

SECURITIES LAWS AND COMPLIANCES

Time allowed : 3 hours

Maximum marks : 100

PART A

(Answer Question No. 1 which is COMPULSORY
and any three of the rest from this part)

Question 1

- (a) State, with reasons in brief, whether the following statements are true or false :
- (i) Hedge funds are similar to mutual funds.
 - (ii) Orders of SEBI are appealable before the Securities Appellate Tribunal.
 - (iii) A listed company is required to appoint compliance officer.
 - (iv) Depository participants are subjected to audit.
 - (v) Green shoe option is a stabilisation tool. (2 marks each)
- (b) Re-write the following sentences after filling-in the blank spaces with appropriate words(s)/figure(s) :
- (i) Clause 49 of the listing agreement deals with _____.
 - (ii) Government securities are issued by _____ on behalf of the government.
 - (iii) Equity linked saving schemes now have lock-in-period of _____ years.
 - (iv) Mandatory client code facilitates _____.
 - (v) Securities are traded for immediate delivery and payment in the _____ (1 mark each)

Answer 1(a)(i)

True

Hedge Funds are similar to mutual funds as both entities issue units or securities to investors and holds pool of securities to diversify investment.

Answer 1(a)(ii)

True

Under the SEBI Act, 1992, any person aggrieved by the order to the SEBI may refer an appeal to a Securities Appellate Tribunal having jurisdiction in the matter.

Answer 1(a)(iii)

True

Clause 47(a) of Equity Listing Agreement requires issuer company to appoint Company Secretary of the issuer as Compliance Officer of the company who is responsible for monitoring the share transfer process and report to the Company's Board in each meeting.

Answer 1(a)(iv)**True**

The two depositories National Securities Depository Limited and Central Depository Securities Limited provides for audit of the Depository Participants from Practicing Company Secretary or Chartered Accountants.

Answer 1(a)(v)**True**

Green Shoe Option means an option for allocating shares in excess of the shares included in the public issue and operating a post-listing price stabilizing mechanism in accordance with SEBI (ICDR) Regulations 2009 and it helps in stabilizing post listing price of shares.

Answer 1(b)

- (i) Clause 49 of the listing agreement deals with compliance of conditions for **Corporate Governance norms**.
- (ii) Government Securities are issued by **Reserve Bank of India** on behalf of the Government.
- (iii) Equity linked saving schemes now have lock in period of **three** years.
- (iv) Mandatory client code facilitates **identity of buyers and sellers of securities and improves market surveillance**.
- (v) Securities are traded for immediate delivery and payment in the **spot market**.

Question 2

(a) Write short notes on any four of the following :

- (i) Certificate of deposit
- (ii) Hybrid instruments
- (iii) Commodity bonds
- (iv) Clearing corporation
- (v) Debenture trustee.

(3 marks each)

(b) Expand the following abbreviations :

- (i) ETF
- (ii) QIP
- (iii) ECN.

(1 mark each)

Answer 2(a)(i)**Certificate of Deposits**

Certificate of Deposits (CDs) is a negotiable money market instrument and issued in dematerialized form or as a Usance Promissory Note for funds deposited at a bank or

other eligible financial institution for a specified time period. Issue of CDs are governed by Reserve Bank of India.

Answer 2(a)(ii)**Hybrid Instruments**

Hybrid Instruments are instruments which are created by combining the features of equity and debt e.g. Convertible preference shares, Cumulative convertible preference shares, non-convertible debentures with equity warrant, partly convertible debentures, Optionally convertible debenture, warrants convertible into debentures or shares, secured premium notes with warrants etc.

Answer 2(a)(iii)**Commodity bonds**

Commodity bonds are bonds issued to share the risk and profitability of future commodity prices with the investor. For example petro bonds, silver bonds, gold bonds and coal bonds. A petro bonds may carry a fixed rate of interest with part of the face value of the bonds denominated in barrels of oil. There would be a floor in the face value of the bond. In view of the upside profit potential in oil prices, the interest rate could be lower than the market rate of interest.

Answer 2(a)(iv)**Clearing Corporation**

Under section 8A(1) of Securities Contract (Regulations) Act, 1956 provides that a recognized stock exchange may with the prior approval of SEBI transfer the duties and functions of a clearing house to a clearing corporation, being a company incorporated under the Companies Act, 1956 for the purpose of

- the periodical settlement of contracts;
- the delivery of and payment for securities;
- any other matter incidental to or connected with such transfer.

Answer 2(a)(v)**Debenture Trustee**

Debenture Trustee is a trustee of a trust deed for securing any issue of debentures of a body corporate. No company can issue a prospectus or letter of offer to the public for subscription of its debentures, unless the company has appointed one or more debenture trustees for such debentures in accordance with the provisions of the Companies Act, 1956.

Answer 2(b)

- (i) ETF- Exchange Traded Funds
- (ii) QIP- Qualified Institutional Placement
- (iii) ECN- Electronic Communication Network / Electronic Contract Note

Question 3

- (a) *“Credit rating establishes a link between risk and return.” Discuss.*
(4 marks)
- (b) *Explain briefly the role and responsibilities of Registrar and Transfer Agent (RTA) in an IPO.*
(4 marks)
- (c) *You are Company Secretary of All Season Travels Ltd., which being listed on the stock exchange after an IPO is made by the company. Your Board of directors desires to understand about the compliance requirements under Clause 41 of the listing agreement. Write a Board note on ‘Clause 41 of the listing agreement’.*
(7 marks)

Answer 3(a)

Credit rating in general sense is the evaluation of the credit worthiness of an individual or of a business based on relevant factors indicating ability and willingness to pay obligations as well as net worth. Credit rating establishes a link between risk and return. An investor or any other interested person uses the rating to assess the risk level and compares the offered rate of return with his expected rate of return. Credit rating is extremely important as it not only plays a role in investor protection but also benefits industry as a whole in terms of direct mobilization of savings from individuals.

Answer 3(b)

Registrars to an issues means the person appointed by a body corporate or any person or group of persons to carry on the following activities on its or his or their behalf i.e.

- Collecting application for investor in respect of an issue;
- Keeping a proper record of applications and monies received from investors or paid to the seller of the securities;
- Assisting in determining the basis of allotment of the securities in consultation with the stock exchanges;
- Finalizing the list of person entitled to allotment of securities;
- Processing and despatchment of allotment letters, refund orders or certificates and other related documents in respect of the Issue.

A share transfer agent provides services relating to Transfer of shares, Transmission, Nomination, Issue of duplicate certificate, Split, consolidation of certificate, Dispatch of interest/dividend warrant etc.

Answer 3(c)

To : The Board of Directors
All Seasons Travels Limited

Sub.: Compliance Requirements under Clause 41 of the Listing Agreement

Clause 41 one of the most important requirements of the listing agreement, deals with submission of financial results to Stock Exchanges. The company has

an option to submit audited or unaudited quarterly and year to date financial results to the stock exchange within one month of each quarter (other than the last quarter) subject to other conditions prescribed in listing agreement. In respect of last quarter, the company has an option either to submit unaudited financial results for the quarter within time period prescribed or to submit the financial results for the entire financial year within prescribed period at the end of the financial year.

- In case the company opts to submit unaudited financial results for the last quarter, it shall also submit audited financial year as soon as they are approved by the board. Such unaudited financial statement for the last quarter shall also be subjected to limited review. A copy of the limited review report shall be furnished to the stock exchange.
- In case of the company opts to submit audited financial results for the entire financial year, it shall intimate the stock exchange in writing within prescribed period of the end of financial year.

To comply with the requirements of publishing quarterly results, the following action has to be taken :

- Intimate to Stock Exchange at least 7 days in advance about the date of Board Meeting
- Along with the intimation, a press release has to be issued immediately in at least one national newspaper and one regional language newspaper about the date of the Board Meeting
- Send by fax within 15 minutes of the conclusion of the Board Meeting the financial results to the stock exchange
- Publish within 48 hours of the conclusion of the Board Meeting in at least one English daily newspaper circulating in the whole of India and in one newspaper published in the language of the region, where the registered office of the company is situated.
- After publishing the results, send a copy of the published results to stock exchange(s).

Submitted please.

Sd/-

XYZ

Company Secretary

Question 4

Comment briefly on any five of the following statements :

- (i) *"The securities market has two interdependent and inseparable segments."*
- (ii) *"There are a large number of participants in the money market."*
- (iii) *"Derivative contracts are of various types."*

- (iv) *“Collective investment scheme is constituted as trust.”*
- (v) *“Venture capital funds invest in all types of securities.”*
- (vi) *“Dematerialisation and immobilisation are distinct activities.”*

(3 marks each)

Answer 4(i)

The Securities Market has two interdependent and inseparable segments, the new issues (primary) market and the stock (secondary) market.

The Primary market provides the channel for sale of new securities. The issuer of securities sells the securities in the primary market to raise funds for investment and/or to discharge some obligation.

The Secondary market deals in securities previously issued. The secondary market enables those who hold securities to adjust their holdings in response to changes in their assessment of risk and return. They also sell securities for cash to meet their liquidity needs.

Answer 4(ii)

There are a large number of participants in the money market like commercial banks, mutual funds, investment institutions, financial institutions and Reserve bank of India. The bank's operations ensure that the liquidity and short term rates are maintained at levels consistent with the objective of maintaining price and exchange rate stability. The money market can obtain the funds from the central bank either by borrowing or through sale of securities.

Answer 4(iii)

A derivative instrument is a contract between two parties that specifies conditions (especially the dates the resulting values of the underlying variables) under which payments, or payoffs, are to be made between the parties. The most commonly used derivatives contracts are **Forwards** : A forward contract is a customized contract between two entities, where settlement takes place on a specific date in the future at today's pre-agreed price. **Futures** : A futures contract is an agreement between two parties to buy or sell an asset at a certain time in the future at a certain price. **Options** : Options are of two types - calls and puts. **Swaps** : Swaps are private agreements between two parties to exchange cash flows in the future according to a prearranged formula.

Answer 4(iv)

A collective investment scheme is constituted in the form of a trust and instrument of trust should be in the form of a deed duly registered under the provisions of the Indian Registration, Act, 1908, executed by the collective investment management company in favor of the trustees named in such an instrument. It can appoint a trustee to hold the assets of the scheme for the benefit of unit holders.

Answer 4(v)

A venture capitalist is a person or investment firm that makes venture investments, and these venture capitalists are expected to bring managerial and

technical expertise as well as capital to their investments. SEBI (Venture Capital Fund) Regulations, place some restrictions on Investment by venture capital firm such as disclosure of investment strategy at the time of application for registration. VC shall not invest more than 25% corpus of the fund in one venture capital undertaking. Venture capital fund may invest in securities of foreign companies subject to such conditions or guidelines that may be stipulated or issued by the Reserve Bank of India and the Board from time to time. VCF regulations also provide that funds shall not invest in the associated companies.

Answer 4(vi)

Dematerialisation and Immobilisation are distinct activities. Dematerialisation is the process by which shares in the physical/paper form are cancelled and credits in the form of electronic balances are maintained on highly secure system at the depository.

Immobilisation of securities, on the other hand, occurs when physical security certificates are stored or lodged with depository for safe custody. All subsequent transaction in these securities take place in book-entry form. The actual owner has the right to withdraw their physical securities as and when desired. The immobilization of fresh issue may be achieved by issuing a jumbo certificate representing the entire issue in the name of depository, as nominee of the beneficial owners.

Question 5

(a) *Distinguish between any three of the following :*

- (i) *'Spot delivery' and 'special delivery'.*
- (ii) *'Book closure' and 'record date'.*
- (iii) *'Pay-in' and 'pay-out'.*
- (iv) *'Forwards' and 'futures'.* (3 marks each)

(b) *Explain briefly the following terms associated with securities market :*

- (i) *Basket trading system*
- (ii) *Trading volume*
- (iii) *Trading cycle.* (2 mark each)

Answer 5(a)(i)

'Spot delivery' and 'Special delivery'

The delivery is said to be spot delivery if the delivery of an payment for securities are to be made on the same day or next day.

A special delivery is one where the delivery is to be made after the delivery period fixed by the stock exchange authorities.

Answer 5(a)(ii)**'Book closure' and 'Record date'**

Book closure is the period for closure of the Register of Members and Transfer Books of the company, to take a record of the shareholders to determine their entitlement to dividends or to bonus or rights share or any other rights pertaining to shares. In accordance with the section 154 of the Companies Act, 1956, a company may close register of members for a maximum of 45 days in a year and for not more than 30 days at any one time. Whereas record date is the date on which the records of a company are closed for the purpose of determining the stock holders to whom dividends, proxies' rights etc. are to be sent

Answer 5(a)(iii)**'Pay-in' and 'Pay-out'**

'Pay-in' and 'Pay-out' may be in the form of funds & securities. Pay-in-of funds refers to the transfer of money by broker to exchange towards settlement dues for that particular day/transfer of money from exchange to broker towards settlement dues for that particular day referred to as Pay-out of Funds.

Pay in and Payout of Securities refers to transfer of stocks from client's demat account to broker's / clearing member's account and thereby the broker / clearing member will transfer those stocks to the exchange for settlement.

Pay out of securities, on the other hand, refers to transfer of stocks by broker from his pool account to client's demat a/c.

Answer 5(a)(iv)**'Forwards' and 'Futures'**

Forward contract is a customized contract between two parties, where settlement takes place on a specified date in future at a price agreed today.

Futures is a contract to buy or sell an underlying financial instrument at a specified future date an agreed price (strike price) quoted when the contract is entered.

Answer 5(b)(i)**Basket Trading System**

In basket trading system, the investors through the member-brokers of the Exchanges are able to buy / sell all scrips of respective indices in one go in the proportion of their respective weights in the Index i.e. Sensex, Nifty etc. If we take the example of Sensex, the investors through the member brokers of the BSE are able to buy or sell all 30 scrips of Sensex in one go in the proportion of their respective weights in the Sensex. The investors can also create their own baskets by deleting certain scrips from 30 scrips in the sensex.

Answer 5(b)(ii)**Trading Volume**

Trading volume is sum of buying and selling of securities in the market. The high

trading volume is built on rising prices similarly the trading volume is also linked with fall in prices. They reflect bullish and bearish trend.

Answer 5(b)(iii)

Trading Cycle

Trading Cycle refers to time involved between execution of a transaction and settlement of the transaction. The time involved in trading mechanism is called trading cycle.

PART B

*(Answer **ANY TWO** questions from this part.)*

Question 6

(a) Explain briefly any four of the following statements :

- (i) "FCCB and ECB are different modes for raising foreign capital."*
 - (ii) "Debt market in India comprises of two segments."*
 - (iii) "IDR and GDR have distinct features."*
 - (iv) "Investor Education and Protection Fund is set-up in the interest of investors."*
 - (v) "Public issue aims at selling and marketing of shares to public."*
- (3 marks each)*

(b) You are Company Secretary of Golden Securities Ltd. The Board of directors wants to make a rights issue of shares to its existing shareholders in the ratio of 2 shares for every single share held by a shareholder. Prepare a qualitative note highlighting the steps involved in the issue of rights shares.

(8 marks)

Answer 6(a)(i)

FCCB and ECB are two different modes for raising capital foreign sources

Foreign Currency Convertible Bonds (FCCBs) - means bonds issued in accordance with the FCCBs and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and subscribed by a non-resident in foreign currency and convertible into ordinary shares of the issuing company in any manner, either in whole or in part of the basis of any equity related warrants attached to debt instruments. External Commercial Borrowings are one of the modes for sourcing of funds for corporates. External Commercial Borrowings (ECB) include commercial bank loans, buyer's credit, suppliers credit, securitized instruments such as floating rate notes and fixed rate bonds. ECB can be accessed under two routes, viz., (i) Automatic Route and (ii) Approval Route.

Answer 6(a)(ii)

The debt market in India comprises mainly two segments viz. the government securities markets consisting of central government and state government securities, Zero coupon Bonds (ZCBs), floating rate Bonds (FRBs), T- Bills and the corporate

securities market consisting of FI Bonds, PSU Bonds, and Debentures/ Corporate bonds. Government securities form the major part of the market in terms of outstanding issues, market capitalization and trading value.

Answer 6(a)(iii)

IDR and GDR have distinct features. IDR means raising the capital from Indian market by foreign entity and GDR refers to raising of funds from abroad.

Indian Depository Receipt (IDR) - Indian Depository Receipt means any instrument in the form of a depository receipt created by Domestic Depository in India against the underlying equity shares of issuing company. Domestic Depository for the purpose means custodian of securities registered with SEBI and authorized by the issuing company to issue Indian Depository Receipts.

Global Depository Receipts (GDR) constitutes an important source of raising funds abroad. They are listed and traded in foreign stock exchanges. They do not carry any voting rights. GDRs offer an advantage that they enable the holders to convert into number of shares represented by it. Dividends on GDRs are paid in local currency.

Answer 6(a)(iv)

Investor Education and Protection Fund (IEPF) has been established under section 205C of the Companies Act, 1956 for promotion of Investors and protecting of interest of investors. The IEPF stipulates the activities related to investor education and protection for which the financial sanction can be provided under IEPF which include the following Activities:

- Educating programme through media
- Organization seminars and symposia
- Proposals for registration of voluntary Associations or Institution or other organizations engaged in Investor Education and Protection activities.
- Proposals for projects for Investors' Education and protection including research activities and proposals for financing such projects.
- Coordinating with institutions engaged in Investor education, awareness and protection activities.

Answer 6(a)(v)

Public issues of shares mean the selling or marketing of shares for subscription by the issue of prospectus to general public. Company shall also fulfill the criteria of having at least 1000 prospective allottees in its issue. For raising capital from the public by the issue of shares, a public company has to comply with the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956 including the rules made there under and the guidelines and instructions issued by the concerned Government authorities, the Stock Exchanges and the SEBI etc.

Answer 6(b)

December 31, 2011

Board of Directors

Golden Securities Limited

Sub : Right Issue of Shares

Rights issue as identified in the SEBI (ICDR) Regulations, 2009 is an issue of securities made by an issuer to its existing shareholder as on a particular date fixed by the issuer (i.e. record date). A listed company can not make any issue of security through a rights issue where the aggregate value of securities including premium exceeds Rs. 50 lacs. Unless it has filed a draft letter of offer with SEBI through a Merchant Banker at least 30 days prior to the filing of prospectus with the designated stock exchange.

The various steps involved for issue of rights share are enumerated below:

- (i) Check whether the rights issue is within the authorized share capital of the company. If not, steps should be taken to increase the authorized share capital.
- (ii) In case of a listed company, notify the stock exchange concerned about the date of Board Meeting at which the rights issue is proposed to be considered at least 2 days in advance of the meeting.
- (iii) Rights issue shall be kept open for at least 15 days and not more than 30 days.
- (iv) Convene the Board meeting and place before it the proposal for rights issue.
- (v) The Board should decide on the matters relating to Quantum of issue proportion of rights shares.
- (vi) Immediately after the Board Meeting notify the concerned Stock Exchanges about particulars of Board's decision.
- (vii) Forward 6 sets of letter of offer to concerned Stock Exchanges.
- (viii) Dispatch letters of offer to shareholders by registered post.
- (ix) Check that an advertisement giving date of completion of dispatch of letter of offer has been released in at least an English National Daily, one Hindi National Paper and a Regional Language Daily where registered office of the issuer company is situated.
- (x) Make arrangement with bankers and Self Certified Syndicate Banks for acceptance of share application forms.
- (xi) Prepare a scheme of allotment in consultation with Stock Exchange.
- (xii) Convene Board Meeting and make allotment of shares.
- (xiii) File return of allotment with Registrar of Companies within 30 days of allotment.

- (xiv) Make an application to the Stock Exchange(s) where the company's shares are listed for permission of listing of new shares.

Submitted please

Yours faithfully,

XYZ

Company Secretary

Question 7

- (a) What is 'debt security' ? Describe the different debt market participants. (5 marks)
- (b) Discuss the rules for preferential issue of shares by existing listed companies. (5 marks)
- (c) What are the functions and powers of an Ombudsman ? (5 marks)
- (d) Explain briefly the SEBI Regulations for book building. (5 marks)

Answer 7(a)

A tradable form of a loan/ debt is termed as Debt instrument/securities. It pertains to obligations of issuer with regards to certain future cash flows representing payment of interest and principal by the issuer to the holder (legal owner) of the instrument. There are various types of fixed income instruments, which cater to the needs of both investors and issues. These instruments can be classified on the basis of Interest, time duration etc.

Debt market Participants

Primary Dealer : Primary dealers are important intermediaries in the government securities market. There were 18 PD's operating in the market and they act as underwriters in the primary market and market makers in the secondary market.

Brokers : Brokers plays an important role in secondary debt market by bringing together counter parties and negotiating terms of the trade.

Investors: Banks, Insurance companies, Provident funds, Mutual funds, Trusts etc.

Answer 7(b)

- (1) A listed issuer may make a preferential issue of specified shares/securities, if:
- a special resolution has been passed by its shareholders;
 - all the equity shares, if any, held by the proposed allottees in the issuer are in dematerialized form;
 - the issuer is in compliance with the conditions for continuous listing of equity shares as specified in the listing agreement with the recognized stock exchange where the equity shares of the issuer are listed;
 - the issuer has obtained the Permanent Account Number of the proposed allottees.

- (2) The issuer shall not make preferential issue of specified securities to any person who has sold any equity shares of the issuer during the six months preceding the relevant date.
- (3) Any person belonging to promoter(s) or the promoter group has previously subscribed to warrants of an issuer but failed to exercise the warrants, the promoter(s) and promoter group shall be ineligible for issue of specified securities of such issuer on preferential basis for a period of one year from:
 - the date of expiry of the tenure of the warrants due to non-exercise of the option to convert; or
 - the date of cancellation of the warrants.

Answer 7(c)

The Ombudsman has the following powers and functions :

- (a) to receive complaints specified under SEBI (Ombudsman) Regulation against any intermediary or a listed company or both
- (b) to consider such complaints and facilitate resolution thereof by amicable settlement;
- (c) to approve a friendly or amicable settlement of the dispute between the parties;
- (d) to adjudicate such complaints in the event of failure of settlement thereof by friendly or amicable settlement.

The Ombudsman is required to draw up an annual budget for his office in consultation with the Board and shall incur expenditure within and in accordance with the provisions of the approved budget and submit an annual report to the SEBI within three months of the close of each financial year containing general review of activities of his office. The ombudsman is also under obligation to furnish from time to time such information to SEBI as may be required by SEBI.

Answer 7(d)

SEBI (ICDR) Regulations 2009 defines “Book Building”. It means process undertaken by which a demand for the securities proposed to be issued by a body corporate is elicited and built up and the price for the securities is assessed on the basis of the bids obtained for the quantum of securities offered for subscription by the issuer. This method provides an opportunity to the market to discover the price for securities. The regulations mainly provide for the following:

- Individual as well as qualified institutional; buyers shall place their bids only through the brokers 'brokers' who shall have the right to vet the bids. The applicant shall enclose the proof of DP ID and client ID along with the applications, while making bid.
- During the period the issue is open to the public for bidding, the applicants may approach the brokers of the stock exchange/s through which the securities are offered under on line system, to place an order for bidding to the securities.

- Every broker shall accept orders from all clients/investors who place orders through him. the investors shall have the right to revise their bids provided that Qualified Institutional Buyers shall not be allowed to withdraw their bids after the closure of the bidding
- There shall be a standard bidding form to ensure uniformity in bidding and accuracy.
- At the end of each day of the bidding period the demand shall be shown graphically on the terminals for information of the syndicate members as well as the investors. The identities of the qualified institutional; buyers making the bidding, would however not be made public.

Question 8

Write notes on any five of the following :

- (i) *Lock-in-period*
- (ii) *Subscription list*
- (iii) *ASBA*
- (iv) *Financial literacy-cum-counselling centre*
- (v) *Delisting of securities*
- (vi) *Fixed income products*
- (vii) *Roadshows in Euro issues.* *(4 marks each)*

Answer 8(i)

Lock in Period

A lock in period is a predetermined time phase during which the holders of securities are not allowed to sell those shares. The various provisions related to lock in period of securities are as under:-

- (i) The promoters contribution is subject to lock-in-period of 3 years from the date of commencement of commercial production or the date of allotment in the public issue whichever is later.
- (ii) Any contribution made by promoters over and above the minimum contribution shall be subject to a lock-in-period of 1 year in case of all the companies.
- (iii) In case of issue of securities by a listed company on a stock exchange for atleast 3 years and having a track record of dividend payment for atleast 3 immediately preceding years, promoters' contribution shall not be subject to lock-in-period.
- (iv) If the shares are held by promoters and lent to the stabilizing agent then such shares also should be exempted from lock-in-period in requirements from the date of such lending.
- (v) Shares under lock-in can be transferred amongst promoters inter se subject to compliance of SEBI (Substantial Acquisition of Shares and Takeovers).

Answer 8(ii)**Subscription List**

The SEBI (ICDR) regulations 2009 provide that a public issue shall be kept open for at least three working days but not more than ten working days including the days for which the issue is kept open in case of revision in price band. In case the price band in a public issue made through the book building process is revised, the bidding (issue) period disclosed in the red herring prospectus shall be extended for a minimum period of three working days provided that the total bidding period shall not exceed ten working days.

Answer 8(iii)**ASBA**

ASBA, Applications Supported by Block Amount is a process developed by SEBI for applying to IPO. In ASBA, an IPO applicant's account doesn't get debited until shares are allotted to him. ASBA is an application containing an authorization to block the application money in the bank account, for subscribing to an issue. If an investor is applying through ASBA, his application money shall be debited from the bank account only if his/her application is selected for allotment after the basis of allotment is finalized, or the issue is withdrawn / failed.

Answer 8(iv)**Financial literacy-cum-counseling centre**

RBI has set up financial literacy-cum-counseling centre for investor education in few districts on pilot basis to help individuals find realistic solutions to their problems and solution for repayments that are achievable. Centre provides financial education and credit counseling. Financial Literacy includes providing familiarity with an understanding of financial market products, their rewards as well as risks, to enable individuals to make informed choices and to take effective action to improve overall well-being and avoid distress in financial matters. Credit Counseling include educating the debtor about credit, budgeting financial management and imparting negotiating skill with creditors to work out a repayment plan.

Answer 8(v)**Delisting of Securities**

A company may delist its equity shares voluntarily from all or from the only recognized stock exchange where they are listed. However, all public shareholders holding equity shares of the class which are sought to be delisted are given an exit opportunity under SEBI (Delisting of Equity shares Regulations).

A recognized stock exchange may, by order, compulsorily delist any equity shares of a company on grounds prescribed in the rules made under Section 21 A of the Securities Contracts (Regulations) Act 1956. However, no order shall be made unless the company concerned has been given a reasonable opportunity of being heard.

Answer 8(vi)**Fixed Income Products**

Fixed Income Products are investments vehicles which provide for fixed income returns on investments. Fixed income products includes bank fixed deposits, corporate Fixed deposits, Public Provident funds, Kisan Vikas Patra, National savings certificates etc. A bank basically has three types of deposits, i.e. time deposit, savings deposits and current account. NBFCs also accepts various types of deposits.

Answer 8(vii)**Road shows in Euro Issues**

Road shows represent meetings of issuers, analysts and potential investors. Details about the company are presented in the road shows and such details usually include the following information about the company making the issue:

- History; organizational structure
 - Business lines
 - Position of the company in Indian and international market
 - Past performance of the company
 - Future plans of the company
 - Competition - domestic as well as foreign
 - Financial results and operating performance
 - Valuation of shares
 - Review of Indian stock market and economic situations
-