

**KIBABII UNIVERSITY COLLEGE  
FACULTY OF EDUCATION AND SOCIAL SCIENCES  
DEPARTMENT OF: BUSINESS MANAGEMENT**

**Course code:** DBF 102      **COURSE TITLE:** FINANCIAL INSTITUTIONS AND MARKETS

**MAIN EXAM**

**SECTION A (COMPULSORY)**

**QUESTION ONE**

Capital markets authority and Nairobi Stock Exchange Market work hand in hand to ensure that the stock market is efficient. Explain the key roles of Capital Market Association and the Nairobi Stock Exchange Market. **(25 MKS)**

**SECTION B (CHOOSE ANY THREE QUESTIONS)**

**QUESTION TWO**

In recent years, there has been a trend towards “cross-border” listing of securities of quoted companies. This has reduced the over-reliance by companies on domestic capital markets.

**Required:**

- (a) Explain the meaning of “cross-border” listing. (3 marks)
- (b) Identify and explain six reasons why companies in your country may seek “cross-border” listing. (12 marks)  
**( 15MKS)**

**QUESTION THREE**

- (a) What economic advantages are created by the existence of:
- (i) Primary markets. (4 marks)
- (ii) Secondary markets (4 marks)
- b) What are financial intermediaries and what role do they play in the economy? (7 marks)**

**QUESTION FOUR**

- a) What is Market efficiency (1 mk)
- b) Briefly describe the three forms of capital market efficiency. (6 marks)
- (c) Explain four factors that may underlie the low rate of listing of companies in a stock exchange you are familiar with. (8 marks)

### **QUESTION FIVE**

Describe the benefits to a country of integrating its financial markets with those of other countries.  
(15 marks)