PART — A

(Assume 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 will also act 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 word(s)/figure(s):

   (i) Pursuant to clause 47 of the listing agreement, Company Secretary is appointed as the ___________ of the company.

   (ii) Margin trading was introduced by the Securities and Exchange Board of India to curb ___________ dealings in shares.

   (iii) An investor can subscribe to new fund offers of mutual fund schemes through Applications Supported by ___________ facility.

   (iv) Capital market is regulated by ___________.

   (v) Commercial paper is a ___________ market instrument.

   (1 mark each)
2. (a) Write short notes on the following. Attempt any three:
   (i) Growth-oriented schemes
   (ii) Portfolio manager
   (iii) Capital indexed bonds
   (iv) Futures contracts
   (v) Market capitalisation.

   (3 marks each)

(b) Explain briefly the following terms associated with stock market. Attempt any three:
   (i) Credit watch
   (ii) Bearish trend
   (iii) Rolling settlement
   (iv) Securities pay-out.

   (2 marks each)

3. (a) Expand the following abbreviations with reference to securities laws:
   (i) SEFT
   (ii) CARE
   (iii) NEAT.

   (1 mark each)

(b) Distinguish between the following. Attempt any three:
   (i) 'Depository' and 'custodian'.
   (ii) 'Domestic hedge fund' and 'offshore hedge fund'.
   (iii) 'Internal audit' and 'concurrent audit'.
   (iv) 'Primary market' and 'secondary market'.

   (4 marks each)
4. (a) Evaluate the role of SEBI in regulating the financial markets in India. (5 marks)

(b) What do you understand by self regulatory organisations (SRO) ? (5 marks)

(c) "Straight through processing (STP) is understood to be a mechanism that automates the end-to-end processing of transactions of financial instruments." Comment. (5 marks)

5. (a) What do you understand by 'venture capital' ? Enumerate the main contents of placement memorandum for a venture capital fund. (5 marks)

(b) What are the penalties prescribed for a person involved in insider trading under the Securities and Exchange Board of India Act, 1992 ? (5 marks)

(c) "Buy-back of shares is a corporate financial strategy." Comment. (5 marks)

PART — B

(Answer ANY TWO questions from this part.)

6. Explain the following statements. Attempt any five :

(i) Minimum subscription is mandatory in any issue.

(ii) Basis of allotment is finalised by the lead manager to the issue and stock exchange.

(iii) Appointment of compliance officer is compulsory for a listed company.

(iv) Board of directors has to make full disclosure of ESOP schemes in the Directors' Report.

(v) A company may delist its equity shares from all or from the only recognised stock exchange where they are listed.

(vi) Ombudsman is a saviour of investors in capital market.

(4 marks each)
7. (a) Define and distinguish between 'letter of offer' and 'red-herring prospectus'.

(b) What are the regulations governing external commercial borrowings (ECBs) under automatic route?

(c) Discuss the advantages of issuing bonus shares by a company.

(d) Discuss the role of Company Secretary under the listing agreement for debt securities.

8. Write short notes on the following. Attempt any five:
   (i) Domestic custodian bank
   (ii) Indian depository receipts
   (iii) Fixed income products
   (iv) Anchor investors
   (v) Green shoe option
   (vi) Promoters' contribution in public issue.

   (4 marks each)