

Roll No.....

Time allowed : 3 hours

Maximum marks : 100

Total number of questions : 8
Total number of printed pages : 4

NOTE : Answer SIX questions including Question No.1 which is compulsory.

1. Write notes on any four of the following :
 - (i) Carrot and stick bond
 - (ii) Basket trading system
 - (iii) Employees stock option
 - (iv) Collective investment scheme
 - (v) Ombudsman in stock market
 - (vi) Exchange traded funds.

(5 marks each)
2. (a) "The financial markets have two major components — the money market and the capital market." Discuss.

(5 marks)

(b) How the proceeds of external commercial borrowings (ECB) can be utilised as per norms ?

(5 marks)

(c) Organise Infotech Ltd., an existing listed company, wants to make a bonus issue of shares. The Chief Executive Officer (CEO) of your company wants to know about pre-requisites for bonus issue. As the Company Secretary, prepare a note on the SEBI guidelines applicable in this regard.

(6 marks)
3. (a) Describe the objectives of constituting SEBI and

state the composition of the SEBI Board.

- (b) State the requirements for monitoring of ratings by a credit rating agency.
- (c) State the approvals required for issue of Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs).
- (d) "Quality of Corporate Governance is a function of certain factors." Explain.

(4 marks each)

4. (a) Distinguish between *any two* of the following :
- (i) 'Leverage funds' and 'hedge funds'.
 - (ii) 'Futures' and 'options'.
 - (iii) 'Income oriented schemes' and 'growth oriented schemes'.

(4 marks each)

- (b) Define the following authorities as per the Securities Appellate Tribunal (Procedure) Rules, 2000 :
- (i) Presiding officer
 - (ii) Registrar
 - (iii) Appellate tribunal
 - (iv) Adjudicating officer.

(1 mark each)

- (c) Expand *any four* of the following :
- (i) CBOE
 - (ii) ESPS
 - (iii) OMO
 - (iv) SMILE
 - (v) KYC
 - (vi) CARE.

(1 mark each)

5. (a) Asian Mutual Fund is a mutual fund registered with SEBI. Its asset management company (AMC) conducted business through associated brokers

in excess of limits prescribed under Regulation 25(7) of the SEBI (Mutual Fund) Regulations, 1996. SEBI initiated penal proceedings against the Asian Mutual Fund and its AMC for the contravention.

While responding to charges given in the show cause notice, Asian Mutual Fund and its AMC pleaded that there was no *mens rea* in the acts of the AMC and, hence, no penal action should be taken by SEBI. Adjudicating officer imposed a penalty of Rs.25 lakh under section 15E of the Securities and Exchange Board of India Act, 1992 for failure to comply with Regulation 25(7).

You are required to advise with the help of decided case law whether Asian Mutual Fund should file an appeal against the order passed by the adjudicating officer.

(8 marks)

- (b) "Derivatives are contracts, which derive their values from the value of one or more of other assets." Comment.

(4 marks)

- (c) State major functions of the 'central listing authority'.

(4 marks)

6. (a) What is 'bailout takeover' ? State the procedure for bailout takeover as set out in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

(4 marks)

- (b) How would you fix the price in preferential issue of shares in a listed company ?

(4 marks)

- (c) What do you understand by 'independent directors' in the context of corporate governance ?

(4 marks)

- (d) What do you mean by the following money market instruments ? Describe any two :

- (i) Certificates of deposits
- (ii) Inter-corporate deposits
- (iii) Gilt-edged securities.

(2 marks each)

7. (a) You are the Company Secretary of Golden Biotech Ltd. The Board of directors of the company is contemplating buy-back of securities of the company through purchase in open market at stock exchange. State the law and procedure for buy-back as laid down under the SEBI Regulations.

(8 marks)

- (b) Explain the term 'price sensitive information'. Which information is considered to be price sensitive ?

(4 marks)

- (c) When does a stock broker become liable for prosecution by SEBI ? Explain with relevant provisions in the Securities and Exchange Board of India Act, 1992 and the Regulations made thereunder.

(4 marks)

8. (a) What are the rights and responsibilities of the members of a company as per the SEBI's Investors Education Guide ?
- (b) What are the provisions in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 regarding minimum number of shares to be acquired under the takeover offer ?
- (c) State briefly the requirements for bidding process related to public issue of equity shares.
- (d) Outline the main legislations governing securities market in India.

(4 marks each)

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