

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 correct or incorrect :
- (i) Reduction in cash reserve ratio (CRR) may improve market liquidity.
 - (ii) Preference shares are the same as convertible debentures.
 - (iii) Money market and capital market are the same.
 - (iv) The Companies Act, 1956 provides recognition to the stock exchanges in India.
 - (v) Any investor can trade directly in the recognised stock exchange.
- (2 marks each)
- (b) Re-write the following sentences after filling-in the blank spaces with appropriate words(s)/figure(s) :
- (i) Financial system covers both _____ and cash transactions.
 - (ii) All grants, fees, charges and sums recovered by SEBI are credited to _____.
 - (iii) In case of public issue through book-building process, the cap on the price band should not be more than _____ of the floor of the bond.
 - (iv) Market borrowings of the Central Government to finance its fiscal deficit are raised by the Reserve Bank of India through issue of _____.
 - (v) No NBFC shall accept or renew any public deposit for a period exceeding _____ months from the date of acceptance or renewal thereof.
- (1 mark each)
- (c) Choose the most appropriate answer from the given options in respect of the following :
- (i) A person aggrieved by the decision of the Securities Appellate Tribunal can file appeal before the –
 - (a) Central Government
 - (b) SEBI
 - (c) Supreme Court
 - (d) Reserve Bank of India.

- (ii) Due diligence of an IPO to be issued by an Indian company is done by –
- (a) Advisor to the issue
 - (b) Merchant bankers
 - (c) Stock exchange
 - (d) Banker to the issue.
- (iii) Reinstatement of delisted securities is permitted by a stock exchange after a cooling period of –
- (a) Six months
 - (b) One year
 - (c) One and a half year
 - (d) Two years.
- (iv) Regulations for carrying out the purpose of the Depositories Act, 1992 are formulated by –
- (a) Depository
 - (b) SEBI
 - (c) Stock exchange
 - (d) Central Government.
- (v) Hybrid scheme of mutual funds make investment in –
- (a) Bonds
 - (b) Equity
 - (c) Convertible
 - (d) All the above.

(1 mark each)

2. (a) Distinguish between **any two** of the following :
- (i) 'On-tap issue' and 'fixed coupon issue'
 - (ii) 'Micro-finance companies' and 'nidhi companies'
 - (iii) 'Futures' and 'options'.

(4 marks each)

- (b) Define **any four** of the following terms related to securities market :
- (i) Stock trading
 - (ii) Kerb trading
 - (iii) Stock index
 - (iv) Market lot
 - (v) EDIFAR.

(2 marks each)

3. (a) Elucidate **any two** of the following intermediaries related to primary market :
- (i) Registrars
 - (ii) Bankers
 - (iii) Lead managers.
- (4 marks each)*
- (b) Give full form of the following abbreviations :
- (i) SMILE
 - (ii) QIB
 - (iii) DVP
 - (iv) STP.
- (1 mark each)*
- (c) What are the methods for issuance of government securities ?
- (4 marks)*
4. (a) What is meant by 'custodian of securities' ? Whether a custodian is required to obtain registration before functioning in capital market ?
- (4 marks)*
- (b) Explain the following credit rating symbols :
- (i) PL-1
 - (ii) P-3
 - (iii) MB +
 - (iv) PR-5.
- (1 mark each)*
- (c) Discuss the role of recognised stock exchanges in redressing investors' grievances.
- (4 marks)*
- (d) State briefly the guidelines for issue of Indian Depository Receipts (IDRs).
- (4 marks)*
5. (a) What are various approvals required by a company to issue Global Depository Receipts (GDRs) ?
- (4 marks)*
- (b) A company issues 90 days commercial papers of the face value of Rs.1,000 at Rs.980. The credit rating expenses are 0.6% of the size of issue, issuing and paying agent charges are 0.25% and stamp duty is to be paid @ 0.20%. You are required to calculate –
- (i) Cost of issuing commercial papers.
 - (ii) Interest yield assuming marginal tax rate @ 35%.
- (4 marks each)*

- (c) "Diversification of investments reduces the investment risks." Explain.
(4 marks)
6. (a) Explain the following terms related to securities market :
- (i) Permitted securities
 - (ii) Margin trading
 - (iii) Book closure
 - (iv) Settlement system.
- (2 marks each)
- (b) Explain the functioning of option trading.
(4 marks)
- (c) "A company cannot always buy-back its shares." Comment on this statement and state the circumstances under which a company can buy-back its shares.
(4 marks)
7. (a) What is a 'non-banking financial company' (NBFC) ? What are its functions ?
(8 marks)
- (b) Evaluate the role of SEBI in regulating financial markets in India.
(4 marks)
- (c) What is the composition of the SEBI Board to be constituted under the SEBI Act, 1992 ?
(4 marks)
8. (a) "Corporate governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders." Discuss the statement with special reference to main principles and objectives of corporate governance.
(8 marks)
- (b) How is price determined for the buy-back of securities ?
(4 marks)
- (c) Explain briefly the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 relating to escrow account.
(4 marks)