



The Institute of
Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: June 21, 2023

**Capital Markets
AIBP (Specialization)**

Roll No:

Instructions:

- i. Attempt ALL questions;
- ii. Answers must be neat, relevant and brief;
- iii. In checking 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.
- viii. Ensure that you shade your choice on the Optical Mark Reader sheet correctly. Only **ONE** circle must be shaded as shown below:

Correct way A B C D **(Choice B is selected)**

Incorrect ways A B C D

SECTION B: SUBJECTIVE

Attempt ALL Questions.

(40 Marks)

- Q2.** The management of XYZ is trying to decide on the dividend policy of the company. There are two options that are being considered:
- i. The company could pay a constant annual dividend of Rs. 8 per share.
 - ii. The company could pay a dividend of Rs. 6 per share this year, and use the retained earnings to achieve an annual growth of 3% in dividends for each year after that.

The shareholders' cost of capital is thought to be 10%. Which dividend policy would maximize the wealth of shareholders? (by maximizing the share price) **(6 Marks)**

- Q3.** Briefly define the following types of market. **(8 Marks)**

- A. Future Markets
- B. Brokered Markets
- C. Dealer Markets
- D. Auction Markets

- Q4.** As per the Rule Book of Pakistan Stock Exchange Limited (PSX), list down the specific information which should be included in the order confirmation delivered to the clients by Trading Right Entitlement Certificate holder/ stock broker after execution of sales transaction at exchange terminal. **(5 Marks)**



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Q5. Briefly explain the following with respect to Mutual Funds. **(10 Marks)**

- A. Front – end load
- B. Back – end load
- C. Contingent load
- D. No – load fund (Zero-load)

Q6.

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. Briefly explain the purpose of right issue and its procedure. **(7 Marks)**

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