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Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 6

Total number of printed pages : 4

**NOTE** : Answer **ALL** Questions.

**PART – A**

1. Attempt the following and support your answer with necessary reasons :

- (a) In a particular case, a target company issued 200 lakh warrants @ ₹100 per warrant to two promoters enabling them to get a right to have equity shares at a later date by paying ₹50 crore upfront. Assume that such a preferential allotment is made as per the preferential issue guidelines of SEBI. In a takeover bid, the contention before the SEBI is whether these warrants should be treated as partly paid-up shares.

(4 marks)

- (b) The following information has been collected regarding two shares, Share-A and Share-B, trading at BSE on 18<sup>th</sup> September, 2014 :

Share-A			
Date	Time	Price (₹)	No. of shares traded
18 <sup>th</sup> September, 2014	14:45:10	385.60	550
18 <sup>th</sup> September, 2014	14:55:35	382.78	1,575
18 <sup>th</sup> September, 2014	15:00:20	380.99	1,514
18 <sup>th</sup> September, 2014	15:01:30	381.79	1,625
18 <sup>th</sup> September, 2014	15:05:40	380.38	1,025
18 <sup>th</sup> September, 2014	15:10:20	381.51	1,390
18 <sup>th</sup> September, 2014	15:20:25	381.42	800
18 <sup>th</sup> September, 2014	15:22:20	384.07	600
18 <sup>th</sup> September, 2014	15:25:55	383.74	1,200
Share-B			
Date	Time	Price (₹)	No. of shares traded
18 <sup>th</sup> September, 2014	14:07:30	50.60	250
18 <sup>th</sup> September, 2014	14:11:40	52.10	585
18 <sup>th</sup> September, 2014	14:16:20	49.85	700
18 <sup>th</sup> September, 2014	14:26:25	51.25	425
18 <sup>th</sup> September, 2014	14:45:10	50.75	450
18 <sup>th</sup> September, 2014	14:55:35	49.95	500

You are required to determine the closing prices and last traded prices for both the shares for 18<sup>th</sup> September, 2014.

(6 marks)

- (c) An enquiry officer appointed by SEBI found evidence that a particular mutual fund was indulging in short-selling and buying-selling of derivative products for speculative purposes.

You are required to answer —

- (i) Can the mutual fund be held liable for violation of any provision/rule laid down by the SEBI in this regard ?
- (ii) If yes, then what kind of penalties can be imposed by the enquiry officer on the mutual fund ?

(5 marks)

*Attempt all parts of either Q.No. 2 or Q.No. 2A*

2. (a) "The mutual funds have emerged as one of the important class of financial intermediaries which cater to the needs of retail investors." Discuss.
- (b) "Government is an active player in the money market and in most of the economies it constitutes the biggest borrower in the market." In the light of this statement, explain the role of treasury bills.
- (c) On 25<sup>th</sup> January, 2013, XY Bank purchased a 91-day treasury bill maturing on 16<sup>th</sup> March, 2013. The rate quoted by the seller is ₹99.25 per ₹100 face value. Compute the yield percentage of the treasury bill.

(6 marks)

(6 marks)

(3 marks)

*OR (Alternate question to Q.No. 2)*

- 2A. (i) An Indian company is planning to issue sweat equity shares of a class of shares already issued. Explain the meaning of sweat equity and advise the company regarding the conditions to be fulfilled to issue sweat equity.
- (ii) What do you understand by IOSCO ? Briefly discuss the different membership categories of IOSCO.

(6 marks)

(6 marks)

- (iii) The following information is given :

No. of rights shares offered	:	6,000
No. of shares held	:	3,000
Ex-right price	:	₹32
Rights offer price	:	₹25
Face value of share	:	₹10

You are required to compute the value of rights.

(3 marks)

: 3 :

3. (a) "As India is a preferred investment destination among international investors, the Government of India has introduced Indian depository receipts (IDRs) to facilitate listing by foreign companies on Indian stock exchanges." Elaborate and discuss the process involved in issuing IDRs.  
(6 marks)
- (b) "An individual cannot start a venture capital fund but a trust or a company can." In the light of this statement, list down the eligibility criteria for getting registered with SEBI as venture capital fund.  
(5 marks)
- (c) "Both foreign currency exchangeable bonds (FCEBs) and foreign currency convertible bonds (FCCBs) are convertible into equity shares." Since both are convertible into equity shares, you are required to highlight the advantages of FCEBs over FCCBs.  
(4 marks)
4. (a) Distinguish between the following :  
(i) 'Pay-in' and 'pay-out'.  
(ii) 'Certificate of deposits' and 'inter-corporate deposits'.  
(iii) 'French auction' and 'Dutch auction'.  
(3 marks each)
- (b) Explain briefly the following :  
(i) Two-way fungibility scheme  
(ii) Investible fund.  
(3 marks each)

**PART — B**

5. (a) Sunil, Company Secretary and Executive Director of a company, had bought shares of that company on behalf of his family members on the basis of unpublished price sensitive information, which was not known to general public but to him as an employee of the company.  
Family members later on tendered the said shares in an open offer announced by some acquiring company at a higher price, thereby making huge gains. The SEBI found Sunil guilty of misconduct of insider trading and imposed penalty. Sunil admitted that he had made a mistake but contested the penalty. He, however, was willing to pay back the profit earned by sale of shares.  
Considering the facts of the case, you are required to suggest whether as per the relevant legal provisions relating to insider trading, the SEBI should waive the penalty considering the fact that Sunil admits indulging in insider trading and is willing to pay back the whole profit earned.

(8 marks)

: 4 :

- (b) Explain the mechanism of offer for sale (OFS) through secondary market settlement. (4 marks)
- (c) Critically comment on the following :
- (i) A 'stock broker' or a 'sub-broker' shall not be liable for prosecution under the SEBI Act, 1992 for any violation.
  - (ii) Good governance in capital market has always been high on the agenda of SEBI.
- (4 marks each)

*Attempt all parts of either Q.No. 6 or Q.No. 6A*

6. (a) The shares of Runfast Ltd. were listed in Delhi Stock Exchange. The stock exchange delisted the shares of the company. The aggrieved company approaches you as a Company Secretary in Practice to know the remedy available to the company. Give your suggestions to the company keeping in view the provisions of the Securities Contracts (Regulation) Act, 1956. (10 marks)
- (b) "Securities Appellate Tribunal (SAT) shall have the same power as are vested in a civil court, for the purpose of discharging its functions." In the light of this statement, state the powers vested in SAT as a civil court. (5 marks)
- (c) As an aggrieved party, how do you lodge complaint in SCORES ? (5 marks)

*OR (Alternate question to Q.No. 6)*

- 6A. (i) Comment on the following statements :
- (a) "The depository system functions very much like the banking system."
  - (b) "A company shall specify a trading period for trading in its own securities."
- (4 marks each)
- (ii) Write notes on the following :
- (a) Spot delivery contract
  - (b) In-person verification
  - (c) Conditional offer.
- (4 marks each)

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