

2015
2.4B : SECURITY LAW

1. Choose the correct option. 10×1=10
- (a) The responsibility for regulating the securities market is not shared by the—
- (i) SEBI
 - (ii) RBI
 - (iii) Stock Exchanges
 - (iv) Ministry of Corporate Affairs.
- (b) Stock brokers and sub-brokers are required to be registered with the—
- (i) SEBI
 - (ii) Stock Exchanges
 - (iii) Registrar of Companies
 - (iv) Both (i) & (ii).
- (c) Duration of future contract on NSE is—
- (i) One month
 - (ii) Two months
 - (iii) Three months
 - (iv) Six months.
- (d) The mechanism for employees to report to the management certain events like unethical behaviour, suspected fraud or violation of the company's code of conduct is known as—

- (i) Whistle blower policy
 - (ii) Surveillance action
 - (iii) Market abuse
 - (iv) Snap investigation.
- (e) Venture capital funds are regulated by—
- (i) RBI
 - (ii) SEBI
 - (iii) Stock Exchanges
 - (iv) Ministry of Corporate Affairs.
- (f) Before 1992, the authority which used to regulate and deal with the stock market was the—
- (i) RBI
 - (ii) Controller of Capital Issues
 - (iii) Registrar of Companies
 - (iv) SEBI.
- (g) A company cannot buy-back the securities from—
- (i) Free reserves
 - (ii) Securities Premium Account
 - (iii) Borrowed money
 - (iv) Proceeds of fresh issue.
- (h) The money market instrument which is issued in the form of a promissory note is called—

- (i) Commercial bill
 - (ii) Commercial paper
 - (iii) Treasury bill
 - (iv) Unit issued by a 'money market mutual fund'. (MMMMF)
- (i) Certificates of deposit are issued in the form of—
- (i) Bill of Exchange
 - (ii) Usance promissory notes
 - (iii) Usance bill of exchanges
 - (iv) Term deposit.
- (j) F.C.C.Bs are unsecured and carry interest at
- (i) Variable rate
 - (ii) Fixed rate
 - (iii) Floating rate
 - (iv) Not determined.

2. "Listing of securities with stock exchanges is a matter of great importance for companies and investors". Comment on this statement and list out the benefits of listing for the companies and investor. 12

Or

What is meant by Recognised Stock Exchanges? What are the various powers of the Central Government and SEBI relating to recognition and suspension of stock exchanges ? 2+10=12

3. "An essential requirement for the growth of an orderly securities market is the presence of strong and an efficient market regulator". Discuss in the context the role and function of SEBI as set out in the Securities and Exchange Board of India Act 1992. 12

Or

"SEBI protects the interest of the investors in the Security markets in India" How? 12

4. Distinguish between— 3×4=12
- (i) 'Depository and Custodian'
 - (ii) 'Dematerialisation and immobilisation'
 - (iii) 'Dematerialisation and re-materialisation'

Or

Give an overview of the rights and obligations of Depositories. Depository participants, issuers and beneficial owners. 12

5. Write short notes on the following— 4×3=12
- (i) Primary market & Secondary market
 - (ii) Mutual Funds
 - (iii) Buy-back of securities
 - (iv) Venture capital.

Or

What are the obligations of a capital market intermediary under the Prevention of Money Laundering Act, 2002. 12

6. What is the importance of issue of capital and resource mobilisation. 12

Or

What is India Depository Receipts (IDR)?
What are the eligibilities for issue of IDRs?

7. State with reasons in brief— 2×5=10

- (i) Sweat equity shares are allowed to employees of a company as gift for their performance.
 - (ii) 'Derivatives' are contracts which do not derive their value from any assets
 - (iii) 'Underwriter' means a person who engages in the business of selling of an issue of securities of a body corporate.
 - (iv) Hedge funds employ their funds for speculative trading.
 - (v) Every stock broker is required to appoint a compliance officer.
-