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Bengaluru

Mid Term Examinations - October 2026

Date: 08/10/2026 **Time:** 02:00 PM - 03:30 PM

Course Code: LAW4027 **Course Name:** Financial Market Regulation

Semester: Seventh Semester **Max. Marks:** 50 **Weightage:** 50%

CO - Levels	CO1	CO2
Marks	30	60

PART A: Answer Following Questions. 10 M

Q.N.	Questions	M	CO	BT
1	What is meant by the capital market?	2	CO1	BT2
2	Mention two major segments of the Indian capital market.	2	CO1	BT2
3	State one important function of SEBI in capital market regulation.	2	CO1	BT2
4	What are preference shares?	2	CO1	BT2
5	What is sweat equity?	2	CO1	BT2

PART B : Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
6	Describe the concept, scope and functions of the capital market. Explain how the Indian capital market facilitates mobilisation and allocation of capital.	10	CO1	BT2
7	Compare equity shares, preference shares and debentures. Explain the rights and obligations generally associated with each type of security.	10	CO1	BT2

PART C: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
8	A company intends to make a public issue of securities and subsequently obtain listing. Explain the principal stages of the issue and listing process and discuss the relevance of ICDR requirements.	10	CO2	BT4
9	A listed company wants to remove its securities from a recognised stock exchange. Explain the concept of de-listing and examine the major regulatory and investor protection considerations.	10	CO2	BT4

PART D: Answer Any 1 Following Questions. 10 M

Q.N.	Questions	M	CO	BT
10	Critically examine the regulatory framework for issue of various types of shares and debentures. Discuss the role of disclosure and compliance in protecting investors	10	CO2	BT5
11	A company plans to reward employees by issuing sweat equity and also wishes to introduce employee stock options and an employee stock purchase scheme. Analyse the legal purpose and regulatory treatment of these instruments.	10	CO2	BT5

PTO (Please Turn Over)

PART E: Answer Any 1 Following Questions. 10 M				
Q.N.	**Questions**	**M**	**CO**	**BT**
12	*Gamma Technologies Ltd.*, a listed company, plans to raise fresh capital from the public through a further issue of equity shares. The management proposes to proceed with the issue without making extensive disclosures, arguing that the company has already disclosed its financial information during its initial public offering. After a period of poor market performance, the promoters also propose to voluntarily delist the company's securities from the stock exchange. **Applying the principles governing issue, listing and delisting of securities, critically examine the legal and regulatory issues arising in the proposed transaction.** **Explain the importance of Issue of Capital and Disclosure Requirements (ICDR) and discuss why adequate disclosure is necessary at the stage of issuing and listing securities.** **Also analyse the principal considerations involved in the proposed delisting.**	10	CO2	BT4
13	*Delta Financial Services Ltd.* wants to retain its senior employees by introducing an Employee Stock Option Scheme (ESOP). The company also proposes an Employee Stock Purchase Scheme (ESPS) under which eligible employees can purchase the company's shares at a predetermined price. At the same time, the company plans to issue debentures to institutional investors to meet its long term funding requirements. **As a legal advisor, distinguish between ESOP and ESPS and analyse the regulatory considerations associated with both schemes.** **Explain the procedure and legal considerations for issuing debentures alongside employee based securities.** **Evaluate whether the proposed combination of employee securities and debentures is appropriate for the company's capital raising objectives.**	10	CO2	BT4