

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: Securities Law  
Semester-II (Batch: 2018-19)

LL.M. End Semester Examination: May-2019

Date: 4<sup>th</sup> May, 2019

Duration: 3 hours

Max. Marks: 70

**Instructions:**

- Read the questions properly and write the answers in the given answer book.
- The respective marks for each question are indicated in-line.
- Do not write anything on the question paper.
- Indicate correct question numbers in front of the answers.
- No questions or clarifications can be sought during the exam period, answer as it is, giving reason, if any.

Attempt any seven questions:

Marks

- Q.1 The definition of securities ensures that only transactions in such securities which fall within the definition are regulated by the specialized set of laws governing them and all other instruments are excluded from the purview of securities regulation. (10)
- In the light of the above statement, explain how 'securities' is defined in different legislations governing transactions of securities in India. Examine how the courts have determined its legal scope by interpreting definition of 'securities' in various judicial decisions.
- Q.2 'Have you, as an investor, ever been tempted by easy instalment schemes to buy plots of land or by the prospect of high returns from growing teak or tending to apple orchards? If yes, you should be warned of the risks involved... Money doesn't grow on trees. If someone tells you it does, he's running a CIS.' (10)
- In view of the above-stated statement, discuss the regulatory framework for CIS in the Indian context. Further, analyse the judicial approach in this regard.
- Q.3 'Sahara dispute is now almost a decade old. Its end is nowhere in sight. All the stakeholders involved (SEBI, Sahara, Supreme Court) have suffered in one way or the other. There is not a single entity that has emerged victorious. And the cause of investor protection has suffered the most.' (10)
- How far do you agree with the above-mentioned statement? Justify your agreement or otherwise through relevant statutory provisions and judicial decisions.
- Q.4 Frauds can be committed in newer ways and Securities and Exchange Board of India (SEBI), like any other regulator of securities market, has to be always alert to the fullest possible extent. Besides SEBI, judicial interpretation too has played vital role in the cause of protection of investors. Indications are that judiciary is conscious of its expected role. (10)
- Analyse the above-mentioned observation in the light of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003.



- Q.5 (a) Discuss (in brief) the circumstances under which an open offer, once made, may be withdrawn under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. (05)
- (b) Discuss (in brief) the following terms in accordance with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018: (2x2.5=05)
- (i) Preferential Issue
  - (ii) Lock-in
- Q.6 'We are of the considered opinion that if an insider trades or deals in securities of a listed company, it would be presumed that he traded on the basis of the unpublished price sensitive information in his possession unless he establishes to the contrary. Facts necessary to establish the contrary being especially within the knowledge of the insider, the burden of proving those facts is upon him. The presumption that arises is rebuttable and the onus would be on the insider to show that he did not trade on the basis of the unpublished price sensitive information and that he traded on some other basis. He shall have to furnish some reasonable or plausible explanation of the basis on which he traded. If he can do that, the onus shall stand discharged or else the charge shall stand established.'
- In the light of the above statement, explain what constitutes Insider Trading. Amplify the defenses available for the insiders. Substantiate your answer with the help of leading case laws and relevant provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. (10)
- Q.7 Explain in detail the regulatory powers of SEBI over recognised stock exchanges in India. Substantiate your answer with the help of provisions of the applicable law and judicial decisions. (10)
- Q.8 (a) Explain in detail the reasons, procedure and consequences of compulsory delisting. (5+5=10)
- (b) Discuss in detail the initial and continual disclosure requirement under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

\*\*\*\*