

HONS. 08/07/19

B.A. LL.B., (Hons.) DEGREE EIGHTH SEMESTER EXAMINATIONS, MAY 2019

SECURITIES LAW

Time: 3 Hours

Maximum Marks: 50

Instructions to the candidates: Part A and Part B is compulsory.

PART A

Answer any four from the following. Each question carries 5 Marks. $4 \times 5 = 20$

1. Write a brief note on the history of establishment of SEBI. What are the broad objectives of SEBI?
2. Describe the applicability of Howey's Test in securities law.
3. Write a note on Derivatives as a security. Explain any two types of derivatives.
4. Write a brief note on Collective Investment Schemes.
5. "Depository system is a boon both to capital market and investors". Comment on the statement.
6. Write a brief overview of SEBI(Issue of Capital and Disclosure Requirements) Regulations, 2018.
7. Write on the importance of role played by Merchant Bankers in public issue of securities.

PART B

Answer any three from the following. Each question carries 10 Marks. $3 \times 10 = 30$

1. What do you mean by a Financial System? What are its concomitants? Analyse the contribution of the Indian capital market to the development of an organised Financial System in the country.

2. Describe in detail the regulation concerning Stock Exchanges in India. What were the milestones that paved way for setting up organised Stock Exchanges in India?
3. "Improved disclosures in the rating methodologies and the performance of rating models and avoiding conflict of interest situations further investor protection". Analyse the statement in the context of SEBI's regulation concerning Credit Rating Agencies.
4. Progress World, a Public Limited Company based in Chennai resolved through a special resolution to raise funds through unsecured OFCDs by way of private placement to friends, associates, group companies, workers/employees and other individuals associated/affiliated or connected in any manner with the Company without giving any advertisement to general public. The Board of Directors, consequently, held a meeting and resolved to issue unsecured OFCDs by way of private placement, the details of which were mentioned in the Red Herring Prospectus filed with the Registrar of Companies. It was specifically indicated in the RHP that Company did not intend to get their securities listed on any recognized stock exchange. The Company floated the issue of the OFCDs as an open ended scheme and collected a total of Twenty Thousand Crores from Three crore investors. SEBI came to know of the large scale collection of money from the public by Progress World Company. After calling for information and satisfied itself as to the correctness of facts taken place, SEBI issued a notice expressing its concern that issue of OFCDs to public was illegal, and imperiled the interest of investors. The Company was also called upon to show cause why action should not be initiated against them including issuance of direction to refund the money solicited and mobilized through the issue. Decide.