

Name:	
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, May, 2019

Course: Laws on Securities & Financial Markets
Programme: LL.M. Business Law 2018
Time: 03 hrs.

CC:CLCL7003
Semester: II
Max. Marks: 100

SECTION A

S. No.		Marks	
Q	Statement of question – Define the following in one sentence:		
1.	ABS	2	CO1
2.	Demutualization of the stock exchange.	2	CO1
3.	Employee Stock Purchase Scheme	2	CO1
4.	Debt Warrants	2	CO1
5.	Debt for Equity Swap	2	CO1, CO2

SECTION B

Q	Statement of question – Short Answer type questions		
6.	“Financial instruments that are used for raising capital resources are affected by the preference factors for choosing and it is different for issuers and for investor.” Explain briefly and also classify the instruments.	5	CO1, CO3
7.	“The rating methodology for non-banking financial services companies and rating of manufacturing companies are based on different model and factors.” Explain	5	CO1,C O3
8.	Explain the role of securities market in economic growth.	5	CO1

9.	“Right issue as identified in the SEBI Regulations is an issue of capital under Section 62 of the Companies Act, 2013 to be offered to the existing shareholders of the company through a letter of offer”. Enumerate the steps involved in issue and listing of rights shares.	5.	CO2
SECTION-C			
Q	Statement of question – answer any two		
10.	SEBI has been established with objective of protecting the interest of investors and to promote the development of and to regulate the securities market (SEBI Act, 1992)”. Discuss its composition and initiatives taken by SEBI for development and regulation of securities market.	10	CO2
11.	SEBI in exercise of the powers conferred by Section 31 read with Section 21A of the Securities Contracts (Regulation) Act, 1956, Section 30, Sub-section (1) of Section 11 and Sub-section (2) of Section 11A of SEBI Act, 1992 made the SEBI (Delisting of Equity Shares) Regulations 2009. Explain the framework and complete process of delisting as per regulations.	10	CO1, CO2
12.	What do you mean by Securities Appellate Tribunal (SAT) ? What is its composition ? As a Company Secretary, advise the aggrieved party about the appeal procedure and powers of SAT.	10	CO2
SECTION-D			
Q	Statement of question		
13.	ABC & Co. Ltd. Is one of the largest bank in India who conferres cheaper credit to his corporate clients for investing in the securities market. In the last 15 years the company has achieved an exemplary CAGR of 12% and has given an extra ordinary annual return of 30% to its shareholders. Now the company has a plan to grab more market shares in the corporate banking and hence it started negotiating the XYZ Co. Ltd to acquire its business. For this purpose the company hired a law firm. The agreement letter between the company and law firm had provided that all the printing work containing privileged information with regard to the company, shall be printed with “Fake Printing Co.” which had a contract with ABC & Co. Ltd to code and print confidential documents. When the confidential draft letter of takeover was being printed, one of the employees of the printing press, Mr. Jack, was able to decode the name of the acquiring and take over companies and on the basis of the confidential	20	CO3, CO2, CO1

	<p>information he made an exemplary profit by selling the securities of the company in the market when the news of takeover spread in the market.</p> <p style="text-align: center;">On the basis of the above facts, decide –</p> <p>A. Frame the issues separately and decide the liabilities of the party/parties involved in such insider trading.</p> <p>B. What do you understand with the fiduciary principle? Enunciate the rights and liabilities of the party/parties taking into the consideration of the common law principle relating to the insider trading on the basis of fiduciary liability.</p>		
14.	<p>Critically examine any two of the following comments and explain the laws relating to it: (a) An open offer for acquiring shares in the target company once made cannot be withdrawn. (b) ETFs are a rapidly growing class of financial products. (c) A listed entity shall not be allowed to change its name more than once.</p>	10 Marks	CO1
15.	<p>XYZ Ltd. made a public issue of equity shares in September, 2014 and sought listing of BSE and NSE. Soon, thereafter, the promoters of the company started contemplating a change in the objects clause mentioned in the prospectus. To give effect to the same the company convened an extra-ordinary general meeting of shareholders in November 2017. Though the resolution was passed by the company there were nevertheless, the dissenting shareholders too. The promoters decide to provide an exit opportunity to the dissenting shareholders. In the light of the above, answer the following questions - Is this act of the promoters justified?</p>	20 Marks	CO1

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SECTION A

S. No.		Marks	CO
Q	Statement of question – Define the following in one sentence:		
1.	MBS	2	CO1
2.	Option Contract	2	CO1
3.	Futures	2	CO1
4.	Hedge Funds	2	CO1
5.	Debentures stock.	2	CO1

SECTION B

Q	Statement of question – Write notes on any four of the following :		
6.	Share warrants	5	CO1
7.	GDRs	5	CO3, CO1
8.	Employee stock options	5	CO1, CO2
9.	Indian depository receipts	5	CO1, CO3
10.	Futures and options.	5	CO1

SECTION-C

Q	Statement of question – answer any two		
11.	What are the various tools used by a recognized stock exchange to detect potential market abuses at a nascent stage in order to promote market integrity. In the light of this statement define the term market abuse. Also, explain the various surveillance actions initiated by the department to control market abuse.	10	CO3, CO2, CO1
12.	“The judgement is qualitative in nature and the role of the quantitative analysis is to help make the best possible overall qualitative judgement or opinion. The reliability of the rating depends on the validity of the criteria and the quality of analysis.” Discuss the statement in context of SEBI (Credit Rating Agencies) Regulations, 1999.	10	CO3
13.	Why were the old clauses 40 A and 40 B not effective to serve the as the takeover code?	10	CO1

SECTION-D

Q	Statement of question		
14.	Mr. Kala was working as senior manager in the top investment banking group Investors Hell Co. Ltd. Being an investment banker, he had dealt with highly confidential information of the company. Recently the company had started negotiation of the upcoming mergers and acquisitions which also involved certain Bank’s clients. Mr. Kala started discussing about the business of the company to get some help from his brother (Mr. Lal) who had obtained a management degree in Banking & Finance from a top business school of United States. His brother gave important advices to Mr. Kala which helped him to work out on the upcoming mergers and acquisitions. Mr. Lal discussed the news about the upcoming mergers and acquisitions to his wife Ms. Nilee who advised her husband to trade in securities. But	20	CO3, CO2

	<p>Mr. Lal refused as he was afraid of the market risk. But Nilee traded in the securities and made handsome money in the stock market as the price of the company's securities increased when the news came in the market about the company's plan of merger & acquisition. Mr. Kala had no knowledge about the securities trade done by Ms. Nilee.</p> <p>On the basis of the above facts –</p> <p>A. Frame the issues separately and decide the liabilities of the party/parties involved in such insider trading.</p> <p>B. Assuming, if the same case had occurred in United States, would the legal rights & liabilities were different under USA Laws? Answer your question distinguishing the Indian and USA legal position with regard to Insider Trading.</p>		
15.	<p>ABC Limited has 1 crore equity shares of Rs. 10. Each, of which promoters hold 63 Lakh shares, financial intuitions hold 20 Lakh shares and the public has 17 lakh shares. Now, if the company makes a buy back of 16 Lakh shares, in which the promoters do not tender their shares, the residual holding will be such that the promoters have 63 Lakh shares and FIs and public put together have 21 Lakh shares. Decide whether the buyback of the share is in tandem with the SEBI guidelines.</p>	10	CO1
16.	<p>Critically examine while explaining the Law relating to the following (any three): (a) In depositories establishment of connectivity with NSDL and CDSL is there. (b) Delisting is not permissible under certain circumstances. (c) Promoter's contribution to be brought in before public issue opens. (d) Schedule A of Insider Trading Regulations lays down the principles and procedures of fair disclosure.</p>	5x3 = 15	CO2, CO3

17.	XYZ Ltd., a listed company is confused about the composition of Board of directors, seeks your advice regarding the composition of Board of directors as per clause 49(II)(A) of the Listing Agreement. As a Company Secretary of Nikhil Ltd., offer your suggestions by highlighting the clause.	5	CO1, CO3
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