

**GUJARAT NATIONAL LAW UNIVERSITY  
GANDHINAGAR**

Course: **NEL-III: Securities Law**  
Semester-II (Batch: 2012-14)

**End Term LL.M. Examination: April-May 2013**

**Date: 2<sup>nd</sup> May, 2013**

**Duration: 3 hours**

**Max. Marks: 60**

**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 any thing 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.
- Only signed copy of Bare Act & Regulations is allowed.

**PART-A  
(Compulsory)**

**Marks  
(10x1=10)**

- Q.1 Write short answer in 3-5 lines on any ten of the following:
- (a) Who is a sub broker?
  - (b) Am I required to sign any agreement with the broker or sub-broker?
  - (c) What is MAPIN?
  - (d) What documents should be obtained from broker on execution of trade?
  - (e) What are the charges that can be levied on the investor by a stock broker?
  - (f) What is a Rolling Settlement?
  - (g) What is Margin Trading Facility?
  - (h) What are Short Selling and Securities Lending & Borrowing?
  - (i) What is meant by corporatization of stock exchanges?
  - (j) What is ASBA?
  - (k) What is meant by delisting of securities?
  - (l) Does a company listed at BSE/NSE have to provide exit offer to shareholders in case it delists from stock exchanges other than BSE and NSE?
  - (m) Can a company buyback its shares without passing shareholders' resolution?

**PART-B**

**Answer any five of the following:**

**(5x10=50)**

- Q.2 "Whether or not Rajat Gupta, accused of insider trading in the United States, derived any financial benefit from doing so is a matter that will need to be proved at his trial in the US. But the key point here is that Gupta is being brought to trial. This has significant implications for Indian regulatory approaches to insider trading. India also prohibits trading on inside information. There are strong laws and penalties for breach. Anyone convicted of insider trading can be asked to transfer proceeds equivalent to the cost price or market price of securities, whichever is higher. In India, the system of capturing the insider trader is mainly limited only to the big firms. Thus, if any cases related to insider trading are found in larger companies, they are handled properly but the cases which take place in small companies go unnoticed."

While commenting on the above mentioned statements define insider trading in India



with reference to relevant case laws & examine the statement on the parameters of the SEBI Insider Trading Regulation.

- Q.3 What is the difference between voluntary delisting and compulsory delisting?
- Q.4 An external commercial borrowing (ECB) is an instrument used in India to facilitate the access to foreign money by the Indian corporations and public sector undertakings (PSUs). For what purpose can ECB be raised by a company? Who are different types of recognized lenders & buyers for ECB in India?
- Q.5 What is IDR (Indian Depository Receipt)? Whether these receipts can be listed in India and traded in rupees? How are they different from ADR & GDR?
- Q.6 Asian Mutual Fund is a mutual fund registered with the SEBI. Its asset management company (AMC) conducted business through associated brokers in excess of limits prescribed under Regulation 25(7) of the SEBI (Mutual Fund) Regulations, 1996. The SEBI initiated penal proceedings against the Asian Mutual Fund and its AMC for the contravention.
- While responding to charges given in the show cause notice, Asian Mutual Fund and its AMC pleaded that there was no mens rea in the acts of the AMC and, hence, no penal action should be taken by the SEBI. Adjudicating Officer imposed a penalty of Rs.25 lakh under section 15E of the Securities and Exchange Board of India Act, 1992 for failure to comply with Regulation 25(7). You are required to advise with the help of decided case law whether the Asian Mutual Fund should file an appeal against the order passed by the adjudicating officer.
- Q.7 Give your legal advice in following:
- You are the Legal Advisor of Goldman Biotech Ltd. The Board of Directors of the company is contemplating buy-back of securities of the company through purchase in open market at stock exchange. State the law and procedure for buy-back as laid down under the SEBI Regulations.
  - A company wants to file a case against its company secretary for exchange of certain information relating to Board Meetings while its IPO was in Market. Explain the term 'price sensitive information'. Which information is considered to be price sensitive for filing of charges against him?
  - India Bulls appoints you as its Legal Advisor & seeks information on when a stock broker can become liable for prosecution by the SEBI. Explain with relevant provisions in the Securities and Exchange Board of India Act, 1992 and the Regulations made there under the SEBI regulations.

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