1. Give a compact definition of derivative. Is a derivative a security?

2. What is the difference between exchange-traded and over-the-counter derivatives? Give an example of each class.

3. Describe the largest users of fixed-income derivatives.

4. In Europe, what percentage of derivatives trade OTC (as opposed to trading in an exchange)?

5. What is bilateral trading?

6. Define what clearing is.

7. What is a Central Counterparty for trading derivatives?

8. How much of the revenue in derivatives trading comes from OTC as opposed to on-exchange?

9. What is counterparty risk?

10. What is the meaning of systemic risk? Discuss.