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BNK601
Final Term MCQs
Mega File

Question # 1 of 15 (Start time: 10:47:48 PM)

Total M a r k s : 1

Which of the following may be cancelled or modified after its date of issue, by the issuing bank?

Select correct option:

Revocable letter of credit

Irrevocable letter of credit

Irrevocable confirmed letter of credit

Revolving credit Revocable letter of credit

A revocable letter of credit may be cancelled or modified after its date of issue, by the issuing bank. According to UCP-600, credit shall be irrevocable.

page 200

Question # 2 of 15 (Start time: 10:48:22 PM)

Total M a r k s : 1

According to Section 36 of Banking Companies Ordinance, 1962, the Federal Government can issue a certificate of Moratorium, upon an application of State Bank, for which of the following MAXIMUM periods?

Select correct option:

Three Months

Six Months

Nine Months

One Year

The Federal Government, after considering the application made by the State Bank under subsection (1), may make an order of moratorium staying the commencement or continuance of all action and proceedings against the company for a fixed period of time on such terms and conditions as it thinks fit and proper and may from time to time extend the period so however that the total period of moratorium shall not exceed six months.

option 2 page 73

Question # 3 of 15 (Start time: 10:49:51 PM)

Total M a r k s : 1

An endorsement is said to be Full endorsement, if it satisfies which of the following conditions?

Select correct option:

If the endorser signs his name only

If the endorser adds a direction to pay the amount mentioned in the instrument to, or to the order of, a specified person

If the endorser restricts or excludes the right to further negotiate the instrument

If the endorser purports to transfer to the endorsee only a part of the amount payable

first option page 168

Question # 4 of 15 (Start time: 10:51:23 PM)

Total M a r k s : 1

Which of the following refers to “the transfer of an interest in specific immovable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an

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"Scheduled bank" means a bank for the time being included in the list of banks maintained under sub-section (1) of Section 37;

Question # 15 of 15 (Start time: 11:03:41 PM)

Total M a r k s : 1

In letter of credit, which of the following is payable as soon as it is presented for payment?

Select correct option:

Demand draft

Time draft

Sight draft

Order draft .

A sight draft is payable as soon as it is presented for payment. The bank is allowed a reasonable time to review the documents before making payment.

According to the Section 4 of State Bank of Pakistan Act, 1956, which of the following is the face value of the share of a Bank?

Rs. 10

Rs. 20

Rs. 50

Rs. 100

According to Section 4 of State Bank of Pakistan Act, 1956, which of the following should be the original Capital of the Bank?

Rs. 20 Millions

Rs. 30 Millions

Rs. 40 Millions

Rs. 50 Millions

LESSON 16

Share Capital: Sec 4: The original share capital of the Bank shall be three corers of rupees.

Under section 10 (Penalty) of the co-operative societies and co-operative banks (repayment of loans) ordinance, 1966, if a person whoever contravenes any of the provisions of his ordinance or the rules made shall be punishable with imprisonment of which of the following?

⋮

Term which may extend to five years

Term which may extend to six years

Term which may extend to seven years

Term which may extend to eight years

LESSON 18

Penalty: Sec 10

Whoever contravenes any of the provisions of this Ordinance or the rules made there under shall be punishable with imprisonment for a term which may extend to seven years

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Which of the following has defined the banker as “Any person carrying on a bonafide banking business in the United Kingdom is a banker”?

American version

United Kingdom’s version

Finance Act, 1915

Negotiable instruments Act, 1881

LESSON 20

According to Finance Act, 1915:

“Any person carrying on a bonafide banking business in the United Kingdom is a banker”

Which of the following is also called the Legal Mortgage?

Equitable Mortgage

Registered Mortgage

Un-registered Mortgage

Non-equitable Mortgage

LESSON 12

(Registered or Legal Mortgage): This is created through a formal document called mortgage deed. Mortgage deed is registered with the Registrar of titles. It is comparatively expensive as it involves stamp duty and registration fee.

⋮

All of the following are included in the financial intermediaries, EXCEPT:

Mutual Funds

Pension Funds

Stock Exchange

Credit Union

LESSON 3

Financial institutions are also called Financial Intermediaries, these include the following:

Commercial Banks, Credit Unions, Savings and Loan Associations, Mutual Saving Banks, Mutual Funds, Finance Companies, Pension Funds etc.

According to Section 23 of Banking Companies Ordinance, 1962, a subsidiary to banking company can perform which of the following function(s)?

To carry on of banking business strictly in conformity with Islam

To carry on business of modaraba

Such other purposes as are incidental to the business of banking

All of the given options

LESSON 12

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1000 B.C

2000 B.C

3000 B.C

4000 B.C

Ref: The banking has been in practice in one way or other from the inception of societies. Some authors maintain that banking, not in the present form but in its elementary stages was traced as old as 2000 B.C.

:

Which of the following is/are the requirement(s) to become a customer?

Customer should be of the age of majority

Customer should be of sound mind

Customer should not be debarred under any law

All of the given options

LESSON 20

Legal Requirements to be qualified as Customer: Customer should be of age of majority should be of sound mind Not debarred under any law there must be an offer/ proposal and acceptance of that offer/ proposal.

Which of the following condition(s) may lead to cancellation of license of a banking company?

If the company ceases to carry on banking business in Pakistan

If the company at any time fails to comply with any of the conditions imposed upon it under sub-section (1)

If at any time, any of the conditions referred to in sub-section (3) ceases to be fulfilled.

All of the given options

LESSON 19

The State Bank may suspend or cancel a license granted to a microfinance institution if such institution:

(a) At any time fails to comply with any of the conditions imposed upon it under sub-section (2);

(b) Fails to fulfill, at any time, any of the conditions referred to in sub-section (3);

(c) Has furnished false or misleading information in its application for a license.

Which of the following is NOT the primary purpose of Mortgage?

Securing the payment of money advanced or to be advanced by way of loan.

Securing the payment for future lending.

Securing the payment for an existing debt or future debt.

Securing the payment for performance of an engagement which may give rise to pecuniary liability.

LESSON 12

(Mortgage): A mortgage is the transfer of an interest in specific immovable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an

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existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability.

Which of the following refers to “a person employed to do any act for another person or to represent another person in dealing with third person”?

Employee

Agent

Representative

Shareholder

LESSON 22

Agent is a person employed to do any act for another or to represent another in dealing with a third persons.

:

According to Section 17 of Banking Companies Ordinance, 1962, the banking company cannot create charge on which of the following?

Paid up capital

Issued capital

Unpaid capital

Subscribed capital

LESSON 12

Prohibition of charge on unpaid capital: Sec 17

No banking company shall create any charge upon any unpaid capital of the company and such charge, if created, shall be invalid.

Which of the following refers to “rules that regulate the conduct of individuals, businesses, and other organizations within society”?

Jurisprudence

Law

Legal system

Legal opinion

LESSON 2

“The law consists of rules that regulate the conduct of individuals, businesses, and other organizations within society”

As per Banking Companies Ordinance, 1962, the total suspension time of the operation of all or any provision of Companies ordinance, 1962 should not exceed:

Three months

Six months

Nine months

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One year

LESSON 7

The Federal Government may, by notification in the official Gazette, extend from time to time, the period of any suspension under subsection for such period or periods, not exceeding sixty days at any one time, as it thinks fit so however that the total period does not exceed one year.

:

According to the section 30 of Banking Companies Ordinance, 1962, at the close of business on any day, the assets in Pakistan of every banking company shall not be less in value than such percentage of its time and demand liabilities in Pakistan as may be prescribed by the State Bank from time to time provided that the percentage so prescribed shall not exceed:

65% of time and demand liabilities

75% of time and demand liabilities

85% of time and demand liabilities

95% of time and demand liabilities

LESSON 13

Assets in Pakistan: Sec 30

At the close of business on any day the assets in Pakistan of every banking company shall not be less in value than an amount representing such percentage of its time and demand liabilities in Pakistan as may be prescribed by the State Bank from time to time provided that the percentage so prescribed shall not exceed eighty five per cent.

How many foreign banks were there in Pakistan, at the time of independence?

09 banks

19 banks

29 banks

39 banks

Ref: There were 19 foreign banks having small branches and controlled through their head offices.

:

According to Section 16 of Banking Companies Ordinance, 1962, which of the following is the MAXIMUM commission, brokerage, discount or remuneration paid by banking company on issue of share capital?

2% of the paid up value of the issued shares

2.5% of the paid up value of the issued shares

3% of the paid up value of the issued shares

3.5% of the paid up value of the issued shares

LESSON 12

Restriction on commission, brokerage, discount, etc. on sale of shares: Sec 16

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Notwithstanding anything to the contrary in sections 105 and 105A of the Companies Act, 1913 , no banking company shall pay out directly or indirectly by way of commission, brokerage, discount or remuneration in any form in respect of any shares issued by it, any amount exceeding in the aggregate two and one-half per cent of the paid-up value of the said shares.

Which of the following refers to “a financial market in which new issues of a security such as bonds or stocks are sold to initial buyers”?

Equity Market

Over the Counter Market (OTC)

Primary Market

Secondary Market

LESSON 3

Primary Market and Secondary Markets

Primary Market is a financial market in which new issues of a security such as Bonds or stocks are sold to initial buyers whereas in secondary Markets there is further sale of already issued securities.

Subscribed Capital is part of which of the following?

Paid up capital

Issued capital

Un-issued capital

Retained capital/equity

LESSON 11

Paid-up Capital

Paid-up capital is that part of the issued capital which has been paid-up by the shareholders. Paid up capital is always equal to subscribed capital.

All of the following are the components of Part IV (Special Provisions for Speedy Disposal of Winding up Proceedings) of Banking Companies Ordinance, 1962, EXCEPT:

Transfer of pending proceedings

Settlement of list of debtors

Special provisions to make calls on contributories

Preferential payments to depositors

LESSON 7

Part –IV

Special Provisions for Speedy Disposal of Winding up Proceedings

following topics are covered under this part

o Power of High Court to decide all claims in respect of banking companies.

o Transfer of pending proceedings.

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- o Settlement of list of debtors.
- o Special provisions to make calls on contributories.

∴
Which of the following parties are engaged in a letter of credit?

Advising banks
Confirming banks
Negotiating banks

All of the given options

LESSON 9

- 1) Applicant (opener of L.C)
- 2) Issuing bank (opening bank)
- 3) Advising bank
- 4) Confirming bank
- 5) Negotiating bank
- 6) Nominated Bank

According to Section 4 of State Bank of Pakistan Act, 1956, which of the following should be the original Capital of the Bank?

Rs. 20 Millions
Rs. 30 Millions
Rs. 40 Millions
Rs. 50 Millions

LESSON 16

The original share capital of the Bank shall be three crores of rupees divided into three hundred thousand fully paid-up shares of the nominal value of one hundred rupees each, out of which not less than fifty one per cent shall be held by the Federal Government and the balance by the public.

Which of the following is termed as “science of civil law”?

Jurisprudence

Business Law
Legal system
Legal opinion

LESSON 2

The legal experts term civil law as science of jurisprudence.

∴

Which of the following is NOT the category of the Share Capital?

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Authorized capital

Un-issued capital

Issued capital

Retained capital/equity

LESSON 11

Categories of Share Capital

The term share capital used in connection with the capital of a limited company is used in several senses. So the capital of a company may be categorized as follows:

- a. Authorized capital
- b. Issued capital
- c. Unissued capital
- d. Subscribed capital
- e. Paid-up capital

:

Which of the following is the MINIMUM capital requirement for banks/Direct Financial Institutions as set out by the State Bank of Pakistan by 31/12/2009?

Rs 3 billion

Rs 4 billion

Rs 5 billion

Rs 6 billion

LESSON 11

:

In 14th century, Banking in structured form started in which of the following countries?

U.S.A.

England

France

Germany

Ref: Banking in structured form started in England in 14th century.

Which of the following statements holds TRUE for law?

It is to redress wrongs

It ensures public order

It is to maintain rights

All of the given options

LESSON 2

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Significance of law: Law is to maintain rights, uphold justice and redress wrongs. Law ensures public order, balance, harmony, peace among the persons within the state and inter-states. We can easily conceive that in the absence of law and legal system there would have been disorder, unrest and chaos all around us.

:

Which of the following refers to “U.S. dollars deposited in foreign branches of U.S. banks or in foreign banks outside the United States”?

Bills of Exchange
Bankers' Acceptances
Repurchase Agreements

Eurodollars

LESSON 4

A banking company can engage itself in which of the following businesses under section 7 of Banking Companies Ordinance, 1962?

Borrowing, raising, or taking up of money
The lending or advancing of money either upon or without security
The granting and issuing of letters of credit

All of the given options

In which of the following financial markets, buyers and/sellers agree to trade certain quantity of commodity for a specific price at a specified date in future?

Equity Market
Over the Counter Market (OTC)

Future Market

Secondary Market

:

Which of the following is NOT the regulation of paid-up capital, subscribed capital and authorized capital and voting rights of share-holders under section 14 of Banking Companies Ordinance, 1962?

The subscribed capital of the company is not less than one half of the authorized capital
The capital of the company consists of ordinary shares only

Paid-up capital should be less than one half of the subscribed capital

The voting rights of any one shareholder, except those of the Federal Government or a Provincial Government do not exceed five per cent of the total voting rights of all the shareholders

Which of the following countries adopted the model for the redressal of public

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under subsection of Section 37.

In which of the following years, “Wafaqi Mohtasib” was established?

1983

1995

2000

2005

LESSON 15

Which of the following terms is used under the Co-operative Societies and Co-operative Banks (Repayment of Loans) Ordinance, 1966 for a loan which is not secured by mortgage, pledge, hypothecation or assignment of such property of the borrower, as in the case of a loan not exceeding five hundred thousand rupees?

Unsecured Loan

Secured Loan

Insufficiently Secured

Insufficiently Unsecured

In which of the following years, an ombudsman was first established?

1806

1809

1919

1929

LESSON 15

⋮

Relationship between Principal and Agent is known as which of the following?

Business relationship

Formal relationship

Agency relationship

Personal relationship

LESSON 9

Which of the following studies is the evolution of law over a period of time?

Analytical Jurisprudence

Historical Jurisprudence

Ethical Jurisprudence

Behavioral Jurisprudence

LESSON 2

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:

Which of the following factor leads towards the economic prosperity of a country?

Industrial growth

Stable law and order situation

Strong financial institutions

All of the given options

Short term sale of Government securities with an agreement to repurchase the securities at a higher price is called _____.

Federal fund

Repo

Banker's acceptance

Open market operation

LESSON 4

Short-term financial instrument used in the money market is known as:

Document

Paper

Bond

Bill

LESSON 4

:

According to Establishment of Federal Bank for Co-Operative and regulation of Co-Operative Banking Act, 1977, the term "Time Liabilities" refers to which of the following?

Liabilities which are to be met on demand

Liabilities which are not demand liabilities

Liabilities which are to be met in due course of time

Liabilities which are contingent in nature

LESSON 8

"Demand liabilities" means liabilities which must be met on demand, and "time liabilities" means liabilities which are not demand liabilities

Which of the following refers to "An obligation annexed to the ownership of property, and arising out of a confidence reposed in and accepted by the owner, or declared and accepted by him, for the benefit of another, or of another and the owner is the person who reposes or declares the confidence"?

Agency

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Trust

Branch

Sole ownership

LESSON 10

:

If report of State Bank is not submitted with the application of stay order against winding up to the High Court, the high court can extend a stay order for which of the following Maximum periods?

15 Days

30 Days

45 Days

60 Days

LESSON 15

Which of the following are intermediate-term and long-term obligations issued by large, high-quality corporations to finance plant and equipment spending?

Bills of Exchange

Bankers' Acceptances

Corporate Bonds

Eurodollars

LESSON 4

:

All of the following are the components of Part III (Suspension of Business and winding up of Banking Companies) of Banking Companies Ordinance, 1962, EXCEPT:

Power to dispense with meetings of creditors, etc.

Booked depositors' credits to be deemed proved

Preferential payments to depositors

Special provisions to make calls on contributories

LESSON 7

All of the following are types of financial market, EXCEPT:

Foreign exchange markets

Stock markets

Bond markets

Future markets

LESSON 3

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According to the State Bank of Pakistan Act, 1956, “Central Board” refers to which of the following?

Central Board of Revenue

Central Board of Directors of the Bank

Central Board of Information Technology

Central Board of Investments

LESSON 16

Which of the following statements holds TRUE for law?

It is to redress wrongs

It ensures public order

It is to maintain rights

All of the given options

LESSON 2

Significance of law: Law is to maintain rights, uphold justice and redress wrongs. Law ensures public order, balance, harmony, peace among the persons within the state and inter-states. We can easily conceive that in the absence of law and legal system there would have been disorder, unrest and chaos all around us.

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The lending or advancing of money either upon or without security

The granting and issuing of letters of credit

All of the given options

LESSON 9

In which of the following financial markets, buyers and/sellers agree to trade certain quantity of commodity for a specific price at a specified date in future?

Equity Market

Over the Counter Market (OTC)

Future Market

Secondary Market

LESSON 3

Forward Contracts and Futures Market: Under Forward Contract, buyers and/sellers agree to trade certain quantity of commodity for a specific price at a specified date in future, contracts are formally made in commodities exchange markets.

Which of the following is NOT the regulation of paid-up capital, subscribed capital and authorized capital and voting rights of share-holders under section 14 of Banking Companies Ordinance, 1962?

The subscribed capital of the company is not less than one half of the authorized capital

The capital of the company consists of ordinary shares only

Paid-up capital should be less than one half of the subscribed capital

The voting rights of any one shareholder, except those of the Federal Government or a Provincial Government do not exceed five per cent of the total voting rights of all the shareholders

LESSON 11

At the time of independence, how many branches of scheduled banks were there in Pakistan?

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457 branches

467 branches

487 branches

497 branches

Ref: In Pakistan, before independence in March, 1947 there were 631 scheduled bank offices in the United Pakistan. Out of which 144 were located in Bangladesh and there were 130 offices of non-scheduled banks.

Which of the following refers to “a bank for the time being included in the list of banks maintained under sub-section (1) of Section 37; under Banking Companies Ordinance, 1962”?

Scheduled Bank

Commercial Bank

Investment Bank

Financial Intermediary

LESSON 8

"Scheduled bank" means a bank for the time being included in the list of banks maintained under subsection of Section 37.

Relationship between Principal and Agent is known as which of the following?

Business relationship

Formal relationship

Agency relationship

Personal relationship

LESSON 9

Which of the following studies is the evolution of law over a period of time?

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Analytical Jurisprudence

Historical Jurisprudence

Ethical Jurisprudence

Behavioral Jurisprudence

LESSON 2

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Paper

Bond

Bill

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Liabilities which are to be met on demand

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Liabilities which are not demand liabilities

Liabilities which are to be met in due course of time

Liabilities which are contingent in nature

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Agency

Trust

Branch

Sole ownership

LESSON 10

Which of the following are intermediate-term and long-term obligations issued by large, high-quality corporations to finance plant and equipment spending?

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Bankers' Acceptances

Corporate Bonds

Eurodollars

LESSON 4

All of the following are the components of Part III (Suspension of Business and winding up of Banking Companies) of Banking Companies Ordinance, 1962, EXCEPT:

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Power to dispense with meetings of creditors, etc.

Booked depositors' credits to be deemed proved

Preferential payments to depositors

Special provisions to make calls on contributories

LESSON 7

All of the following are types of financial market, EXCEPT:

Foreign exchange markets

Stock markets

Bond markets

Future markets

LESSON 3

All of the following are demerits of Nationalization of banks, EXCEPT:

Excessive government control leading to the decisions on non professional considerations

Equitable distribution of credit to the different sectors, industries and regions

Neglect of personalized services to the customers

Mismanagement leading to alarming size of non-performing loans portfolio

LESSON 6

Cons:

- Excessive government control leading to the decisions on non professional considerations.
- Lack of fair market competition leading to absence of availability of innovative and diversified products to the customers.
- Neglect of personalized services to the customers.
- Mismanagement leading to alarming size of nonperforming loans portfolio.

Which of the following is also known as Repos?

Bills of Exchange

Bankers' Acceptances

Repurchase Agreements

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Eurodollars
LESSON 4

Which of the following terms is NOT defined by the Companies Ordinance, 1984?

Paid-up capital

Debenture

Dividend

Preference share

LESSON 12

The term dividend has not been defined in the Companies Ordinance.

Which of the following markets may, at preliminary stage, be termed as “market for bonds and stock market”?

Equity Market

Financial Market

Primary Market

Secondary Market

LESSON 3

According to Section 36 of Banking Companies Ordinance, 1962, the Federal Government can issue a certificate of Moratorium, upon an application of State Bank, for which of the following MAXIMUM periods?

Three Months

Six Months

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Nine Months
One Year
LESSON 11

Which of the following is NOT the kind of shares issued by the company under Law?

Ordinary shares

Preference shares
Deferred shares
Future shares
LESSON 11

The word “Bank” is derived from which of the following?

Bancus
Banque
Bench
All of the given options
LESSON 5

Which of the following studies theory of legislation, precedent and customs?

Analytical Jurisprudence

Historical Jurisprudence
Ethical Jurisprudence
Behavioral Jurisprudence
LESSON 2

All of the following are provisions regarding transfer of ownership of banks, under The Banks (Nationalization) Act, 1974, EXCEPT:

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The ownership, management and control of all banks shall stand transferred to, and vest in, the Federal Government on the commencing day

The Federal Government may, if it deems necessary, appoint a Chairman of the Board in respect of a bank

The safety of all deposits in banks shall stand guaranteed by the Federal Government

The provisions of this Act and the vesting of the shares of the banks in the Federal Government there under shall not in any way affect the status of the banks as bodies corporate.

LESSON 6

-----Studies history of law and evolution of law over a period of time and also amendments, introduction of new principles of law.

Analytical Jurisprudence.

Social Jurisprudence.

Historical Jurisprudence.

Ethical Jurisprudence.

LESSON 2

According to UCP 600, which of the following refers to any arrangement, however names or described, that is irrevocable and thereby constitutes a definite undertaking the issuing bank to honor a complying presentation?

Credit

Letter of credit

Confirmation

Honor

LESSON 9

Which of the following is the assumption of support for the company in case of a crisis?

Negative effect

Variable effect

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Pledge

Hypothecation

Mortgage

Lien

LESSON 10

A mortgage is the transfer of an interest in specific immoveable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability.

Which of the following is NOT the primary purpose of Mortgage?

Securing the payment of money advanced or to be advanced by way of loan.

Securing the payment for future lending.

Securing the payment for an existing debt or future debt.

Securing the payment for performance of an engagement which may give rise to pecuniary liability.

LESSON 12

(Mortgage): A mortgage is the transfer of an interest in specific immoveable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability.

According to Section 17 of Banking Companies Ordinance, 1962, the banking company cannot create charge on which of the following?

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Unpaid capital

Subscribed capital

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Prohibition of charge on unpaid capital: Sec 17

No banking company shall create any charge upon any unpaid capital of the company and such charge, if created, shall be invalid.

Which of the following refers to “rules that regulate the conduct of individuals, businesses, and other organizations within society”?

Jurisprudence

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Law

Legal system

Legal opinion

LESSON 2

“The law consists of rules that regulate the conduct of individuals, businesses, and other organizations within society”

As per Banking Companies Ordinance, 1962, the total suspension time of the operation of all or any provision of Companies ordinance, 1962 should not exceed:

Three months

Six months

Nine months

One year

LESSON 7

The Federal Government may, by notification in the official Gazette, extend from time to time, the period of any suspension under subsection for such period or periods, not exceeding sixty days at any one time, as it thinks fit so however that the total period does not exceed one year.

According to Section 16 of Banking Companies Ordinance, 1962, which of the following is the MAXIMUM commission, brokerage, discount or remuneration paid by banking company on issue of share capital?

2% of the paid up value of the issued shares

2.5% of the paid up value of the issued shares

3% of the paid up value of the issued shares

3.5% of the paid up value of the issued shares

LESSON 12

Restriction on commission, brokerage, discount, etc. on sale of shares: Sec 16

Notwithstanding anything to the contrary in sections 105 and 105A of the Companies Act, 1913 , no banking company shall pay out directly or indirectly by way of commission, brokerage, discount or remuneration in any form in respect of any shares issued by it, any amount exceeding in the aggregate two and one-half per cent of the paid-up value of the said shares.

Which of the following refers to “a financial market in which new issues of a security such as bonds or stocks are sold to initial buyers”?

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Equity Market

Over the Counter Market (OTC)

Primary Market

Secondary Market

LESSON 3

Primary Market and Secondary Markets

Primary Market is a financial market in which new issues of a security such as Bonds or stocks are sold to initial buyers whereas in secondary Markets there is further sale of already issued securities.

Subscribed Capital is part of which of the following?

Paid up capital

Issued capital

Un-issued capital

Retained capital/equity

LESSON 11

Paid-up Capital

Paid-up capital is that part of the issued capital which has been paid-up by the shareholders. Paid up capital is always equal to subscribed capital.

All of the following are the components of Part IV (Special Provisions for Speedy Disposal of Winding up Proceedings) of Banking Companies Ordinance, 1962, EXCEPT:

Transfer of pending proceedings

Settlement of list of debtors

Special provisions to make calls on contributories

Preferential payments to depositors

LESSON 7

Part –IV

Special Provisions for Speedy Disposal of Winding up Proceedings following topics are covered under this part:

- Power of High Court to decide all claims in respect of banking companies.
- Transfer of pending proceedings.
- Settlement of list of debtors.
- Special provisions to make calls on contributories.

Which of the following parties are engaged in a letter of credit?

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Advising banks

Confirming banks

Negotiating banks

All of the given options

LESSON 9

- 1) Applicant (opener of L.C)
- 2) Issuing bank (opening bank)
- 3) Advising bank
- 4) Confirming bank
- 5) Negotiating bank
- 6) Nominated Bank

Which of the following is NOT the category of the Share Capital?

Authorized capital

Un-issued capital

Issued capital

Retained capital/equity

LESSON 11

Categories of Share Capital

The term share capital used in connection with the capital of a limited company is used in several senses. So the capital of a company may be categorized as follows:

- a. Authorized capital
- b. Issued capital
- c. Unissued capital
- d. Subscribed capital
- e. Paid-up capital

Which of the following is the MINIMUM capital requirement for banks/Direct Financial Institutions as set out by the State Bank of Pakistan by 31/12/2009?

Rs 3 billion

Rs 4 billion

Rs 5 billion

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Rs 6 billion

LESSON 11

Of the following who make the contract void?

Minor

Insolvent

Lunatic

All of the given options

All of the following are requirements of the Memorandum, under Banking Companies Ordinance, 1962, EXCEPT:

Required to be printed

Issue of shares and allotment of shares

Should be divided into paragraphs

Paragraphs to be consecutively numbered

LESSON 8

In which of the following, head office of the bank should be situated under Section 3 of SBP Banking Services Corporation Ordinance, 2001?

Islamabad

Lahore

Karachi

Any provincial Capital

LESSON 16

Which of the following refers to “Credit Information” as provided by Section 25A of Banking Companies Ordinance, 1962?

The amounts and the nature of loans or advances or other credit facilities extended by a banking company to any borrower or class of borrowers

The nature of security taken from any borrower for credit facilities granted to him

The guarantees, indemnities or other engagements furnished to a banking company by any of its customers

All of the given options

LESSON 13

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Which of the following is the MAXIMUM period for which High Court can issue a stay order against winding up of a banking company?

Three Months

Six Months

Nine Months

One Year

LESSON 14

Which of the following entities CAN carry on a Banking Business?

Sole Proprietorship

Association of Persons

Hindu Undivided Family

A Company

LESSON 13

No individual or association or body of individuals, not being a company, shall carry on banking business in Pakistan and, save as hereinafter provided, no company shall carry on banking business in Pakistan unless it holds a license issued in that behalf by the State Bank; and any such license may be issued subject to such conditions as the State Bank may think fit to impose.

According to Section 36 of Banking Companies Ordinance, 1962, the banking company should submit its financial statements and the audit report to the State bank within which of the following periods?

2 Months

3 Months

4 Months

6 Months

LESSON 14

According to the SBP Banking Services Cooperation Ordinance, 2001, "The bank" refers to which of the following?

Commercial bank

Investment bank

SBP banking services corporation

State Bank of Pakistan

LESSON 17

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Which of the following is a microfinance institution under Section 4 of the Corporation and Industrial Restructuring Corporation Ordinance, 2000?

Sole proprietorship
Association of persons
Hindu undivided family

Company

LESSON 19

Restrictions on establishment and operations: Sec 4

No person, other than a company, shall be established as a microfinance institution.

Which of the following risks encompasses the entire spectrum of risks arising from the economic, political and social environments of a foreign country that may have potential consequences for foreigners' debt and equity investments in the country?

Credit or default risk
Transfer risk
Systematic risk

Country or sovereign risk

Ref: Country or sovereign risk encompasses the entire spectrum of risks arising from the economic, political and social environments of a foreign country that may have potential consequences for foreigners' debt and equity investments in that country.

Which of the following requires specific technical know how?

Interval rating
Influential rating
Financial rating
Qualitative rating

Ref:

Which of the following refers to “a business in which a person participates with his money and another with his efforts or skill or both his efforts and skill and shall include unit, trust and mutual fund by whatever name called”?

Musharika
Modaraba
Istisna
Ijara
LESSON 9

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Which of the following refers to as “a promise that the bank will pay the amount of funds indicated to the recipient”?

Bills of Exchange

Bankers' Acceptances

Repurchase Agreements

Eurodollars

Which of the following refers to “an instrument issued by a bank in which the bank furnishes its credit which is both good and well known, in place of the buyer’s credit, which may be good but is not so well known”?

Letter of credit

Open account

Documentary collection

Payment in advance

LESSON 9

∴
Which of the following is/are the function(s) of a microfinance institution under Section 6 of the Corporate and Industrial Restructuring Corporation Ordinance, 2000?

To accept deposits

To provide storage and safe custody facilities

To borrow and raise money and open bank accounts

All of the given options

LESSON 19

Which of the following is NOT the regulation of paid-up capital, subscribed capital and authorized capital and voting rights of shareholders under section 14 of Banking Companies Ordinance, 1962?

-

The subscribed capital of the company is not less than one half of the authorized capital

The capital of the company consists of ordinary shares only

Paid-up capital should be less than one half of the subscribed capital

The voting rights of any one shareholder, except those of the Federal Government or a Provincial Government do not exceed five per cent of the total voting rights of all the shareholders

LESSON 11

∴
According to the State Bank of Pakistan Act, 1956, “The Bank” refers to which of the following?

Commercial bank

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Which of the following refers to “the transfer of an interest in specific immoveable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability”?

Pledge
Hypothecation
Mortgage
Lien

LESSON 10

A mortgage is the transfer of an interest in specific immoveable property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt, or the performance of an engagement which may give rise to a pecuniary liability.

⋮
Among the following, who has defined banker as “A banker is a dealer in capital, or, more properly, a dealer in money. He is an intermediate party between the borrower and the lender. He borrows from one party and lends to another”?

J.W. Gilbert
Dr. Herbert L. Hart
Sir John Paged
Halsbury’s Laws of England
LESSON 20

Which of the following is the function(s) of commission under Section 7 of Pakistan Banking and Finance Services Commission Act, 1992?

To conduct open competitive examinations for recruitment to Grade III or higher posts in the financial institutions

To conduct interviews and tests for recruitment to posts in grades higher than Grade III

To conduct tests for promotion of existing employees from lower cadres to Grade III and above

All of the given options

LESSON 18

Which of the following studies theory of legislation, precedent and customs?

Analytical Jurisprudence
Historical Jurisprudence
Ethical Jurisprudence
Behavioral Jurisprudence

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LESSON 2

Analytical Jurisprudence: It analyses the prevalent law that is the principles of law as exist now. It also studies theory of legislation, precedent and customs and study of different legal concepts such as property, possession, trust, contract, negligence etc.

:

All of the following are the components of Part II (Business of Banking Companies) of Banking Companies Ordinance, 1962, EXCEPT:

Appointment of director by the State Bank

Power to make declaration

Restriction on term of office of directors

Disposal of non-banking assets

LESSON 7

Which of the following is the function(s) of commission under Section 7 of Pakistan Banking and Finance Services Commission Act, 1992?

To conduct open competitive examinations for recruitment to Grade III or higher posts in the financial institutions

To conduct interviews and tests for recruitment to posts in grades higher than Grade III

To conduct tests for promotion of existing employees from lower cadres to Grade III and above

All of the given options

LESSON 18

Functions of the Commission: Sec 7

The functions of the Commission shall be— to conduct open competitive examinations for recruitment to Grade III or higher posts in the financial institutions; to conduct interviews and tests for recruitment to posts in grades higher than Grade III, except where such recruitment is excluded from the purview of the Commission by the Federal Government; to conduct tests for promotion of existing employees from lower cadres to Grade III and above, if so required by a financial institution; and to advise the Federal Government on matters relating to qualifications for, and methods of recruitment to, posts in Grade II or higher grades in the financial institutions, if so required by the Federal Government.

What is the bailment of goods as security for payment of a debt or performance of a promise called?

Hypothecation

Mortgage

Lien

Pledge

LESSON 23

"Pledge," "pawnor," and "pawnee" defined.

The bailment of goods as security for payment of a debt or performance of a promise is called "pledge".

:

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In which of the following years, an ombudsman was first established?

1806

1809

1919

1929

LESSON 15

Evolution

In the modern world, an ombudsman was first established in 1809 in Sweden.

:

An endorsement is said to be Blank endorsement, if it satisfies which of the following conditions?

If the endorser signs his name only

If the endorser adds a direction to pay the amount mentioned in the instrument to, or to the order of, a specified person

If the endorser restricts or excludes the right to further negotiate the instrument

If the endorser purports to transfer to the endorsee only a part of the amount payable

LESSON 28

If the endorser signs his name only, the endorsement is said to be "in blank".

Which of the following refers to “U.S. dollars deposited in foreign branches of U.S. banks or in foreign banks outside the United States”?

Bills of Exchange

Bankers' Acceptances

Repurchase Agreements

Eurodollars

LESSON 4

:

Which of the following is NOT the essential of a cheque?

It must be in writing

It must be signed by drawer

The amount must be certain amount

It must not have date of issue

LESSON 27

Essentials of a Cheque:

A cheque must fulfill the following requirements:

1. It must be in writing
2. It should contain unconditional order
3. It must be signed by drawer

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4. Cheque is always payable on demand
5. The cheque is always drawn on a specified banker
6. As a matter of practice, cheque leaves are in printed form
7. The amount payable should be specified in the form of legal tender money and is paid accordingly.
8. The amount must be certain amount
9. The cheque is payable to specified person or order of or to bearer.
10. Date of issue must be mentioned on the cheque.

According to the Section 35 of Banking Companies Ordinance, 1962, an auditor shall hold office for which of the following durations?

2 Years

3 Years

4 Years

5 Years

LESSON 14

Audit: Sec 35

An auditor shall hold office for a period of three years and shall not be removed from office before the expiry of that period except with the prior approval of the State Bank.

:

Which of the following is NOT the primary purpose of Mortgage?

Securing the payment of money advanced or to be advanced by way of loan

Securing the payment for future lending

Securing the payment for an existing debt or future debt

Securing the payment for performance of an engagement which may give rise to pecuniary liability

LESSON 23

Mortgage

Transfer of Property Act, 1882 defines mortgage as under:

“The transfer of an interest in specific immoveable Property for the purpose of securing the payment of money advanced or to be advanced by way of loan, an existing or future debt or performance of an engagement which may give rise to a pecuniary liability”.

Which of the following has defined the banker as “Any person carrying on a bonafide banking business in the United Kingdom is a banker”?

American Version

United Kingdom’s Version

Finance Act, 1915

Negotiable Instruments Act, 1881

LESSON 20

According to Finance Act, 1915:

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“Any person carrying on a bonafide banking business in the United Kingdom is a banker”.

∴

All of the following makes the endorsement complete, EXCEPT:

The holder signs on the face or back of the instrument

The instrument is delivered to the endorsee

It is signed and delivered with the intention of vesting the endorsee with the rights of the holder

It is signed and delivered with the intention of vesting the endorsee with the duties of the holder

LESSON 28

An endorsement becomes complete only when:

The holder signs on the face or back of the instrument;

The instrument is delivered to the endorsee; and

It is signed and delivered with the intention of vesting the endorsee with the rights of the holder.

∴

According to the Contract Act, 1872, which of the following is/are the cause of a biased consent?

Coercion

Misrepresentation

Mistake

All of the given options

LESSON 21

Consent is said to be free if not caused by:

Coercion

Undue influence

Fraud

Misrepresentation or

Mistake

∴

An endorsement is said to be Restrictive endorsement, if it satisfies which of the following conditions?

If the endorser signs his name only

If the endorser adds a direction to pay the amount mentioned in the instrument to, or to the order of, a specified person

If the endorser restricts or excludes the right to further negotiate the instrument

If the endorser purports to transfer to the endorsee only a part of the amount payable

LESSON 28

An endorsement is restrictive which either--

Restricts or excludes the right to further negotiate the instrument, or constitutes the endorsee an agent of the endorser to endorse the instrument or to receive its contents for the endorser or for some other specified person. Such endorsement restricts further negotiation of the instruments.

