreed at the time of the contract. Once a contract is entered into, it does not matter how much the rate of exchange varies between the time of entering the contract and its maturity. The customer has fixed the rate. A forward exchange contract may be for a fixed date or within option to deliver or take delivery within an agreed period. Unlike a stock exchange option, where the facility to deal or not at the price any time during the period exist, the option period of a forward exchange contract concerns only the timing of the delivery for the exchange or currencies, the customer having already dealt at a fixed rate.

Forward exchange contracts are subject to relatively uncomplicated exchange control regulations. The first and most important requirement is that a forward exchange contract can only be entered into when there is a firm commercial contractual commitment expressed and payable (or receivable) in a foreign currency. This requirement therefore rules out any exchange or gold clauses which may be incorporated into a commercial contract whereby sterling is to be paid away at some future date, the amount of sterling to be paid out depending upon the rate of exchange ruling on that day. For example, a customer may be importing from Germany and has agreed that he will pay in sterling, but that the actual; amount of sterling to be paid will be dependent upon the rate ruling for Deutschmarks against sterling on the date of payment. No forward exchange contract may be entered into for this type of transaction and there is no way on which the banks can protect their customers against fluctuations in the rate of exchange.

Forward exchange cover must be in the currency of the commercial contract, i.e. if the payment is to be in dollars the customer is not permitted to purchase a stronger currency with a view to converting at a profit into dollars on maturity of the contract.

Let us look at one or two practical examples. A customer is importing machinery from West Germany. He signs a contract that he will receive two machines per month, delivery starting in six month time and finishing in one year's time. He is quite entitled therefore to enter into a forward contract whereby he buys forward Deutschmarks for these machines for the various periods he requires, namely from six months up to twelve months. In addition, if he so wished he can go further as he is allowed by Exchange Control Regulations up to six months after the date of importation. All he has to do is to produce to his bank documentary evidence that he is importing these goods. In other words that there is a firm commercial contract; that the amounts to be paid out is expressed in Deutschmarks and the bank will then provide him with the forward cover.

Another customer may be exporting capital goods. He enters into his contract whereby he is going to export goods and will receive x amount of American dollars.

The goods will not be exported perhaps for another twelve months, and he is giving credit to his buyer for a further six months. Therefore he may arrange now to sell to his bank dollars delivery eighteen months forward.

It is important to note that whether the customer is buying or selling a foreign currency in the forward market, there must be some documentary evidence that all foreign currency is to be paid or received. There are very heavy penalties for anyone who tries to speculate.

Vocabulary Exercises

I. Choose the word or phrase in brackets that would best substitute for the word or phrase in bold print in the following sentences.
1. Weak currencies are **liquidated** through the exchange market for a strong currency by speculators.
(compensated, cleared, honoured)
2. In a **floating** exchange system the quoted rates **do not reflect** economic values.
(fixed, varied, unstable)
(are not related to, do not influence, do not refer to)
3. A forward exchange contract may be with an **option** to deliver within an agreed period.
(condition, choice, requirement)
4. A forward exchange contract can only be **entered into** when there is a **firm** commercial contractual **commitment** expressed and payable in a foreign currency.
(cancelled, endorsed, signed)
(strong, fixed, rigid)
(promise, desire, pressure)
5. The **actual** amount of sterling to be paid will be dependent upon the rate **ruling** for Deutschmarks against sterling on that day.
(present, real, true)
(fixed, obligatory, confirmed)
6. The **amount** to be paid out is **expressed** in Deutschmarks and the bank will **provide him with** the forward cover.
(sum, debt, rate)
(added, stated, multiplied)
(deal with, acquaint with, supply with)
7. In the forward market there must be some documentary **evidence** that all foreign currency is to be paid ot received.
(letter, signature, proof)
8. There are heavy **penalties** for anyone who tries **to speculate.**
(punishment, consequences, condemnation)
(do business, make bets, play the market)

II. Choose the correct answer.
1. Sales of weak currencies through the exchange markets on a large scale:
a) help stabilize the economy of the countries concerned;

b) cause a dramatic fall in their rates of exchange.

2. Under the forward exchange contract the exchange rate:
a) is agreed upon at the time of contract;
b) is fixed at its maturity.

3. The option period of a forward exchange contract:
a) creates the facility to deal or not at the price any time during the agreed period;
b) concerns only the time of the delivery for the exchange of currencies.

4. In the forward exchange contract the amount of currency to be paid out:
a) does not depend upon the rate of exchange ruling on the day of signing the contract;
b) depends upon the rate of exchange ruling on the day of singing the contract.

5. As forward exchange cover must be in the currency of the commercial paper, the customer:
a) is not allowed to purchase a stronger currency and convert it at profit;
b) is not forbidden to purchase a stronger currency and convert it at profit.

6. To obtain the forward cover from the bank the customer:
a) has to produce to this bank documentary evidence that he is importing these goods;
b) need not prove that he has a firm commercial contract.

7. There are very heavy penalties for anyone:
a) who deals in the forward market;
b) who buys a foreign currency in the forward market without firm contractual commitment.

III. Say what is true and what is false. Correct the false sentences.
1. Accumulated pressure upon a currency at the exchange markets accelerates its devaluation.
2. In a floating exchange system the rates of exchange reflect economic values.
3. It does not matter how much the rate of exchange varies between the time of entering the forward exchange contract and its maturity.
4. A stock exchange option concerns among others the timing of the delivery for the exchange of currencies.
5. The requirement concerning a firm commercial contractual commitment does not exclude the possibility of incorporation an exchange or gold clause into a forward exchange contract.
6. Under the forward exchange contract an exporter may sell to his bank the currency in question delivery within the agreed period of time.

IV. Answer the questions.

1. What does the sale of weak currencies for a strong currency at the exchange market lead to?
2. What was the standing of the sterling at the exchange markets in the early seventies?
3. What does the speculator at exchange markets take advantage of?
4. How can a businessman protect himself against losses resulting from rate fluctuations?
5. What is the essence of a forward exchange agreement?
6. In what does a stock exchange option differ from the option of a forward exchange contract?
7. What requirements are forward exchange contracts subject to?
8. What types of transaction may not be entered under the forward exchange cover?
9. What does it mean that forward exchange cover must be in the currency of the commercial paper?
10. What document must an importer present to its bank if he wants to buy a currency forward?
11. What arrangements may an exporter make with his bank when he enters a forward exchange contract?
12. How are dealings in the forward market protected against speculations?

V. Translate into English.
1. Сотрудничая со спекулянтами, вы подвергаете свои вклады большому риску.
2. Наиболее эффективной защитой от спекулянтов является контракт, который заключается между банком и клиентом.
3. Если предприниматель хочет импортировать товары из Германии и договаривается об оплате фунтами стерлингов, сумма которую он должен внести зависит от курса фунта стерлингов в немецком банке.
4. Вчера я подписал контракт с банком и теперь могу не беспокоиться о безопасности своих сделок.
5. Товары, которые я оплатил через итальянский банк, будут отправлены мне только через месяц.
6. Если он будет участвовать в спекуляциях, то рискует получить крупный штраф.
7. Валютный контроль является необходимым, так как помогает держать курс в пределах нормы.
8. Нельзя недооценивать спекулянтов, любой неосторожный предприниматель может стать их жертвой.

VI. Make up a dialogue.
1. Discuss the risk that the businessmen face in a foreign exchange market.
2. Speak about the speculators and explain how they work.
3. Talk about contract between the customer and the bank. Is it really necessary?

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