

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) The proceeds of external commercial borrowings (ECB), not brought into India, can be invested abroad by a company.
 - (ii) Appointment of a lead merchant banker is not compulsory for the rights issue by a listed company.
 - (iii) A promoter can transfer his shares during lock-in period, if shares are acquired in a preferential allotment.
 - (iv) A beneficial owner with a depository can claim his loss to be indemnified by the depository.
 - (v) A venture capital fund can get its units listed at a recognised stock exchange in India.

(2 marks each)
- (b) Choose the most appropriate answer from the given options in respect of the following :
 - (i) Underwriting is the technique used in issue of securities under :
 - (a) Public issue
 - (b) Rights issue
 - (c) Bonus issue
 - (d) All the above.
 - (ii) The money market instrument which is issued in the form of a promissory note is called :
 - (a) Commercial bill
 - (b) Commercial paper
 - (c) Treasury bill
 - (d) Unit issued by a 'money market mutual fund' (MMMF).
 - (iii) In case of an Euro issue, the prospective investors can access to vital information about the issuer company from :
 - (a) Stock research report
 - (b) Offering circular
 - (c) Quarterly results of the issuer company
 - (d) Investor relation programs.

- (iv) Market capitalisation of a listed company is computed by multiplying number of shares available for trade with :
- Face value of a share
 - Market price of a share
 - Issue price of a share
 - Book price of a share.
- (v) In case of a public issue, the minimum application value should be in the range of :
- Rs.3,000 – Rs.5,000
 - Rs.5,000 – Rs.10,000
 - Rs.7,000 – Rs.10,000
 - Rs.5,000 – Rs.7,000.

(1 mark each)

- (c) Re-write the following sentences after filling-up the blank spaces with the most appropriate word(s)/figure(s) :
- Money market instruments are generally financial claims that have _____ risk.
 - Hedge funds are also called _____.
 - Dealing in securities between members outside the official hours of stock exchange is known as _____.
 - Open ended schemes of mutual funds are more _____ than close ended schemes.
 - Holder of Global Depository Receipts (GDRs) do not carry _____ rights.

(1 mark each)

2. (a) Write short notes on **any four** of the following :
- Concurrent audit of depository participants
 - Asset securitisation
 - Demutualisation of stock exchange
 - Tracking stocks
 - Voluntary delisting of securities.

(3 marks each)

- (b) Expand the following :
- OTCEI
 - AMC
 - FIPB
 - IDR.

(1 mark each)

3. (a) Distinguish between **any two** of the following :
- 'European option' and 'American option'.
 - 'Buy and hold' and 'buy and trade'.
 - 'Commercial bills' and 'commercial papers'.

(4 marks each)

- (b) Explain **any two** of the following investment strategies :
- (i) Straddle
 - (ii) Strip
 - (iii) Strap.
- (2 marks each)*
- (c) State the requirements of 'minimum subscription' in respect of the following :
- (i) Public issue
 - (ii) Composite issue.
- (2 marks each)*
4. (a) Explain **any two** of the following terms related to securities market :
- (i) Market abuse
 - (ii) Price monitoring
 - (iii) On line surveillance.
- (2 marks each)*
- (b) "On line trading of corporate securities has originated the depository services in the capital markets." Comment.
- (4 marks)*
- (c) Explain the rationality of 'fund of funds' in the Indian financial market.
- (4 marks)*
- (d) State the composition of 'remuneration committee' as provided under Clause 49 of the listing agreement.
- (4 marks)*
5. (a) As on 1st April, 2008, Cash Rich Ltd. has surplus cash for six months. It has following two options under consideration for investing the surplus cash —
- (i) to invest in fixed deposit at the interest rate of 8% per annum payable quarterly; and
 - (ii) to buy treasury bills of the face value of Rs.100 at Rs.98.019 with maturity after six months.
- Presuming that the risk involved in both the options is identical, state giving reasons which option should be selected by the company for investing its surplus funds.
- (6 marks)*
- (b) Briefly comment on **any three** of the following statements :
- (i) Mutual fund investments in India are fraught with multiple risks.
 - (ii) Provision for buy-back of securities/shares has contributed to volatility of stock.
 - (iii) SEBI has taken a number of steps to improve the working of the stock exchanges.
 - (iv) Exchange Traded Funds (ETFs) are the new variety of mutual funds.
- (2 marks each)*

- (c) Explain the accounting ratios which are required to be disclosed under the heading 'basis for issue price' in an offer document for an issue under book building process. (4 marks)
6. (a) A unit of Evergrow Equity Fund is redeemed at Rs. 15, the exit load being 2.25%. Calculate the NAV. (4 marks)
- (b) Briefly explain the developments in commodity futures market. (4 marks)
- (c) Explain 'unique identification number' (UIN) and criteria to determine specified intermediaries, specified listed companies and specified investors. (4 marks)
- (d) Discuss briefly the SEBI Guidelines on insider trading. (4 marks)
7. (a) Explain the eligibility criteria for appointment of an 'Ombudsman' under the SEBI Regulations. What are the functions of an Ombudsman ? (4 marks)
- (b) Mention the terms and conditions on which non-banking finance companies can accept public deposits under directions issued by the Reserve Bank of India. (4 marks)
- (c) List out briefly the general grievances of investors against the companies. (4 marks)
- (d) What are the duties of debenture trustees under the SEBI (Debenture Trustees) Regulations, 1993 ? (4 marks)
8. (a) What is 'margin trading facility' ? State briefly the essential requirements for providing margin trading facility to the members by a stock exchange. (4 marks)
- (b) State briefly whether electronic-holding of securities can be converted into physical form. Also state in brief whether instructions for delivery of securities can be given to a depository participant *via* internet. (4 marks)
- (c) Explain the following credit rating symbols :
(i) FA (ii) LAA+
(iii) DA1 (iv) PR 5 (1 mark each)
- (d) Define 'persons acting in concert' under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. (4 marks)