

Roll No.....

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) A transaction of dematerialised equity shares took place on Wednesday, the 19<sup>th</sup> March, 2014 at BSE. According to the compulsory rolling settlement, complete the following table with timeline of the settlement cycle :

<i>Activity</i>	<i>Day and date</i>
Rolling settlement trading	
Custodial confirmation	
Delivery generation	
Securities and funds pay in	
Securities and funds pay out	
Valuation debit	
Auction	
Auction settlement	

(5 marks)

- (b) ABC Ltd. wanted to issue commercial papers (CPs) worth ₹100 crore during March, 2014. For this, it obtained rating from three rating agencies and in the month of February, 2014, all the rating agencies gave A2 rating. But on 4<sup>th</sup> March, 2014, one of the agencies revised its rating to A3 before the issue of CPs. As a Company Secretary, advise whether the company can issue CPs to raise money for a short period.

(5 marks)

- (c) XYZ Ltd. issued 12.5% debentures amounting to ₹150 crore on private placement basis during the financial year 2013. Later on, it was found that these debentures were issued to 73 persons. A Sessions Court in Mumbai took cognizance of the same and *suo motu* initiated the proceedings against XYZ Ltd. The company pleaded that the court has no *locus standi* in this regard and therefore, it cannot initiate any proceedings against it. As per the Securities and Exchange Board of India Act, 1992 and other relevant laws, discuss whether the company's pleading is tenable and whether the Court should drop the proceedings against the company.

(5 marks)

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

2. (a) "The securities lending does not have direct contact between the borrowers and lender of securities." Comment.
- (5 marks)
- (b) "Treasury bills are effective cash management product." Comment.
- (5 marks)
- (c) What is 'algorithmic trading' ? Enumerate the guidelines prescribed by SEBI for stock brokers in this behalf.
- (5 marks)

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

- 2A. (i) "Credit rating is a powerful marketing tool for the companies." Explain.
- (5 marks)
- (ii) Define collective investment scheme and discuss the restrictions on its business activities.
- (5 marks)
- (iii) The redemption price of a mutual fund unit is ₹48 while the front-end load and back-end load charges are 2% and 3% respectively. You are required to calculate —
- (a) Net asset value per unit; and
- (b) Public offer price of the unit.

(5 marks)

: 3 :

3. (a) What is an 'inflation indexed bond' ? How is it different from ordinary bonds ?  
(5 marks)
- (b) Describe the end use of external commercial borrowings (ECBs) through approval route.  
(5 marks)
- (c) What do you understand by 'IPO grading' ? Outline the procedure for grading of an IPO.  
(5 marks)
4. Write notes on the following :
- (a) Sweat equity shares
- (b) Online surveillance by stock exchange
- (c) Secured premium notes.  
(5 marks each)

**PART – B**

5. Critically comment on the following statements :
- (a) "Derivatives are contracts which derive their value from the value of one or more of other assets."
- (b) "Depository system is a boon both to capital market and investors."
- (c) "SEBI expects the investors to make investments with their eyes and ears open."
- (d) "A company cannot get itself delisted without giving sufficient opportunity to shareholders to exit."  
(5 marks each)

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

6. (a) The SEBI noticed a spurt in the volume of trading of the scrip of ABC Ltd., both at National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) during May, 2013 to July, 2013. Though the scrip was not very liquid, it was observed that during the said period, the price of scrip ranged between ₹25 to ₹125. It was found on investigation that a stock broker of BSE himself got registered as a client with a NSE broker and placed orders in large quantities in the scrip of ABC Ltd. during May, 2013 to July, 2013. On the basis of these facts, examine whether the SEBI can initiate any action against the said BSE broker and if so, under what rules and regulations ?  
(8 marks)

(b) What is a 'bonus share' ? What are the conditions to be satisfied before issuing bonus shares ?

(6 marks)

(c) Explain the powers of the Central Government to grant immunity under the Depositories Act, 1996.

(6 marks)

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

**6A.** (i) Raghav, General Manager (Accounts) of X Ltd., was found to be indulging in insider trading and as a consequence, the company terminated his services. The SEBI also took cognizance of the matter and initiated proceedings against him under the SEBI (Prohibition of Insider Trading) Regulations, 1992. Raghav pleaded that since X Ltd. had already penalised him by terminating his services, the SEBI could not initiate any proceedings against him.

As per the SEBI Regulations and decided case laws, suggest whether the SEBI has a right to take any action against Raghav in this case of insider trading.

(8 marks)

(ii) Write notes on the following :

- (a) Anchor investor
- (b) Price sensitive information
- (c) Debenture trustee.

(4 marks each)