Securities Laws and Compliances

PART — A

(Assign 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) The securities market works in a vacuum.
   (ii) Venture capital pools are similar to hedge funds.
   (iii) Demutualisation aims to convert a stock exchange from ‘not for profit’ to ‘for
        profit’ company.
   (iv) Credit rating establishes a link between risk and return.
   (v) A director nominated by an institution as its representative on the Board of
directors is eligible to participate in ESOS.

   (2 marks each)

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

   (i) The market wherein companies mobilise resources through issue of securities is
called ____________.
   (ii) Commercial bills are___________ accepted by buyers for goods or services
obtained by them on credit.
   (iii) A listed company is required to appoint a___________ to liaise with SEBI and
stock exchanges.
   (iv) In order to strengthen know your client (KYC) norms in the cash market and
to generate a reliable audit trail, ____________ was made mandatory for all
transactions in cash market.
   (v) Revised carry forward system is introduced in place of ____________.

   (1 mark each)
2. (a) Write short notes on any two of the following:
   (i) Spot delivery contract
   (ii) ‘Futures’ and ‘options’
   (iii) Depository participants.
   
   (3 marks each)

   (b) Expand the following abbreviations:
   (i) STP
   (ii) QIBs
   (iii) UIN
   (iv) IPA
   (v) TFTS
   (vi) NSDL.
   
   (3 marks)

   (c) Explain any three of the following financial instruments:
   (i) Commercial paper
   (ii) Secured premium notes
   (iii) Naked debentures
   (iv) Dual convertible bonds.
   
   (2 marks each)

3. (a) Explain the implications of stamp duty on buy-back of shares by a company from shareholders.
   
   (4 marks)

   (b) “Securities market enhances the pace of economic growth.” Discuss.
   
   (5 marks)

   (c) Explain any three of the following terms associated with the capital market:
   (i) Incubators
   (ii) Private equity players
   (iii) Trade to trade
   (iv) Dematerialisation.
   
   (2 marks each)
4. (a) Explain briefly the code of conduct for merchant bankers prescribed under SEBI Regulations.  

(b) “Reserve Bank of India is the main regulator of money market in India.” Comment.  

c (c) Discuss the accounting policies and standards which are to be mandatorily followed by the asset management companies.  

5. (a) Distinguish between any three of the following:  

(i) ‘Capital market’ and ‘money market’.  
(ii) ‘Pass through certificates’ and ‘participation certificates’.  
(iii) ‘Fixed coupon rate’ and ‘floating coupon rate’.  
(iv) ‘Open ended schemes’ and ‘close ended schemes’.  

(b) State any six important clauses of listing agreement.  

PART — B  
(Answer ANY TWO questions from this part.)  

6. (a) Discuss briefly the following methods of raising funds from the primary capital market:  

(i) Public issue  
(ii) Rights issue  
(iii) Preferential issue  
(iv) Private placement  
(v) Qualified institutional placement (QIP).  

(b) Discuss how the debt market and its instruments help the companies in raising funds.  

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7. (a) Explain the concept of ASBA in an IPO. 

(b) What do you understand by external commercial borrowings (ECBs)? Discuss the types of ECBs under the automatic route.

(c) List out some common grievances of investors.

(d) What are the criteria for compulsory delisting by stock exchanges?

8. Write notes on any five of the following:
   (i) Promoters' contribution
   (ii) Ombudsman
   (iii) Investor Education and Protection Fund (IEPF)
   (iv) Basis of allotment
   (v) Overseas custodian bank
   (vi) Indian depository receipts (IDRs).