



**Department of Finance and Investment Management**

**FINANCIAL SERVICES OPERATIONS 3B**

**FSO33B3**

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**Supplementary Assessment Opportunity**

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**Time: 3:00 hours**

**Marks: 100**

**Assessor:** Yusuf Patel

**Moderator:** Thabo Gopane (Internal)  
Jaicee Bam (External)

**INSTRUCTIONS:**

- This paper consists of 6 pages (including the cover page).
- Start each question on a new page.
- Write neatly
- Calculators are allowed, you cannot borrow a calculator.

Question	Topic	Marks	Time
1	Risk	29	52 minutes
2	Islamic financial services	36	65 minutes
3	Property evaluation	15	27 minutes
4	Property evaluation MCQ	20	36 minutes
		<b>100</b>	<b>180 minutes</b>

**QUESTION 1 - (29 marks)**

- 1.1) Define the term Market risk and list **three** ways in which it can affect securities operations (5)
  - 1.2) List the criteria that must be addressed under rule 17f-7 if a US company would like to hold assets in an eligible foreign depository (5)
  - 1.3) List **five** important issues that needs to be considered when entering into legally binding contractual relationships (5)
  - 1.4) Explain the process of cash reconciliation and why it is conducted. (6)
  - 1.5) Define the following terms:
    - 1.5.1) Regulatory risk (2)
    - 1.5.2) Brexit (2)
    - 1.5.3) Credit risk (2)
    - 1.5.4) Reputational risk (2)
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**QUESTION 2 - (36 marks)**

- 2.1) List and discuss the ethical issues that are prevalent to marketing in Islamic finance. (8)
  - 2.2) List and explain **five** of the principles that are applicable to employees of Islamic finance institutions. (10)
  - 2.3) List and explain any **four** types of Islamic finance institutions. (6)
  - 2.4) In tabular format highlight six differences between conventional banks and Islamic banking. (12)
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**QUESTION 3 - (15 marks)**

- 3.1) List and explain three public restrictions on ownership. (6)
  - 3.2) List four functions of the registrar of deeds (4)
  - 3.3) Explain the differences between the terms price, cost and value. (3)
  - 3.4) Explain what is meant by the term exchange value. (2)
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**QUESTION 4 - (20 marks)**

**REQUIRED:**

- 4.1) Supply of single-family residential properties is most affected by?
- a. An increase in employment in the area
  - b. A decrease in mortgage interest rates
  - c. An increase in the number of apartments built
  - d. An increase in the number of homes built
- 4.2) You hold?
- a. The leased fee interest
  - b. The leasehold interest
  - c. A sublease hold interest
  - d. A subleased fee interest
- 4.3) The valuation technique in which land and building are valued separately?
- a. The income capitalization approach
  - b. The sales comparison approach
  - c. Linear regression
  - d. The cost approach
- 4.4) A deed should be recorded because?
- a. Recording gives public notice of the transaction and sets the priority
  - b. It is required by law
  - c. Title does not pass until the deed is recorded
  - d. Recording makes the deed a legal document
- 4.5) You have owned a 40 ha parcel of land for the last 25 years. You paid the taxes on the real estate for the first 20 years but have not paid them for the last five?
- a. The state will get the taxes when the property is sold since the buyer will insist the taxes are paid prior to closing
  - b. The state has the right to sell the real estate to pay the back taxes
  - c. The state is powerless to collect these taxes
  - d. The state will sue you, and the courts will garnish your wages to be paid

- 4.6) Supply of single-family residential properties is most affected by?
- a. An increase in employment in the area
  - b. A decrease in mortgage interest rates
  - c. An increase in the number of apartments built
  - d. An increase in the number of homes built
- 4.7) Externalities are?
- a. Factors outside the property that can affect the property value
  - b. Losses in value due to design and changes in building standards
  - c. Increases in value due to changes in land value
  - d. Losses in value due to changes in buyer preferences
- 4.8) The valuation technique in which land and building are valued separately?
- a. The income capitalization approach
  - b. The sales comparison approach
  - c. Linear regression
  - d. The cost approach
- 4.9) A deed should be recorded because?
- a. Recording gives public notice of the transaction and sets the priority
  - b. It is required by law
  - c. Title does not pass until the deed is recorded
  - d. Recording makes the deed a legal document
- 4.10) You have owned a 40 ha parcel of land for the last 25 years. You paid the taxes on the real estate for the first 20 years but have not paid them for the last five?
- a. The state will get the taxes when the property is sold since the buyer will insist the taxes are paid prior to closing
  - b. The state has the right to sell the real estate to pay the back taxes
  - c. The state is powerless to collect these taxes
  - d. The state will sue you, and the courts will garnish your wages to get paid
- 4.11) The value of a property to a particular user is known as?
- a. Market equal to cost
  - b. Value in exchange
  - c. Use value
  - d. Leasehold value

- 4.12) Ownership of real property by two or more parties with an undivided interest is called?
- a. Joint tenancy
  - b. Tenancy by the entirety
  - c. Sole proprietorship
  - d. Tenancy in common
- 4.13) When real property is sold by one person to another, the amount of money used to compensate the seller is called?
- a. The cost of the real property
  - b. The value of the real property
  - c. The price of the real property
  - d. The income of the real property
- 4.14) Demand for housing is affected when?
- a. Builders cannot find enough building materials to complete the job
  - b. A new factory opens hiring several hundred new employees
  - c. Zoning laws restrict new construction to the point that not enough homes are build
  - d. Builders do not recognize a downturn in the market
- 4.15) Stocks are?
- a. A punishment for bad valuers
  - b. A lending instrument
  - c. A low-risk, high-yield investment
  - d. An ownership interest in a company (i.e., shares)
- 4.16) Economic influences include all of the following except?
- a. Occupant income levels
  - b. Crime levels
  - c. Property rent levels
  - d. Property value levels
- 4.17) There are three approaches to estimating market value because?
- a. Purchasers have three alternative options available
  - b. SACPVP says all valuers must use all three approaches to value
  - c. There are three ways to look at anything
  - d. It is required for good statistical significance

4.18) A trade area is?

- a. An area where property owners trade rather than sell the properties
- b. A geographic area from which a retail centre will draw its customers
- c. An area where the owners-inhabitants are generally employed
- d. An area where an office building owner will trade tenants with other office building owners

4.19) You own a small rental house with two acres, and you marry a woman who has a son from a previous marriage. To provide for your new stepson, you give him a life estate in the small house. When your stepson turns 18, he can?

- Mortgage his interest
- Rent the property out
- Sell the life estate to someone else who will rent the property
- All of the above

4.20) Servitudes are another division of property rights. They usually give the right?

- a. To cross over another person's property without permission
- b. To access the property to perform a specific service
- c. To use the property during the term of the lease to a tenant
- d. To re-enter the property if the payments are not made on time to a lender

[illegible]