Securities Laws and Compliances

Roll No. ......................
Time allowed : 3 hours
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) Every stock broker is required to appoint a compliance officer.
   (ii) Dated securities are fixed maturity and fixed coupon securities.
   (iii) Foreign venture capital investor means an investor incorporated and established in India.
   (iv) Depository is required to frame its bye laws.
   (v) The money market is a wholesale market.

   (2 marks each)

(b) Re-write the following sentences after filling-in the blank spaces with appropriate words(s)/figure(s):
   (i) Money at call is ________ money.
   (ii) ________ in capital market has always been high on the agenda of SEBI.
   (iii) Buy-back of securities is a corporate financial strategy which involves ________.
   (iv) To eliminate counter party risks, SEBI has advised ________ to set-up either trade guarantee fund or settlement guarantee fund.
   (v) Automated screen based trading of shares on stock exchanges has resulted into ________.

   (1 mark each)

2. (a) What do you understand by 'participatory notes'? Briefly explain the disadvantages associated with the issuance of participatory notes.

   (5 marks)
(b) Distinguish between any three of the following:
(i) ‘Perpetual debenture’ and ‘bearer debenture’.
(ii) ‘Cut-off yield’ and ‘cut-off price’.
(iii) ‘Straight through processing’ (STP) and ‘direct market access’ (DMA).
(iv) ‘Forward’ and ‘futures’.

(2 marks each)

(c) Explain the following terms related to capital market:
(i) Cash transaction report.
(ii) Suspicious transaction report.

(2 marks each)

3. (a) Write short notes on the following:
(i) Venture capital funds
(ii) Offshore hedge funds
(iii) Derivatives’ contracts
(iv) Collective investment schemes.

(2 marks each)

(b) Expand the following abbreviations:
(i) SMILE
(ii) NDTL
(iii) CFDS.

(1 mark each)

(c) Discuss briefly the different surveillance systems adopted by stock exchanges.

(4 marks)

4. (a) Explain the following terms related to buy-back of securities:
(i) Letter of offer
(ii) Specified date.

(2 marks each)

(b) List out various money market instruments.

(5 marks)

(c) What is ‘short selling’? Discuss the mechanism of securities lending and borrowing scheme (SLBS).

(6 marks)

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5. (a) Explain briefly the various factors for judging the efficiency of mutual funds. (4 marks)
(b) Discuss briefly the obligations and responsibilities of bankers to an issue. (5 marks)
(c) What is Securities Appellate Tribunal (SAT)? Explain the procedure for appeal to SAT. (6 marks)

PART - B

(Answer ANY TWO questions from this part.)

6. (a) What is ‘parking’ of external commercial borrowings (ECB) proceeds? (5 marks)
(b) What are the conditions for issue of Indian Depository Receipts (IDRs)? (5 marks)
(c) Briefly explain the following terms related to public issue:
   (i) Pre-issue advertisement
   (ii) Anchor investor
   (iii) Green shoe option
   (iv) IPO grading
   (v) Book building. (2 marks each)

7. (a) Who is an Ombudsman in stock market operations? Discuss his role in investors’ protection. (6 marks)
(b) List the approvals required for resource mobilisation by a company in the international capital market. (7 marks)
(c) Discuss briefly the steps involved in the issue of bonus shares by a listed company. (7 marks)

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8. Write notes on *any five* of the following:
   (i) Self certified syndicate bank
   (ii) Debt securities
   (iii) Depository agreement
   (iv) Employee stock option
   (v) Fixed income products
   (vi) Fast track issues.

   (4 marks each)