



The Institute of
Bankers Pakistan

Time Allowed: 3 Hours

Maximum Marks:100

Date: December 19, 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.
- 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)

Q1. Briefly explain the assumption and limitations of capital asset pricing model (CAPM).

(5 Marks)

Q2.

A. What is an e-IPO?

(2 Marks)

B. Define Mutual Funds.

(2 Marks)

Q3. Briefly describe the following:

A. Arbitrage Pricing Theory

(5 Marks)

B. Systematic and Unsystematic Risk

(5 Marks)

Q4.

A. Define Effective Annual Rate (EAR).

(3 Marks)

B. A commercial bank offers you two alternative interest schedules for a saving accounts of PKR. 200,000 locked in for 3 years:

(3 Marks)

1. A monthly rate of 1.25%

2. An annually, continuously compounded rate of 15%. Which alternative should be chosen based on EAR.

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



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C. Consider the following data from December 2022, balance sheet of Royal Funds. (2 Marks)

Particulars	Rs. in Million
Assets	50,545.25
Liabilities	9,269.25
Shares (in million)	783.92

What was the net asset value of the fund?

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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