**ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD**

**(Department of Commerce)**

**MONEY AND CAPITAL MARKETS (8526)**

**CHECKLIST**

**SEMESTER SPRING 2025**

This packet comprises the following material:

1. Text Book (one)
2. Assignment No. 1, 2
3. Assignment Forms (2 sets)

In this packet, if you find anything missing from the above-mentioned material, please contact us at the address given below:

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**Prof. Dr. S M Amir Shah**

(Course Coordinator)

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**WARNING**

1. **PLAGIARISM OR HIRING OF GHOST WRITER(S) FOR SOLVING THE ASSIGNMENT(S) WILL DEBAR THE STUDENT FROM THE AWARD OF DEGREE/CERTIFICATE IF FOUND AT ANY STAGE.**
2. **SUBMITTING ASSIGNMENTS BORROWED OR STOLEN FROM OTHER(S) AS ONE’S OWN WILL BE PENALIZED AS DEFINED IN THE “AIOU PLAGIARISM POLICY”.**

**Course: Money And Capital Markets (8526) Semester: Spring 2025**

## **Level: M. Com**

## **Please read the following instructions for writing your assignments. (AD, BS, B. Ed, MA/MSc, MEd) (ODL Mode).**

1. All questions are compulsory and carry equal marks but within a question the marks are distributed according to its requirements.

2. Read the question carefully and then answer it according to the requirements of the questions.

3. Avoid irrelevant discussion/information and reproducing from books, study guide or allied material.

4. Handwritten scanned assignments are not acceptable.

5. Upload your typed (in Word or PDF format) assignments on or before the due date.

6. Your own analysis and synthesis will be appreciated.

7. Late assignments can’t be uploaded at LMS.

8. The students who attempt their assignments in Urdu/Arabic may upload a scanned copy of their handwritten assignments (in PDF format) on University LMS. The size of the file should not exceed 5MB.

**Marks: 100 Pass Marks: 50**

**ASSIGNMENT No. 1**

**Question No 1 Marks (20)**

What are financial assets, and how do they contribute to economic activities? Provide examples of different types of financial assets and their significance.

**Question No 2 Marks (20)**

Describe the financial system and its significance in equipping individuals to navigate the complex landscape of financial assets and markets confidently.

**Question No 3 Marks (20)**

Narrate the key assumptions of Capital Market Theory and Differentiate between systematic risk and unsystematic risk according to Capital Market Theory.

**Question No 4 Marks (20)**

Describe the following theories in detail:

1. Market segmentation Theory.
2. Pure Expectation Theory
3. Liquidity Premium Theory

**Question No 5 Marks (20)**

a. What are government securities, and why are they considered low-risk investments?

b. How do government bonds differ from Treasury bills in terms of maturity?

**Marks: 100 Pass Marks: 50**

**ASSIGNMENT No. 2**

**Question No 1 Marks (20)**

a. What are currency forward contracts, and how do they differ from currency futures contracts?

b. Explain how currency forward contracts can be used for risk management in international trade.

**Question No 2 Marks (20)**

Describe the mechanics of a repurchase agreement (repo), including the parties involved and the purpose of collateral. How are repos used by central banks to implement monetary policy?

**Question No 3 Marks (20)**

Compare and contrast the Bank Loan Market with the Corporate Bond Market. What are some reasons why a company might choose bank loans over issuing corporate bonds?

**Question No 4 Marks (20)**

Define event risk in the context of corporate bonds and provide examples of events that can pose event risk. How can issuers and investors mitigate the impact of event risk in corporate bond investments?

**Question No 5 Marks (20)**

Explain the concept of hedging in the context of commodity markets. Also, list the major types of risk associated with commodity trading.