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| **Roll No………** |  |
| **Time allowed : 3 hours** | **Maximum marks : 100** |
| **Total number of questions : 8** | **Total number of printed pages : 2** |

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| **PART — A** |
| *(Answer Question No.1 which is compulsoryand****any three****of the rest from this part)* |

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| 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. |   | (0) |
|   |   | (ii) | Trustees are required to disclose the basis of calculation of repurchase price and NAV of various schemes of[mutual fund](http://www.futureaccountant.com/exam-question-previous-papers/2008-cs-ep-module-ii_securities-laws-and-compliances-june-2009/p1ls/). |   | (0) |
|   |   | (iii) | Participatory notes are derivative instruments. |   | (0) |
|   |   | (iv) | ‘Underwriter’ means a person who engages in the business of selling of an issue of [securities](http://www.futureaccountant.com/exam-question-previous-papers/2008-cs-ep-module-ii_securities-laws-and-compliances-june-2009/p1ls/) of a body corporate. |   | (0) |
|   |   | (v) | The collective [investment management company](http://www.futureaccountant.com/exam-question-previous-papers/2008-cs-ep-module-ii_securities-laws-and-compliances-june-2009/p1ls/) is not permitted to launch any scheme for the purpose of[investing in](http://www.futureaccountant.com/exam-question-previous-papers/2008-cs-ep-module-ii_securities-laws-and-compliances-june-2009/p1ls/) securities. |   | (0) |
|   | *(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. |

 |   | (0) |
|   |   | (ii) | Duration of [future contract](http://www.futureaccountant.com/exam-question-previous-papers/2008-cs-ep-module-ii_securities-laws-and-compliances-june-2009/p1ls/) on NSE is —

|  |  |
| --- | --- |
| (a) | One month |
| (b) | Two months |
| (c) | Three months |
| (d) | Six months. |

 |   | (0) |
|   |   | (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. |

 |   | (0) |
|   |   | (iv) | Venture capital funds are regulated by —

|  |  |
| --- | --- |
| (a) | RBI |
| (b) | SEBI |
| (c) | Stock exchange |
| (d) | Ministry of Corporate Affairs. |

 |   | (0) |
|   |   | (v) | FCCBs are unsecured and carry interest at —

|  |  |
| --- | --- |
| (a) | Variable rate |
| (b) | Fixed rate |
| (c) | Floating rate |
| (d) | Not determined. |

 |   | (0) |
|   | *(1 mark each)* |   |   |
| 2. | (a) | Distinguish between *any two* of the following : |   |   |
|   |   | (i) | ‘French auction’ and ‘Dutch auction‘. |   | (0) |
|   |   | (ii) | ‘Cut off yield’ and ‘cut off price’. |   | (0) |
|   |   | (iii) | ‘Initial margin’ and ‘maintenance margin’. |   | (0) |
|   | *(4 marks each)* |   |   |
|   | (b) | "Certain securities are not available to a company for buy–back." Explain. |   | (0) |
|   | *(4 marks)* |   |   |
|   | (c) | Expand the following : |   |   |
|   |   | (i) | FCCB |   | (0) |
|   |   | (ii) | CIS |   | (0) |
|   |   | (iii) | SPN. |   | (0) |
|   | *(1 mark each)* |   |   |
| 3. | (a) | Write short notes on *any four* of the following : |   |   |
|   |   | (i) | Dual option warrants |   | (0) |
|   |   | (ii) | Securities Appellate Tribunal |   | (0) |
|   |   | (iii) | Escrow account |   | (0) |
|   |   | (iv) | Hybrid instrument |   | (0) |
|   |   | (iv) | Exchange traded fund. |   | (0) |
|   |   | (v) | Exchange traded fund. |   | (0) |
|   | *(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. |   | (0) |
|   | *(4 marks)* |   |   |
|   | (c) | Explain the term ‘demat’. State the benefits of demat securities. |   | (0) |
|   | *(3 marks)* |   |   |
| 4. | (a) | What action lies against SEBI registered intermediaries in case of default/violation under the SEBI Act, 1992 ? |   | (0) |
|   | *(4 marks)* |   |   |
|   | (b) | Briefly discuss the guidelines for issue of commercial paper. |   | (0) |
|   | *(4 marks)* |   |   |
|   | (c) | "Corporate Governance is the application of best management practices." Comment. |   | (0) |
|   | *(4 marks)* |   |   |
|   | (d) | Explain the following credit rating symbols — |   |   |
|   |   | (i) | ER1A |   | (0) |
|   |   | (ii) | ER1C |   | (0) |
|   |   | (iii) | M1. |   | (0) |
| 5. | (a) | Explain the following terms related to capital market : |   |   |
|   |   | (i) | Incubators |   | (0) |
|   |   | (ii) | Angel investors |   | (0) |
|   |   | (iii) | Private equity players. |   | (0) |
|   | *(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](http://www.futureaccountant.com/exam-question-previous-papers/2008-cs-ep-module-ii_securities-laws-and-compliances-june-2009/p1ls/) is due on 13th October, 2009. What is the amount to be paid by Ajay ? (Assuming that interest is payable on 13th May and 13th November every year.) |   | (0) |
|   | *(5 marks)* |   |   |
|   | (c) | Discuss the regulatory framework governing primary market intermediaries. |   | (0) |
|   | *(4 marks)* |   |   |

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

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| 6. | (a) | What is Indian Depository Receipt (IDR) ? What are eligibility criteria for issue of IDRs ? |   | (0) |
|   | *(5 marks)* |   |   |
|   | (b) | What is ‘price stabilization fund’? |   | (0) |
|   | *(5 marks)* |   |   |
|   | (c) | Write a note on ‘due diligence’ in the process of public issue of securities. |   | (0) |
|   | *(5 marks)* |   |   |
|   | (d) | State the powers and functions of the ‘Ombudsman’ under the SEBI (Ombudsman) Regulations, 2003. |   | (0) |
|   | *(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. |   | (0) |
|   | *(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 ? |   | (0) |
|   | *(5 marks)* |   |   |
|   | (c) | Explain the procedure of bidding in book building issue. |   | (0) |
|   | *(5 marks)* |   |   |
|   | (d) | Discuss the approvals required from various authorities in issuance of GDRs and FCCBs. |   | (0) |
|   | *(5 marks)* |   |   |
| 8. | (a) | "SEBI expects the investors to make investments with their eyes and ears open." Comment. |   | (0) |
|   | *(5 marks)* |   |   |
|   | (b) | Discuss the end use of external commercial borrowings under approval route. |   | (0) |
|   | *(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. |   | (0) |
|   | *(10 marks)* |   |   |