



FINAL EXAMINATION

COURSE	: ISLAMIC CAPITAL MARKET
COURSE CODE	: PIF2013
DURATION	: 02 HOURS

INSTRUCTIONS TO CANDIDATES :

1. This question paper consists of **THREE (3)** parts : PART A (20 questions)
: PART B (20 questions)
: PART C (02 questions)
2. Answer ALL questions from PART A, PART B and PART C.
 - i. Answer PART A in the True False Answer Sheet.
 - ii. Answer PART B in the Objective Answer Sheet.
 - iii. Answer PART C in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of :
 - i. The Question Paper
 - ii. An Answer Booklet
 - iii. An Objective Answer Sheet
 - iv. A True False Answer Sheet
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

MYKAD. NO : _____

ID.NO : _____

LECTURER : _____

SECTION : _____

DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

The question paper consists of 09 printed pages

MAR2024/E/PIF2013

PART A: True/False

1. **(1 point)**
Capital Market Service Act 2007 considers ownership positions in corporations as securities.
2. **(1 point)**
Ownership is determined by the number of shares a person's owns divided by the total number of shares outstanding.
3. **(1 point)**
In Islamic equity markets, Shariah-compliant securities allow the owner of capital to invest based on their preferences in terms of risk involvement, rate of return, and period of investment.
4. **(1 point)**
The primary purpose of Shariah-compliant securities is to promote speculative trading and short-term gains in the Islamic equity market.
5. **(1 point)**
The Islamic equity market is a medium to transfer funds from surplus to deficit units.
6. **(1 point)**
In the Wakalah contract, management acts as the principal.
7. **(1 point)**
In Sharikah Milkiyyah, the shareholders can sell their interest in the company to any third party without the permission of other shareholders.
8. **(1 point)**
The Securities Commission Act (SCA) 1993 provides empowerment to the Securities Commission for specific regulated activities, including Advising on Corporate Finance.
9. **(1 point)**
Cumulative preferred shares are the dividends that are not cumulative if it is unpaid.
10. **(1 point)**
Common shares is also known as voting shares and ordinary shares.
11. **(1 point)**
Shariah-compliant securities have the potential to attract investors from the 'ethical' category due to their adherence to Islamic principles.
12. **(1 point)**
Shariah-compliant securities have the opportunity to attract investors from other regions that were affected by the credit crunch crisis.

13. **(1 point)**
The first step in the Shariah-compliant review process is to issue a list of Shariah-compliant securities to the relevant authorities.
14. **(1 point)**
Shariah funds can be invested in conventional private equity funds.
15. **(1 point)**
An Islamic exchange-traded fund is a closed-ended fund that cannot be traded on a stock exchange.
16. **(1 point)**
An exchange-traded fund is managed actively or passively by tracking an index.
17. **(1 point)**
Private Equity is a subset of Venture Capital that invests in the early stages of a newly set up company that involves higher risks.
18. **(1 point)**
Private Equity and Venture Capital will invest in a joint venture company that has the potential to grow and be commercially viable.
19. **(1 point)**
Performance targets have no differences between conventional Private Equity and Venture Capital.
20. **(1 point)**
Private Equity acquires less than 50% stakes in target companies.

PART B: MULTIPLE CHOICE

Answer ALL questions

1. (1 point)

Which of the following is included in the Capital Market Service Act 2007 definition of securities?

- A. Fine art collections.
- B. Educational certificates.
- C. Residential mortgages.
- D. Unit trust or prescribed investment.

2. (1 point)

The number of shares a person owns divided by the total number of shares outstanding will be determined _____.

- A. person's age and experience.
- B. person's social media influence.
- C. person's shares percentage ownership.
- D. person's physical presence in the company.

3. (1 point)

What defines Shariah-compliant securities in Bursa Malaysia?

- A. Global recognition.
- B. Market capitalization.
- C. Classification as permissible by the Shariah advisor council.
- D. Approval by the government of Malaysia.

4. (1 point)

Which of the following statements illustrates the Islamic equity market as a medium to transfer funds from surplus to deficit units?

- A. Shares can be sold with some restrictions.
- B. Selling is prohibited after a fixed holding period.
- C. Selling is allowed only on specific days of the week.
- D. Allows the owner of capital to invest according to their preference.

5. (1 point)

Which of the following is **NOT** a valid category to classify Islamic funds?

- A. Marketing strategy.
- B. Investment criteria.
- C. Operational elements.
- D. Contractual relationship.

6. (1 point)

Which of the following Islamic contracts involves the joint venture of profit-sharing and loss-bearing arrangement?

- A. Wakalah
- B. Mudarabah
- C. Rabb al mal
- D. Sharikah Milkiyyah

7. (1 point)

Which of the following regulatory bodies in Malaysia oversees Shariah-compliant securities?

- A. Ministry of Finance
- B. Bank Negara Malaysia
- C. Securities Commission (SC)
- D. Malaysian Islamic Development Department

8. (1 point)

Which of the following institutional investors has the mandate only for Shariah-compliant investments?

- A. Hedge funds
- B. Venture capitalists
- C. Conventional banks
- D. Islamic Fund Managers

9. (1 point)

Which entity is **NOT** an institutional investor with a mandate for Shariah-compliant investments?

- A. Tabung Haji
- B. Insurance companies
- C. Islamic Fund Managers
- D. Takaful and Retakaful operators

10. (1 point)

What is the third step in shariah compliant review process?

- A. Compile the result and issue.
- B. Determine the CEO's performance.
- C. Undertaking Shariah compliance review.
- D. Compare with Shariah financial benchmark.

11. (1 point)

The person who is professionally managing an Islamic fund is the _____.

- A. shareholders
- B. fund manager
- C. central banks
- D. government authorities

12. (1 point)

Which characteristic distinguishes Islamic funds from conventional funds regarding financial services?

- A. Islamic funds focus on speculative trading.
- B. Islamic funds prioritize high-risk investments.
- C. Islamic funds exclusively invest in interest-based financial services.
- D. Islamic funds do not invest in financial services based on riba (interest).

13. (1 point)

Which type of companies is excluded from investment by Islamic funds?

- A. Energy sector
- B. Technology sector
- C. Gambling and gaming
- D. Companies specializing in research and development

14. (1 point)

How do Islamic funds typically approach their investment decisions in tobacco-based products?

- A. Avoid tobacco-related investments.
- B. Actively seek investments in tobacco companies
- C. Invest only in tobacco companies with diversified portfolios
- D. Maintain a neutral stance on tobacco-related investments

15. (1 point)

What is an Islamic Exchange Traded Fund (Islamic ETF)?

- A. A closed-ended mutual fund
- B. A real estate investment trust (REIT)
- C. A government bond issued by the government agency
- D. A unit trust fund listed and traded on a stock exchange

16. (1 point)

Involves negotiating, structuring, approving, and deal closing as well as post acquisition monitoring.

Statement 1

Which of the following terms refers to Statement 1?

- A. Exit stage
- B. Execution
- C. Expansion stage
- D. Harvesting stage

17. (1 point)

Power and rights are given to the agent to act on behalf of the principal as long as the principal still exists.

Statement 2

Based on statement 2, which of the following is **BEST** referred to?

- A. Wakalah
- B. Murabahah
- C. Musyarakah
- D. Mudharabah

18. (1 point)

- Contract made between two parties to finance a business venture.
- Capital provider is known as Rabb al-mal who solely provides capital and Mudarib (entrepreneur) who solely manages the project.

Statement 3

Which of the following Islamic contracts explains Statement 3?

- A. Wakalah
- B. Murabahah
- C. Musyarakah
- D. Mudharabah

19. (1 point)

Which of the following are types of wakalah contracts?

- i. Wakalah Kabir
- ii. Wakalah Ammah
- iii. Wakalah Khassah
- iv. Wakalah Bayyinah

- A. i and ii
- B. i and iii
- C. ii and iii
- D. iii and iv

20. (1 point)

Which of the following is the similarity between Shariah and Conventional Ventures?

- A. Long-term value-added investment.
- B. The investment must follow guidelines by Shariah advisor council.
- C. The contract must follow the types of Islamic contract.
- D. All investments must not involve non-shariah activities.

PART C: STRUCTURE

Answer ALL questions.

1. (10 points)

- a. An Islamic or Shariah-compliant investment fund is an investment scheme where investors can contribute money to earn halal profits that comply with Shariah principles. It is deemed a type of the many socially responsible investment or SRI funds that are available in the market. There are different categories of Islamic funds in Malaysia. Briefly explain **THREE (3)** categories of Islamic Funds. (6 points)
- b. The growing need of the Muslim population in Malaysia for Shariah-compliant products as an alternative to conventional banking and capital markets financial instruments acted as a catalyst for the development of an Islamic capital market in Malaysia. Discuss any **TWO (2)** differences between Islamic and Conventional Fund Management. (4 points)

2. (10 points)

Aminah is a new investor who likes to seek new opportunities that can give promising returns from the investment. Recently, she has two options either private equity or venture capital. She is more interested to invest in private equity, explain to Aminah the ways to manage her investment by giving her **FIVE (5)** investment strategies of Private Equity.

END OF QUESTION PAPER