

Securities Laws and Compliances

266

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

PART — A

(Answer Question No.1 which is compulsory
and any three of the rest from this part.)

1. (a) State, with reasons in brief, whether the following statements are true or false :
- (i) Nifty index futures contracts are not cash settled.
 - (ii) Margin trading acts as a curb on short selling and short buying.
 - (iii) Fund of funds is a type of equity fund.
 - (iv) Grading of an IPO is not mandatory and it does not help in relative assessment of fundamentals of the issue.
 - (v) Dated securities are characterised generally with fixed maturity and coupon and are identified with date of maturity.
- (2 marks each)
- (b) Re-write the following sentences after filling-in the blank spaces with appropriate words(s)/figure(s) :
- (i) In the depository system, the ownership and transfer of securities takes place by means of _____ book entries.
 - (ii) The capital markets have two major segments namely _____ and _____.
 - (iii) The _____ of the company is responsible for timely submission of cash transaction report (CTR) and suspicious transaction report (STR) to Financial Intelligence Unit - India (FIU-IND).
 - (iv) _____ is a broad term, which includes manipulating price or volume movement.
 - (v) Negotiated deals refer to those deals where the shares are acquired through private and mutual _____.

(1 mark each)

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

- (i) Secured premium notes
- (ii) Private equity fund
- (iii) Mini contracts on derivatives
- (iv) Bills rediscounting
- (v) Minimum underwriting obligation.

(3 marks each)

(b) Expand the following abbreviations :

- (i) SGL
- (ii) TFTS
- (iii) REMFS.

(1 mark each)

3. (a) What is 'buy-back of securities' ? Explain the types of securities which are not available for buy-back.

(5 marks)

(b) Comment briefly on the following statements :

- (i) "Exchange traded funds are a new variety of mutual funds."
- (ii) "Participatory notes are derivative instruments."
- (iii) "Stock exchanges are virtually the nerve centre of the capital market."
- (iv) "Hedge funds are similar to mutual funds."
- (v) "Credit rating is useful to investors and issuers."

(2 marks each)

4. (a) Distinguish between *any three* of the following :

- (i) 'Bullish trend' and 'bearish trend'.
- (ii) 'Call option' and 'put option'.
- (iii) 'Commercial bills' and 'commercial papers'.
- (iv) 'Floating rate bonds' and 'capital indexed bonds'.

(3 marks each)

: 3 :

(b) Explain briefly *any two* of the following related to capital market :

- (i) Dual option warrants
- (ii) Equity shares with detachable warrants
- (iii) Underwriting in auctions.

(3 marks each)

5. (a) What is meant by differential voting rights (DVR) ? Discuss the conditions subject to which a company may issue shares with DVR.

(4 marks)

(b) What is collective investment scheme (CIS) ? Discuss the schemes and arrangements which are not included in CIS.

(5 marks)

(c) Explain briefly the role of the following in capital market :

- (i) Merchant banker
- (ii) Bankers to the issue
- (iii) Foreign institutional investors.

(2 marks each)

PART — B

(Answer ANY TWO questions from this part.)

6. Explain *any five* of the following statements :

- (i) "Depository receipt is a negotiable instrument."
- (ii) "Pre-marketing is a tool through which syndicate members evaluate the prospects of the issue."
- (iii) "SEBI has provided alternative eligibility norms for the public issues of securities."
- (iv) "Preferential issue is not for retail investors."
- (v) "External commercial borrowings (ECBs) refer to the commercial loans."
- (vi) "Market making is compulsory for public issues."
- (vii) "An issuer can offer specified securities at different prices."

(4 marks each)

7. (a) Discuss briefly the SEBI regulations for preferential issue of shares by listed companies. (5 marks)
- (b) What are the approvals required for issuance of global depository receipts (GDRs)? (5 marks)
- (c) What are the legal provisions with regard to :
- (i) Acceptance of deposits; and
 - (ii) Non-payment of dividend ?
- (5 marks)
- (d) Discuss briefly the rules and regulations relating to redemption and rollover of debt securities. (5 marks)
8. Write notes on *any five* of the following :
- (i) Promoters' minimum contribution
 - (ii) Fixed income products
 - (iii) Listing of Indian depository receipts (IDRs)
 - (iv) Investors in debt market
 - (v) Qualified institutional buyers (QIBs)
 - (vi) Employee stock purchase scheme (ESPS).
- (4 marks each)