

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) A merchant banker can advise investment in the shares of a particular company on a TV Channel.
 - (ii) The securities market facilitates the internationalisation of an economy by linking it with the rest of the world.
 - (iii) A company can issue sweat equity shares within 6 months of commencement of business.
 - (iv) An appeal can be made to the Supreme Court if a person is aggrieved by an order of the Securities Appellate Tribunal.
 - (v) A company may change the denomination (face value) of its already issued shares by splitting or consolidation.

(2 marks each)
- (b) Re-write the following sentences after filling-up the blank spaces with appropriate word(s)/figure(s) :
 - (i) _____ is an unsecured money market instrument issued in the form of promissory note.
 - (ii) _____ means an institution incorporated or established outside India which proposes to make investment in India in securities.
 - (iii) Equity linked saving schemes offering tax rebate to the investors under tax laws have a lock-in-period of _____ years.
 - (iv) The total underwriting obligations of an underwriter under all agreements should not exceed 20 times of his _____.
 - (v) The primary responsibility of building the book in an issue is of the _____.

(1 mark each)
- (c) Choose the most appropriate answer from the given options in respect of the following :
 - (i) Securities audit can be conducted by the —
 - (a) Chartered Accountant in Practice
 - (b) Cost & Works Accountant in Practice
 - (c) Company Secretary in Whole-time Practice
 - (d) Certified Financial Analyst.

- (ii) Which of the following is not an investment strategy in derivatives trading —
 - (a) Strap
 - (b) Straddle
 - (c) Swap
 - (d) Strip.
- (iii) Provisions of the Securities Contract (Regulation) Act, 1956 do not apply to —
 - (a) Government companies
 - (b) Banking companies
 - (c) Financial institutions
 - (d) Corporations set up by an Act of Parliament.
- (iv) The credit rating methodology for non-banking financial companies is based on —
 - (a) Capital adequacy
 - (b) Asset quality
 - (c) Earning and liquidity
 - (d) All the above.
- (v) Zero coupon bonds are issued —
 - (a) At par
 - (b) At premium
 - (c) At discount
 - (d) Any of the above.

(1 mark each)

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

- (i) Reserve fund
- (ii) Clearing corporation
- (iii) Micro finance companies
- (iv) Internet trading
- (v) Placement memorandum.

(3 marks each)

- (b) Expand the following :

- (i) DAC
- (ii) DFHI
- (iii) CDSL
- (iv) EDIFAR.

(1 mark each)

3. (a) What is 'margin trading facility' ? Discuss briefly the essential requirements in respect of providing margin trading facility. *(6 marks)*
- (b) "Treasury bills are an effective cash management product." Elucidate. *(5 marks)*
- (c) Explain the following credit rating symbols :
(i) PL3
(ii) FAAA
(iii) CRI
(iv) FD
(v) PA-1. *(1 mark each)*
4. (a) Distinguish between **any two** of the following :
(i) 'Employee stock option scheme' and 'employee stock purchase scheme'.
(ii) 'Organised money market' and 'unorganised money market'.
(iii) 'Voluntary delisting' and 'compulsory delisting'. *(3 marks each)*
- (b) Elaborate the following expressions/terms as defined under the SEBI (Prohibition of Insider Trading) Regulations, 1992 :
(i) Price sensitive information
(ii) Close period
(iii) Insider. *(2 marks each)*
- (c) "Permanent Account Number (PAN) is the sole identification number for all transactions in the securities market." Elucidate. *(4 marks)*
5. (a) INQ Ltd. is listed with the National Stock Exchange of India Ltd. with capital of Rs.125 crore. The company desires to make a GDR issue of Rs.500 crore to augment its capital for a new titanium dioxide project being set-up in Tamil Nadu. As the Company Secretary of INQ Ltd., prepare a note informing the Board of directors about various approvals required to make such an issue. *(6 marks)*
- (b) Highlight the provisions of clause 40A and 40B of the listing agreement pertaining to continued listing of shares and takeover offers. *(6 marks)*
- (c) Explain briefly **any one** of the following terms with reference to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 :
(i) Person acting in concert
(ii) Public announcement. *(4 marks)*

6. (a) Briefly describe the provisions relating to anti-money laundering. (4 marks)
- (b) "Best protection is the self-protection." Elucidate this statement with emphasis on the checks that an investor should exercise before deciding to invest in securities. (4 marks)
- (c) State briefly the special features of **any two** of the following :
(i) Deep discount bonds
(ii) Floating rate notes
(iii) Sweat equity shares. (2 marks each)
- (d) Describe briefly the code of conduct for a portfolio manager as laid down by the SEBI. (4 marks)
7. (a) Give your considered advice on the following proposals :
(i) A company proposes to issue irredeemable preference shares.
(ii) A portfolio manager wants to file a defamation suit against the Chairman, SEBI for imposing penalty on him.
(iii) A mutual fund manager wants to park funds of a scheme in the fixed deposit of a bank.
(iv) A listed company wants to issue fully convertible debentures with conversion period of 36 months. (2 marks each)
- (b) What do you mean by 'exchange traded funds' ? Explain their advantages and disadvantages. (4 marks)
- (c) Define 'registered transfer agent' (RTA). Describe the role played by RTA both in the primary and secondary market. (4 marks)
8. (a) Explain **any two** of the following terms related to capital market :
(i) Hybrid scheme
(ii) Top down investing
(iii) Inter-corporate deposit
(iv) Gilt-edged securities. (2 marks each)
- (b) Explain briefly the SEBI guidelines on pricing of equity shares by an issuer company. (4 marks)
- (c) Critically examine the role of SEBI in the regulation of capital market in India. (4 marks)
- (d) Define 'listed securities' and 'permitted securities' and distinguish between them. (4 marks)