



UNIVERSITY  
OF  
JOHANNESBURG

Department of Commercial Accounting

**FINANCIAL SERVICES OPERATIONS 2B  
FSO22B2**

**Last Assessment Opportunity**

**November 2016**

**Time: 2 hours**

**Marks: 70**

**Assessor:** Yusuf Patel

**Moderator:** Oliver Takawira (Internal)

**INSTRUCTIONS:**

- This paper consists of 3 pages (including the cover page).
- Start each question on a new page.
- Calculators are allowed

| Question | Topic                    | Marks     | Time               |
|----------|--------------------------|-----------|--------------------|
| 1        | Bonds                    | 9         | 15 minutes         |
| 2        | Derivatives              | 11        | 19 minutes         |
| 3        | Investment funds         | 18        | 31 minutes         |
| 4        | Ethics                   | 19        | 33 minutes         |
| 5        | Other financial products | 13        | 22 minutes         |
|          |                          | <b>70</b> | <b>120 minutes</b> |

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**QUESTION 1 - (9 marks)**

1.1 List 3 types of corporate bonds and their features (9)

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**QUESTION 2 - (11 marks)**

2.1 What is a naked and covered option? (2)

2.2 List the advantages and disadvantages of investing in derivative (6)

2.3 Name 1 leading derivative exchange, the country it operates in and the type of derivative it sells. (3)

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**QUESTION 3 - (18 marks)**

3.1 There are certain benefits associated with investing in an investment scheme, list and describe these benefits (12)

3.2 Mutual funds are a popular type of American financial products, what are the distinguishing characteristics of a mutual fund. (6)

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**QUESTION 4 - (19 marks)**

4.1 List the 8 principles of CISI code of conduct (16)

4.2 What type of actions will lead to market abuse? (3)

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**QUESTION 5 - (13 marks)**

- 5.1 List and describe the three types of pensions available  
(6)
- 5.2 Why do people take out mortgages and what are the general  
characteristics of a mortgage bond (4)
- 5.3 List are the three types of whole life assurance policies (3)
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**QUESTION 5 - (10 marks)**

- 5.1 Define the following terms:
- 5.1.1 Cum-div (2)
  - 5.1.2 Ex-Div (2)
  - 5.1.3 CPI (2)
  - 5.1.4 Treasury bills (2)
  - 5.1.5 Fiscal policy (2)

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