



The Institute of
Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: March 14, 2023

**Capital Markets
AIBP (Specialization)**

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In marking the answers, the examiner takes into account clarity of exposition, logic of arguments, presentation and language;
- iv. Read the instructions printed inside the top cover of answer script CAREFULLY before attempting the paper;
- v. DO NOT write your Name, Access No. or Roll No. etc. anywhere inside the answer script(s);
- vi. Candidates are advised not to mark any of the objective answer on the question paper, otherwise their paper will be cancelled;
- vii. Question Paper must be returned to invigilator before leaving the examination hall.

SECTION B: SUBJECTIVE

Attempt ALL Questions.

(40 Marks)

Q1

- A.** Computer networks have made it much cheaper and easier for small investors to trade for their own accounts and perform their own security analysis. What will be the likely effect on financial intermediation? **(2 Marks)**
- B.** Consider the following data from December 2022, balance sheet of Royal Funds. **(2 Marks)**

Particulars	Rs. in million
Assets	45,343.05
Liabilities	8,666.15
Shares (in million) of Rs. 10 each	783.92

What was the net asset value of the fund?

- C.** Define the following terms: **(6 Marks)**
1. Money Market Funds
 2. Equity Funds
 3. Bond Funds

Q2 Differentiate between the following: **(6 Marks)**

1. Call option and Put option
2. Technical Analysis and Fundamental Analysis
3. Open-end and Closed-end Mutual Funds

Q3 Write down any **FIVE** functions of Central Depository Company of Pakistan (CDC). **(5 Marks)**

Q4

- A.** Define Effective Annual Rate (EAR). **(3 Marks)**



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B. A commercial bank offers you two alternative interest schedules for a saving accounts of PKR. 100,000 locked in for 3 years: **(3 Marks)**

1. A monthly rate of 1%
2. An annually, continuously compounded rate of 12%. Which alternative should be chosen based on EAR.

Which rate would you prefer? Support your answer with calculation.

Q5 Briefly define the following types of market. **(8 Marks)**

1. Future Markets
2. Brokered Markets
3. Dealer Markets
4. Auction Markets

Q6 As per the Rule book of Pakistan Stock Exchange Limited, list down the entities who are eligible for becoming a Market Maker for one or more listed Debt Securities. **(5 Marks)**

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