

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 4

**P A R T – 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) 'Derivatives' are contracts which do not derive their value from any assets.
  - (ii) Trustees are required to disclose the basis of calculation of repurchase price and NAV of various schemes of mutual fund.
  - (iii) Participatory notes are derivative instruments.
  - (iv) 'Underwriter' means a person who engages in the business of selling of an issue of securities of a body corporate.
  - (v) The collective investment management company is not permitted to launch any scheme for the purpose of investing in securities.
- (2 marks each)*
- (b) Choose the most appropriate answer from the given options in respect of the following :
- (i) A company cannot buy-back the securities from –
    - (a) Free reserves
    - (b) Securities premium account
    - (c) Borrowed money
    - (d) Proceeds of fresh issue.
  - (ii) Duration of future contract on NSE is –
    - (a) One month
    - (b) Two months
    - (c) Three months
    - (d) Six months.
  - (iii) Certificate of deposits are issued in the form of –
    - (a) Bill of exchange
    - (b) Usance bill of exchange
    - (c) Usance promissory notes
    - (d) Term deposit.

- (iv) Venture capital funds are regulated by –
- RBI
  - SEBI
  - Stock exchange
  - Ministry of Corporate Affairs.
- (v) FCCBs are unsecured and carry interest at –
- Variable rate
  - Fixed rate
  - Floating rate
  - Not determined.

(1 mark each)

2. (a) Distinguish between **any two** of the following :
- 'French auction' and 'Dutch auction'.
  - 'Cut off yield' and 'cut off price'.
  - 'Initial margin' and 'maintenance margin'.

(4 marks each)

- (b) "Certain securities are not available to a company for buy-back." Explain.

(4 marks)

- (c) Expand the following :

- FCCB
- CIS
- SPN.

(1 mark each)

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

- Dual option warrants
- Securities Appellate Tribunal
- Escrow account
- Hybrid instrument
- Exchange traded fund.

(2 marks each)

- (b) Explain the procedure for grant of registration certificate to venture capital fund by SEBI and effect of refusal to grant the certificate.

(4 marks)

- (c) Explain the term 'demat'. State the benefits of demat securities.

(3 marks)

4. (a) What action lies against SEBI registered intermediaries in case of default/violation under the SEBI Act, 1992 ?  
(4 marks)
- (b) Briefly discuss the guidelines for issue of commercial paper.  
(4 marks)
- (c) "Corporate Governance is the application of best management practices." Comment.  
(4 marks)
- (d) Explain the following credit rating symbols –  
(i) ER1A  
(ii) ER1C  
(iii) M1.  
(1 mark each)
5. (a) Explain the following terms related to capital market :  
(i) Incubators  
(ii) Angel investors  
(iii) Private equity players.  
(2 marks each)
- (b) Ajay purchases 8.4% Government of India Bond, 2018 of face value of Rs.20 lakh @ Rs.102.50 for every unit of security having face value of Rs.100. The settlement is due on 13<sup>th</sup> October, 2009. What is the amount to be paid by Ajay ? (Assuming that interest is payable on 13<sup>th</sup> May and 13<sup>th</sup> November every year.)  
(5 marks)
- (c) Discuss the regulatory framework governing primary market intermediaries.  
(4 marks)

**P A R T – B**

(Answer ANY TWO questions from this part.)

6. (a) What is Indian Depository Receipt (IDR) ? What are eligibility criteria for issue of IDRs ?  
(5 marks)
- (b) What is 'price stabilization fund' ?  
(5 marks)
- (c) Write a note on 'due diligence' in the process of public issue of securities.  
(5 marks)
- (d) State the powers and functions of the 'Ombudsman' under the SEBI (Ombudsman) Regulations, 2003.  
(5 marks)

7. (a) What do you understand by 'offering circular' for Euro-issue ? Mention any five aspects which should be covered in the offering circular.  
(5 marks)
- (b) What are the disclosures in the Directors' Report as per the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ?  
(5 marks)
- (c) Explain the procedure of bidding in book building issue.  
(5 marks)
- (d) Discuss the approvals required from various authorities in issuance of GDRs and FCCBs.  
(5 marks)
8. (a) "SEBI expects the investors to make investments with their eyes and ears open." Comment.  
(5 marks)
- (b) Discuss the end use of external commercial borrowings under approval route.  
(5 marks)
- (c) Discuss the various formalities to be complied with for the issue of bonus shares under the SEBI (Disclosure and Investor Protection) Guidelines, 2000.  
(10 marks)

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