Securities Laws and Compliances

Roll No....................

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

PART — A

(Answer Question No.1 which is compulsory and any three of the rest from this part.)

1. (a) State, with reasons in brief, whether the following statements are true or false:
   
   (i) Nifty index futures contracts are not cash settled.
   
   (ii) Margin trading acts as a curb on short selling and short buying.
   
   (iii) Fund of funds is a type of equity fund.
   
   (iv) Grading of an IPO is not mandatory and it does not help in relative assessment of fundamentals of the issue.
   
   (v) Dated securities are characterised generally with fixed maturity and coupon and are identified with date of maturity.

   (2 marks each)

   (b) Re-write the following sentences after filling-in the blank spaces with appropriate words(s)/figure(s):

   (i) In the depository system, the ownership and transfer of securities takes place by means of ___________ book entries.
   
   (ii) The capital markets have two major segments namely ___________ and ___________.
   
   (iii) The ___________ of the company is responsible for timely submission of cash transaction report (CTR) and suspicious transaction report (STR) to Financial Intelligence Unit - India (FIU-IND).
   
   (iv) ___________ is a broad term, which includes manipulating price or volume movement.
   
   (v) Negotiated deals refer to those deals where the shares are acquired through private and mutual ___________.

   (1 mark each)
2. (a) Write short notes on any four of the following:
   (i) Secured premium notes
   (ii) Private equity fund
   (iii) Mini contracts on derivatives
   (iv) Bills rediscounting
   (v) Minimum underwriting obligation.

   (3 marks each)

   (b) Expand the following abbreviations:
   (i) SGL
   (ii) TFTS
   (iii) REMFS.

   (1 mark each)

3. (a) What is 'buy-back of securities'? Explain the types of securities which are not available for buy-back.

   (5 marks)

   (b) Comment briefly on the following statements:
   (i) "Exchange traded funds are a new variety of mutual funds."
   (ii) "Participatory notes are derivative instruments."
   (iii) "Stock exchanges are virtually the nerve centre of the capital market."
   (iv) "Hedge funds are similar to mutual funds."
   (v) "Credit rating is useful to investors and issuers."

   (2 marks each)

4. (a) Distinguish between any three of the following:
   (i) 'Bullish trend' and 'bearish trend'.
   (ii) 'Call option' and 'put option'.
   (iii) 'Commercial bills' and 'commercial papers'.
   (iv) 'Floating rate bonds' and 'capital indexed bonds'.

   (3 marks each)
(b) Explain briefly any two of the following related to capital market:

(i) Dual option warrants
(ii) Equity shares with detachable warrants
(iii) Underwriting in auctions.

(3 marks each)

5. (a) What is meant by differential voting rights (DVR)? Discuss the conditions subject to which a company may issue shares with DVR.

(4 marks)

(b) What is collective investment scheme (CIS)? Discuss the schemes and arrangements which are not included in CIS.

(5 marks)

(c) Explain briefly the role of the following in capital market:

(i) Merchant banker
(ii) Bankers to the issue
(iii) Foreign institutional investors.

(2 marks each)

PART — B

(Answer ANY TWO questions from this part.)

6. Explain any five of the following statements:

(i) "Depository receipt is a negotiable instrument."
(ii) "Pre-marketing is a tool through which syndicate members evaluate the prospects of the issue."
(iii) "SEBI has provided alternative eligibility norms for the public issues of securities."
(iv) "Preferential issue is not for retail investors."
(v) "External commercial borrowings (ECBs) refer to the commercial loans."
(vi) "Market making is compulsory for public issues."
(vii) "An issuer can offer specified securities at different prices."

(4 marks each)
7. (a) Discuss briefly the SEBI regulations for preferential issue of shares by listed companies.

(b) What are the approvals required for issuance of global depository receipts (GDRs)?

(c) What are the legal provisions with regard to:
   (i) Acceptance of deposits; and
   (ii) Non-payment of dividend?

(d) Discuss briefly the rules and regulations relating to redemption and rollover of debt securities.

8. Write notes on any five of the following:
   (i) Promoters’ minimum contribution
   (ii) Fixed income products
   (iii) Listing of Indian depository receipts (IDRs)
   (iv) Investors in debt market
   (v) Qualified institutional buyers (QIBs)
   (vi) Employee stock purchase scheme (ESPS).

(4 marks each)