

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

NOTE : Answer SIX questions including Question No.1 which is compulsory.

1. (a) State, with reasons in brief, whether the following statements are true or false :
- (i) Corporate governance is a system by which stock exchanges are generally directed and controlled.
 - (ii) A company cannot buy-back its securities listed at a stock exchange.
 - (iii) Shareholders of tracking stocks have a financial interest in a company as a whole.
 - (iv) Money market instruments do not include any equities.
- (2 marks each)*
- (b) Choose the most appropriate answer from the given options in respect of the following :
- (i) A stock exchange is granted recognition under —
 - (a) The Companies Act, 1956
 - (b) The Securities Contracts (Regulation) Act, 1956
 - (c) The Securities and Exchange Board of India Act, 1992
 - (d) The Depositories Act, 1996.
 - (ii) A compliance officer appointed under clause 47 of the listing agreement can be —
 - (a) A Company Secretary
 - (b) A Chartered Accountant
 - (c) A Cost Accountant
 - (d) Any of the above.
 - (iii) Intermediaries which do not belong to primary market is —
 - (a) Lead Manager
 - (b) Stock Broker
 - (c) Transfer Agent
 - (d) Underwriter.
 - (iv) Settlement basis for fixed income securities and government securities is —
 - (a) T+1
 - (b) T+2
 - (c) T+3
 - (d) R+5.

- (v) Delivery that does not take place at a stock exchange is —
- (a) Auto delivery
 - (b) Hand delivery
 - (c) Special delivery
 - (d) Spot delivery.
- (vi) A mutual fund is set-up in the form of —
- (a) Board
 - (b) Company
 - (c) Cooperative bank
 - (d) Trust.

(1 mark each)

- (c) Re-write the following sentences after filling-up the blank space with appropriate word(s)/figure(s) so as to convey the correct meaning :
- (i) Regulation 7 of the SEBI (Merchant Bankers) Regulations, 1992 prescribes that the capital adequacy norm for a merchant banker shall be net worth of not less than Rs._____ .
 - (ii) Close ended mutual fund schemes have _____ corpus.
 - (iii) _____ is an independent person appointed to hear and act upon citizens complaints about government services.
 - (iv) A double option called _____ is a combination of one put option and one call option with a common striking price and common expiry date.
 - (v) _____ debentures are those debentures which do not carry any charge on the assets of the company.
 - (vi) The capital market segment of National Stock Exchange (NSE) provides a fully automated screen based trading system known as _____.

(1 mark each)

2. Write short notes on *any four* of the following :

- (i) Rolling settlement
- (ii) Whistle blower policy
- (iii) Indian depository receipt (IDR)
- (iv) Money market mutual funds (MMMF)
- (v) Straight through processing (STP).

(4 marks each)

3. (a) Distinguish between *any two* of the following :

- (i) 'On-line surveillance' and 'off-line surveillance'.
- (ii) 'Money at call' and 'money at short notice'.
- (iii) 'Immobilisation' and 'dematerialisation'.

(4 marks each)

- (b) What is a 'foreign currency convertible bond' (FCCB) ? Explain its important features.
(4 marks)
- (c) What is meant by 'custodian of securities' ? Explain the capital adequacy norms laid down by SEBI for registration as a custodian.
(4 marks)
4. (a) Highlight the anti-money laundering measures taken under the SEBI guidelines.
(4 marks)
- (b) "Investment in mutual funds is risky." Comment ?
(4 marks)
- (c) Venture Cap (India) Ltd., a company listed at NSE and BSE, intends to de-list its securities. As a Company Secretary of the company, prepare a brief note on the SEBI guidelines for voluntary de-listing of securities of the company from all stock exchanges.
(8 marks)
5. (a) From the following data, determine the 'net asset value' (NAV) of a regular income scheme :
(Rs. in Lakhs)
- | | |
|--|--------|
| Listed shares at cost (<i>ex-dividend</i>) | 20.00 |
| Cash in hand | 1.23 |
| Bonds and debentures at cost | 4.30 |
| Of the above, bonds and debentures not listed and quoted | 1.00 |
| Other fixed interest securities at cost | 4.50 |
| Dividend accrued | 0.80 |
| Amounts payable on shares | 6.32 |
| Expenditure accrued | 0.75 |
| Current realisable value of fixed income securities of face value of Rs.100 each | 106.50 |
- Number of units (face value of Rs.10 each) is 2,40,000.
All the listed shares were purchased at a time when index was 1,200. On NAV date, the index is ruling at 2,120. Listed bonds and debentures carry a market value of Rs.5 lakh on NAV date.
(8 marks)
- (b) Explain briefly *any two* of the following investment instruments :
(i) Shares with differential voting rights.
(ii) Carrot and stick bond.
(iii) Capital indexed bonds.
(2 marks each)
- (c) Comment on the role of stock-brokers and sub-brokers in Indian stock market.
(4 marks)

6. (a) What do you understand by 'non-banking finance companies' (NBFCs) ? State their investment norms as laid down under the Reserve Bank of India Act, 1934.
(4 marks)
- (b) Highlight the provisions relating to issuance of equity shares in respect of the following :
(i) Par value of shares.
(ii) Denomination of shares.
(2 marks each)
- (c) As a Company Secretary in practice, how would you conduct securities audit in a listed company ?
(4 marks)
- (d) Describe in brief the important measures for investors' protection in Indian capital market.
(4 marks)
7. (a) "Every credit rating agency is required to abide by the code of conduct as per the SEBI Regulations." Comment and discuss briefly the code of conduct for credit rating agencies.
(4 marks)
- (b) Explain briefly the following concepts under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 :
(i) Acquirer.
(ii) Control.
(2 marks each)
- (c) Explain briefly the following terms of primary capital market :
(i) Qualified institutional buyers
(ii) Shelf prospectus
(iii) Green shoe option
(iv) Unique client code.
(2 marks each)
8. (a) Comment briefly on the following statements :
(i) Put not your trust in money, put your money in trust.
(ii) The process of financial reforms is still in progress and are likely to bring in even more drastic changes to make the markets healthier and stronger.
(3 marks each)
- (b) Explain briefly the provisions related to 'escrow account' in order to make offer for buy-back of shares by an Indian company.
(5 marks)
- (c) "Listing of securities with stock exchanges is a matter of great importance for companies and investors." Comment on this statement and list out the benefits of listing for the companies and investors.
(5 marks)