



(Knowledge for Development)  
**KIBABII UNIVERSITY**

**UNIVERSITY EXAMINATIONS**  
**2020/2021 ACADEMIC YEAR**

**DIPLOMA I**

**SPECIAL/SUPPLEMENTARY EXAMINATION**

**FOR THE DIPLOMA IN BUSINESS MANAGEMENT**

**COURSE CODE: DBF 102**

**COURSE TITLE: FINANCIAL MARKETS AND INSTITUTIONS**

**DATE: 16<sup>TH</sup> FEBRUARY, 2021 TIME: 11.00AM – 1.00PM**

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**INSTRUCTIONS TO CANDIDATES**

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 Hours

**KIBU observes ZERO tolerance to examination cheating**

This Paper Consists of 2 Printed Pages. Please Turn Over.

## SECTION A (30marks)

- a) Money market funds (MMFs), or money market mutual funds, are a form of open-ended mutual funds that invest in a diversified portfolio of money market instruments that are typically of short duration. Discuss the advantages of money market funds (8 Marks)
- b) Discuss the functions of the Nairobi Stock Exchange (10marks)
- c) Discuss the disadvantages of off shore investments(8marks)
- d) Distinguish between Domestic and Global Financial markets.(4marks)

## SECTION B

### QUESTION TWO

- a) Distinguish between spot markets and future markets. (4marks)
- b) List and explain the advantages of globalization (10marks)
- c) Name And Explain Three Types of Money Market Instruments (6marks)-Any three

### QUESTION THREE

- a) Secondary markets can be driven in three forms, State and explain the three forms of secondary markets. (9marks)
- b) Discuss the role of capital markets Authority in determination of share prices (8marks)
- c) Distinguish between primary and secondary markets security markets (3 marks)

### QUESTION FOUR

- a) Define money markets (2 marks)
- c) **Write short notes on the following**
- (i) Over the counter market (2marks)
  - (ii) Electronic stock markets (2marks)
  - (iii) Hybrid driven markets (2mark)
  - (iv) Private and public markets (2marks)
- d) **Discuss the functions of an organized financial system in a developing country like Kenya (10marks)**