

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**Plot 91, Cadastral Zone, NnamdiAzikiwe Express Way, Jabi-Abuja**

**Faculty of Management Sciences, Department of Financial Studies**

**JULY 2017 Examinations**

**COURSE CODE: MGS 748 CREDIT UNIT: 2**

**COURSE TITLE: FINANCIAL INSTITUTIONS AND MARKETS**

**TIME ALLOWED: 2 HOURS**

**Instructions: 1. Attempt question number One (1) and any other Two (2) questions.**

**2. Question number 1 carries 30 marks, while the other questions carry 20          marks each.**

**3. Present your points in coherent and orderly manner.**

**QUESTION ONE (COMPULSORY)**

a) List and discuss forms of long-term financial instruments available to corporate entities.

(24 marks)

b) Identify economies of scale enjoyed by intermediary in financial markets. (6 marks)

**QUESTION TWO**

a) Differentiate between Unit trusts and Investment Trusts. (10 marks)

b) Distinguish between Bill of Exchange and Banker’s Acceptance. (10 marks)

**QUESTION THREE**

a) Differentiate between Foreign Exchange Market and Derivative Market. (10 marks)

b) Distinguish between Financial system and Financial Market. (10 marks)

**QUESTION FOUR**

Write notes on the following terms.

i) Organized stock exchange

ii) The Over-the-Counter Market

iii) Futures contract

iv) Option contract (20 marks)

**QUESTION FIVE**

What is bank borrowing? What are the reasons that make bank borrowing attractive? (20 marks)