

CHUKA



UNIVERSITY

**SUPPLEMENTARY / SPECIAL EXAMINATIONS
THIRD YEAR EXAMINATION FOR THE AWARD OF BACHELOR DEGREE IN
BCOM 331: FINANCIAL INSTITUTIONS AND MARKETS**

STREAMS: BCOM, BCOP

TIME: 2 HOURS

DAY/DATE: MONDAY 16/11/2020

11.30 A.M - 1.30 P.M.

INSTRUCTIONS:

- Answer Question One and any other Two Questions

Question One

- a) Explain the main activities carried out by financial institutions and intermediaries around the world. (10 marks)
- b) Describe the functions of the market for short term funds (10 marks)
- c) The Kenyan securities exchange has undergone some changes and developments in order to keep at par with other advanced financial markets in the world. Explain any recent developments in the securities exchange market (10 marks)

Question Two

- a) Describe 4 types of derivatives found in the derivative market (8 marks)
- b) Explain some of the factors that have led to the rapid development of the capital market (6 marks)
- c) Central bank is entrusted with the responsibility of maintaining economic stability and financial soundness of a country. Apart from this main role, Discuss the other functions carried out by central bank (6 marks)

Question Three

- a) Explain the role of securities exchange in economic development of a country (10 marks)
- b) Describe 5 types of bonds found in the bond market (10 marks)

Question Four

- a) Describe some of the risks faced by financial institutions in delivering their services (10 marks)
 - c) Explain any 5 rules and regulations of financial institutions and markets (10 marks)
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