

## ISQ Examination (Summer-2012)

### Introduction to Financial System & Banking Regulations – Stage-I

- Q. A) Describe Spot rate and Forward Rate?
- Q. B) Explain how forward exchange rate is determined?
  
- Q. A) List TWO external service providers of the corporate and financial sectors whose services are also overseen by SECP.
- Q. B) What was the purpose of establishing Securities and Exchange Commission of Pakistan (SECP)?
  
- Q. Discuss how interest rates have an impact on financial system and economic growth. State at least FIVE points of impact in your answer.
  
- Q. Pakistani financial sector over the last two decades has gone through several structural reforms. As a result, now the country's equity and related exchange traded derivative markets function in synchronization and according to the global market standards.

State the concept of integration of a country's financial system with the global market standards, stating both advantages and disadvantages of the phenomenon.

- Q. R-2 of prudential regulations for Corporate and Commercial defines limits in exposure against contingent liabilities. What are the two main concepts for recognizing contingent liabilities as discussed in R-2?
  
- Q. The State Bank of Pakistan mainly uses THREE tools for monetary intervention. List and describe the function each tool can perform?
  
- Q. The State Bank of Pakistan would like to limit the money in circulation and curtail credit. In such a situation, which tools or instruments should be used and why?
  
- Q. Why is a secondary market considered an important liquidity contributor? State at least THREE functions performed by an organized secondary market.
  
- Q. What is a promissory note? Identify all the parties involved in a promissory note.
  
- Q. What is risk evaluation, and who is responsible for carrying it out? Discuss its role and importance in the financial market of Pakistan.

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