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**PRESIDENCY UNIVERSITY  
BENGALURU  
SCHOOL OF LAW  
MIDTERM EXAMINATION**

**Winter Semester:** 2021-22  
**Course Code:** LAW 305  
**Course Name:** Securities Law

**Date:** 14 May 2022  
**Time:** 01:30PM-03:00 PM  
**Max Marks:** 60

**Program & Sem:** All Programs & VIII Sem

**Weightage:** 30%

**Instructions:**

- (i) Read the Question properly and answer accordingly.
- (ii) Complete the test within the time given

**Part A [Memory Recall Questions]**

**Answer all the Questions. Each question carries TWO Mark**

**(10Qx2M=20M)**

1. Treasury Bills are considered low risk investments because: (CO1) [Knowledge]  
a) they are government-backed                      b) they cannot fall in value  
c) they have a short life-span                      d) the risk lies with the issuer
2. Who is the legal owner of the assets of a Mutual Fund? (CO1) [Knowledge]  
a) The depository                                      b) The Mutual Fund holders  
c) The Mutual Fund manager                      d) The trustee
3. What are generally Government issued interest bearing securities among the following: (CO1) [Knowledge]  
a) Equities    b) Bonds  
c) Options    d) Futures
4. Commercial Paper is: (CO1) [Knowledge]  
a) Short term debt issued at a discount to par and repaid at par on maturity  
b) Long term debt issued at a discount to par and repaid at par on maturity  
c) Short term debt issued at par and repaid at a predetermined level on maturity  
d) Long term debt issued at par and repaid at a predetermined level on maturity
5. \_\_\_\_\_ share carry voting rights to the shareholders. (CO1) [Knowledge]
6. \_\_\_\_ Debentures can be liquidated in to cash at the option of the shareholder. (CO1) [Knowledge]
7. Initial Public Offer can be issued in \_\_\_\_\_ market. (Primary/Secondary) (CO1) [Knowledge]
8. In the financial market finances are available for \_\_\_\_\_ term. (CO1) [Knowledge]
9. Investing in Corporate Bonds provide which of the following? (CO1) [Knowledge]  
a) Irregular income                                      b) Income Tax-free growth  
c) Risk-free saving                                      d) Inheritance tax protection
10. On the death of a shareholder of a company share can be inherited by: (CO1) [Knowledge]  
a) Transfer    b) Transmission  
c) By Registered sale deed                      d) By probate proceedings

**Part B [Thought Provoking Questions [SUBJECTIVE]**

**Answer all the Questions. Each question carries TEN marks.**

**(2Qx10M=20M)**

11. Financial System of an economy has both the financial and money market as parts of it. Discuss the difference between money market and financial market with example. Why financial markets are required despite the availability of money in the money market? Explain with reasons to support your answer. (CO2) [Comprehension]
12. 'Financial markets are incomplete without intermediaries'. Explain the statement by elaborating the role of intermediaries in the financial markets. (CO3) [Comprehension]

**Part C [Problem Solving Questions] [SUBJECTIVE]**

**Answer all the Questions. Each question carries TWENTY mark.**

**(1Qx20M=20M)**

13. Credit rating is an effective means for investor to judge a company. Describe the methods used by Credit Rating Agencies to rate a company. By using the statistical method rate the company ABC Limited. Below mentioned factors are to be considered for the overall rating of the company.

Net-worth -----200 Cr.;	Current ratio -----1:1.5
Turnover -----50 Cr;	Profitability -----10%
Business risk -----Medium;	Financial risk -----Low
Managerial Competence---Average	

Use the below criteria to assign an appropriate rating to the company.

- A++ ---Outstanding
- A+ -----Excellent
- A-----Very Good
- B++ ----Good
- B+ ----Above Average
- B-----Average
- C -----Poor
- D --- Very Poor

(CO4) [Application]

Roll No																				
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**PRESIDENCY UNIVERSITY  
BENGALURU**

**SCHOOL OF LAW**

**END TERM EXAMINATION**

**Winter Semester:** 2021 - 22

**Course Code:** LAW 305

**Course Name:** Securities Law

**Program & Semester:** BBA / BCOM / BA – VIII Semester

**Date:** 4<sup>th</sup> July 2022

**Time:** 01:00 PM to 04:00 PM

**Max Marks:** 80

**Weightage:** 50 %

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**Instructions:**

(i) Read all the questions carefully and answer accordingly.

(ii) All Questions are **COMPULSORY**

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**Part A [Memory Recall Questions]**

**Answer all the Questions. Each question carries TWO marks each.**

**(10Qx 2M= 20M)**

1. Securities are defined under 2(h) of SCRA, 1956 as:

- a) Shares, scrips, stocks, bonds, debentures, debenture stocks etc.
- b) incorporated company or another body corporate, Derivatives;
- c) Units issued by any Collective Investment Scheme to the investors in such scheme.
- d) All of the above

(C.O.No.1) [Knowledge]

2. The party of the institution receiving a deposit or where the property is lodged in trust is known as:

- a) Bank
- b) NBFC
- c) Trust
- d) Depository

(C.O.No.1)

[Knowledge]

3. Who are the interested parties to the Depositories?

- a) Depository
- b) Registered Owner
- c) Depository Participant
- d) Beneficial Owner

e) All of the above

(C.O.No.1)

[Knowledge]

4. Right of Appeal to Supreme Court is given under which of the section(s) of SEBI, 1992?

- a) 15H
- b) 15K
- c) 15Z
- d) 15U

(C.O.No.1)

[Knowledge]

5. The Chairman of Securities and Exchange Board of India is appointed by the

- a) Ministry of Finance
- b) Reserve Bank of India (RBI)
- c) CG
- d) None of the above

(C.O.No.1) [Knowledge]

6. The headquarters of the Securities and Exchange Board of India are in \_\_\_\_\_.

- a) Mumbai
- b) New Delhi
- c) Kolkata
- d) Chennai

(C.O.No.1) [Knowledge]

7. Who is the Current Chairman of the Securities and Exchange Board of India?

- a) C B Bhave
- b) Ajay Tyagi
- c) Madhabi Puri Buch
- d) None of the above

(C.O.No.1)

[Knowledge]

8. The total number of board members in the Securities and Exchange Board of India is

- a) SEVEN
- b) TEN
- c) NINE
- d) FIVE

(C.O.No.1)

[Knowledge]

9. Which of the following statements about the Securities and Exchange Board of India is correct?

- a) One of the objectives of setting up SEBI was to protect the interests of investors.
- b) SEBI was established under the Securities (Contract and Regulation) Act, 1956.
- c) SEBI was formed from among the Directors of stock exchanges in India.
- d) SEBI issued various rules and regulations to help bring monetary gains for investors.

(C.O.No.1) [Knowledge]

10. Which of the following is a function of the Securities and Exchange Board of India?

- a) Promote fair practices and prohibit fraudulent activities related to securities trading.

- b) Check price rigging of securities.
  - c) Prohibit insider trading by barring companies from buying their shares in the secondary market.
  - d) All of the above.
- (C.O.No.1) [Knowledge]

### **Part B [Thought Provoking Question]**

**Answer all the Questions. Each question carries FIVE marks each.  
(6Qx5M=30M)**

11. "SEBI was established to protect the interests of investors and to promote the development of, and to regulate, the securities market."  
In the light of the preamble of SEBI, 1992, highlight the relevance of SEBI as a regulatory body in securities market in India by discussing relevant provisions the act.  
(C.O.No.1)

[Comprehension]

12. Stock market broadly refers to the collection of exchanges and other venues where the buying, selling, and issuance of shares of publicly held companies take place. In India, enormous powers are given to the stock exchanges to facilitate the issuance, buying and selling of the shares in securities market. Hence, the procedure of recognition of stock exchanges is stringent as per SCRA, 1956.  
Discuss the procedure for the recognition of stock exchanges in India. Also, mention the grounds for the withdrawal of recognition of stock exchanges according to SCRA, 1956.

(C.O.No.2) [Comprehension]

13. IPOs & FPOs are the primary concerns of the issuers in the securities market and the goal of the companies that enter into the capital markets is to raise money for long-term. As the capital market is by nature riskier than the money market and has greater potential gains and losses, there is a demarcation of primary and secondary market to simplify the process. Highlight the definition of primary and secondary market  
(C.O.No.3) [Comprehension]

14. Elaborate the role of Central government & SEBI under SCRA, 1956 in securities market.

(C.O.No.2)

[Comprehension]

15. Write notes on the followings:

- a) The composition of SEBI
- b) Penalties by SEBI to issuer, DPs, Depositories, Stock Exchanges and Investors.

(C.O.No.2)

[Comprehension]

16. Surrender of certificate is the pre-requisite to avail the services of Depositories in India. Depositories Act, 1996, lays down several provisions to govern the

intermediaries between issuer and the investor to assure the smooth functioning of E-Movement of shares. **Discuss.**

(C.O.No.2)

[Comprehension]

### Part C [Problem Solving Question]

**Answer both the Questions. Each question carries FIFTEEN marks each.  
(2Qx15M=30M)**

17. **Kamara Co. Ltd.** is a public company registered under Companies Act, 2013, on 3.07.2021. It wanted to issue IPO. In pursuance to section 40 of CA, 2013 and SCRA, 1956, **Kamara** listed its shares on BSE. Under the Listing agreement, **Kamara** was under the liability to provide quarterly reports of the management of the shares. It failed consecutively for six months to provide the Minutes.

Decide the liability of **Kamara** and the power of BSE under SCRA, 1956, in the present case.

(C.O. No. 4)

[Application]

18. When the opportunity is given to the existing shareholders to subscribe to the shares at a discounted price within a specified time period, where there is an issue of shares by the Company to its existing shareholders free of cost and when there are classes of investors who are prioritized before public issue, these allotments are not the concerns of SCRA, 1956 or Depositories Act, 1996. **Comment.**

(C.O. No. 4) [Application]