1. A national government's legal authority over public goods and its power to tax, together with sources such as tariffs, usage fees, and government-owned enterprise cash flows, most directly explain why it:

a. Is exempt from any rollover risk on its debt

b. Has the lowest default risk among domestic-currency issuers

c. Relies mainly on asset sales to service its debt

2. Marovia has a stable, diversified economy, broad-based tax revenues, and debt denominated in a major reserve currency. Together these most directly let it:

a. Depend on external and supranational funding for infrastructure

b. Issue debt commonly regarded as default-risk-free with unconstrained access across maturities

c. Issue only in a currency with limited convertibility

3. Solandia's economy leans on a single commodity industry, its infrastructure spending exceeds domestic tax revenues, and its currency has limited convertibility. Taken together, these most likely mean Solandia:

a. Enjoys unconstrained access across the maturity spectrum

b. Turns to external or supranational funding and finds long-term domestic-currency access constrained

c. Faces no foreign-investment limits on its debt

4. A developed-market fund buys Solandia's foreign-currency external bond rather than its domestic-currency debt, which is held mostly by domestic investors. The fund's return is most exposed to:

a. Indirect risk tied to Solandia's ability to generate foreign currency revenue

b. The behavior of the domestic holders of Solandia's local-currency debt

c. A direct exchange-rate claim written into the bond

5. In Norvant's treasury, one policy sets how much debt is outstanding while another sets its short- versus long-term mix. These are, respectively:

a. Monetary policy and fiscal policy

b. Debt management policy and fiscal policy

c. Fiscal policy and debt management policy

6. Strict Ricardian equivalence suggests the sovereign of Kessaria should borrow at the shortest maturity to avoid a term premium. In practice it spreads debt across maturities because excessive short-term funding:

a. Permanently lowers its borrowing costs with no drawback

b. Creates rollover risk that raises the variability of budget costs and tax rates

c. Removes the need to issue at regular, predictable intervals

7. Analyst Ravi Menon observes that issuing medium- and long-term sovereign debt trades higher borrowing costs for greater fiscal stability, and that doing so also:

a. Eliminates the term premium on long-term interest rates

b. Removes the sovereign's need for any short-term issuance

c. Establishes a risk-free benchmark used to price other issuers' credit risk

8. Non-sovereign government issuers vary in how they repay debt: some can levy taxes like a sovereign, while others rely on budget allocations or user fees, sometimes with government support as a secondary source. Their access to funding across maturities depends mainly on:

a. The predictability and stability of those repayment sources

b. Whether they issue only in a major reserve currency

c. The size of the national government's foreign currency reserves

9. The Larchmont Port Authority, a government agency, funds port infrastructure. Its debt is most likely repaid primarily from one source, backed by another, and structured in a particular way, namely:

a. Port operating cash flows first, sovereign backing second, with maturities matching the activity

b. Sovereign backing first, port cash flows second, with all debt short-term

c. General tax revenues first, user fees second, with uniform maturities

10. A government agency fully backed by its sovereign can usually borrow at a yield-to-maturity near the sovereign's, yet its bonds most likely:

a. Do not capture the full liquidity premium of sovereign debt

b. Carry higher default risk than an unrated company

c. Trade at a large discount to comparable corporate bonds

11. The Province of Westmarch issues bonds for general public services repaid from its taxes, while the Kestrel Valley Tollway issues bonds for one road repaid from tolls. These are, respectively:

a. Longer-dated revenue bonds, and unsecured general obligation bonds

b. Secured project bonds in both cases

c. Unsecured general obligation bonds, and longer-dated revenue bonds

12. The Continental Development Bank is created and financially supported by several sovereign member states pursuing a shared objective. This shared support most directly gives it:

a. The lowest credit quality, offset by member guarantees

b. The highest credit quality among these issuers and strong access across maturities

c. Access limited to its members' domestic currencies only

13. Supranational organizations reach investors by issuing in major currencies on global bond markets, and by partnering with sovereigns they can form quasi-government agencies that:

a. Issue only in the emerging market's restricted currency

b. Borrow at a lower cost than an emerging-market sovereign could alone

c. Assume the credit risk of the weakest member state