

## SECURITIES LAWS AND COMPLIANCES

# 266

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8

Total number of printed pages : 3

### 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) Merchant bankers can acquire shares of the company in which they have got professional assignment.
  - (ii) A company can use different modes for buy-back of its shares in a single offer.
  - (iii) Venture capital is invested in equity securities of new companies promoted by technocrats.
  - (iv) No mutual fund scheme shall invest more than 10% of NAV in the equity shares or equity related instruments of one company.
  - (v) The placement memorandum is issued for public circulation only.

*(2 marks each)*
- (b) Re-write the following sentences after filling-in the blank spaces with appropriate words(s)/figure(s) :
  - (i) Financial system covers both \_\_\_\_\_ and credit transactions.
  - (ii) All certificates in depository are interchangeable and known as \_\_\_\_\_.
  - (iii) Re-issue of existing government securities having pre-determined yields by the Reserve Bank of India is known as \_\_\_\_\_.
  - (iv) The circuit breakers bring about a coordinated trading halt in both \_\_\_\_\_ and derivative markets.
  - (v) \_\_\_\_\_ are investment trusts, syndicates or similar enterprises that are operated for the purpose of trading commodity futures.

*(1 mark each)*
2. (a) Comment on **any three** of the following statements :
  - (i) "A private equity fund is like a hedge fund."
  - (ii) "Credit rating is a marketing tool for the companies."
  - (iii) "Depository system works very much like a banking system."
  - (iv) "Demutualisation of stock exchanges is to convert the traditional stock exchanges into a company."

*(3 marks each)*

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(b) Distinguish between **any two** of the following :

- (i) 'Public notice' and 'public announcement'.
- (ii) 'Disaster bonds' and 'convertible bonds'.
- (iii) 'Book closure' and 'record date'.

(3 marks each)

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

- (i) Foreign institutional investors
- (ii) Portfolio manager
- (iii) Trend line
- (iv) Money market mutual funds.

(3 marks each)

(b) Discuss briefly the various investment strategies adopted in option trading.

(3 marks)

(c) Expand the following abbreviations :

- (i) UCC
- (ii) CFTC
- (iii) SEFT.

(1 mark each)

4. (a) Explain briefly **any two** of the following terms related to securities market :

- (i) Private placement
- (ii) Surveillance at BSE
- (iii) Market making.

(2 marks each)

(b) What is 'collective investment scheme' ? What are the restrictions on their business activities ?

(4 marks)

(c) "A well functioning securities market is conducive to sustained economic growth of a country." Comment and discuss briefly the regulatory framework of securities market in India.

(7 marks)

5. (a) Explain the term 'suspicious transaction report' under the Prevention of Money Laundering Act, 2002.

(4 marks)

- (b) What are the obligations of foreign venture capital investor ?

(4 marks)

- (c) Discuss briefly the composition, role and responsibilities of an audit committee under clause 49 of the listing agreement.

(7 marks)

## PART—B

(Answer ANY TWO questions from this part.)

6. (a) What is 'applications supported by blocked amount' (ASBA) ? Briefly explain ASBA process.

(5 marks)

- (b) Discuss the eligibility criteria and conditions for issue of Indian Depository Receipts (IDRs).

(5 marks)

- (c) State briefly the requirements for bidding process related to public issue of equity shares.

(5 marks)

- (d) What constitutes debt market in India ? Describe the various investors in the debt market.

(5 marks)

7. (a) Elaborate the various steps involved in the issue of rights shares.

(5 marks)

- (b) What is 'Stipendiary Ombudsman' ? What are his qualifications ?

(5 marks)

- (c) What is 'offering circular' ? Explain the contents of offering circular for Euro issue.

(10 marks)

8. Write notes on **any five** of the following :

- (i) Anchor investor
- (ii) Subscription agreement
- (iii) Compulsory delisting
- (iv) Road show in Euro issues
- (v) External commercial borrowings
- (vi) Employees' Stock Purchase Scheme.

(4 marks each)