

2017

True & B = False on scantron sheet)

- T Corporate scandals and fraud are signs of poor corporate governance.
- F In contrast to the Anglo-American model of corporate governance, the Franco-German model emphasizes more on the interests of the shareholders.
- T The Franco-German model incorporates the interests of shareholders and non-shareholders but with more emphasis on the non-shareholders who are considered as the stakeholders.
- T Corporate governance is a key element for improvement of investors' confidence, increase of competitiveness and improvement of economic growth.
- F Under the Islamic paradigm of corporate governance only selected stakeholders such as executive management are able to serve on the Sharia Supervisory Board to ensure transparency, accountability, fairness, and mutual consultation.
- T 5. Through appropriate application of the principles of corporate governance a company can increase profitability, improve its competitiveness and credibility.
- F 7. The Sharia system of governance was introduced to replace the corporate governance of conventional financial institutions.
- F 8. Public disclosure of information and equal treatment of shareholders has nothing to do with corporate governance.
- T 9. The benefits of adopting corporate governance principles outweighs the cost.
- T 10. For investors one of the most important aspects when making an investment decision is the level of implementation of corporate governance principles.
- F 11. The high cost of the implementation of corporate governance principles makes it not worthy adopting.
- T F 12. One of the benefits of adopting corporate governance principles is the ability to raise capital at a lower cost.
- T 13. There is no a single generally accepted definition for corporate governance that can be applied to all contexts.
- T 14. *Shari'ah* governance and corporate governance are inextricable in Islamic corporate entities.
- F 15. CMA defines corporate governance as: "A set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined"
- F 16. Central Bank of Kuwait is responsible for looking over the proper implementation of the corporate governance principles in Kuwait.
- T 17. SSB is part of the proper corporate governance arrangements within Islamic financial institutions.
- T 18. A legal entity that is separate and distinct from its owners and that enjoys limited liability is known as corporation.

- F 19. Accountability in business transactions includes true and fair disclosure and transparency so that the interests of all stakeholders, particularly management and employees, will be protected.
- F 20. IFSB and AAOIFI standards are intended to guide conventional financial institutions across the world to be more competitive.
- T 21. The role of corporate governance in Islamic financial institutions includes establishing a harmonious relationship among the shareholders, board of directors, management, stakeholders, and, above all, with God.
- F 22. Sharia governance and corporate governance are so close and cannot be separated in an Islamic corporate entity.
- T 23. The primary objective of Sharia audit in corporate governance is to ensure the compliance of Islamic financial institutions with the Sharia board verdicts.
- T 24. The Cadbury Report defines corporate governance as:
"Corporate governance is the system by which companies are directed and controlled..."
- T 25. The institutionalization of Sharia governance in Islamic financial institutions is carried out through hisbah and collective ijihad models.

Multiple Choice

26. Major definitions of corporate governance are given by:
- Organization for Economic Corporation and Development (OECD)
 - International Chamber of Commerce (ICC)
 - the Cadbury Report
 - all of the above
27. The following are common features shared by the majority of corporate governance definitions EXCEPT:
- a system of relationships defined by structures and processes
 - relationships with different and in some cases contrasting interests
 - stakeholders, by and large, play a passive role in the direction and control of the company
 - rights and responsibilities are properly distributed among the stakeholders
28. _____ defined Corporate Governance to be "a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are determined and the means of attaining those objectives and monitoring performance are determined."
- Organization for Economic Corporation and Development (OECD)
 - International Chamber of Commerce (ICC)
 - the Cadbury Report
 - none of the above

29. The Anglo-American model accomplishes its scheme through a number of mechanisms such as:
- a) shareholder representation on the Board of Directors
 - b) manager compensation scheme
 - c) external market discipline
 - d) all of the above
30. The responsibilities of the Internal Shari'ah Compliance Unit (ISCU) includes:-
- a) verification of processes, services, and transactions ensuring
 - b) ensuring compliance with the resolutions and pronouncements of the Shari'ah Board
 - c) to report on its Shari'ah compliance audit
 - d) All of the above
 - e) None of the above
31. The appointment of Shari'ah scholars is done by:
- a) the shareholders at the Annual General Meeting (AGM)
 - b) the Board of Directors on behalf of the shareholders
 - c) by the relevant government authority like CMA
 - d) all of the above
 - e) None of the above
32. The Shari'ah report may be in any of the following forms:
- a) a fact finding report
 - b) (an ex-ante) report in relation to product design and development
 - c) (an ex-post) internal Shari'ah audit/review report on the products offered
 - d) an annual Shari'ah compliance report
 - e) all of the above.
33. Which one of the following models tends to emphasize the stakeholder-value system
- a) the Anglo-American model
 - b) the middle Eastern model
 - c) the Franco-German model
 - d) the Southeast Asian model
34. Functions of Shari'ah Governance System in Islamic financial institutions include
- a) Advising the Board of Directors on Shari'ah-related matters
 - b) Reviewing/endorsing Shari'ah-related policies and guidelines
 - c) Endorsing/validating documentation for new products and services
 - d) Overseeing computation/distribution of *zakat* and funds for charity
 - e) All of the above
35. The institutionalisation of Sharia governance system carried out through:
- a) Pre-modern society model (*hisbah* model) only
 - b) Modern scholars model (collective *ijtihad* model) only
 - c) A & B