IV SEMESTER M.COM EXAMINATIONS APRIL 2018		
FINANCIAL MARKETS		
Duration: 2.5 Hours		**Max. Marks: 70**
SECTION - A		
I)	**Answer any EIGHT of the following questions. (8x2=16)**	
	1.	What is Securities Market?
	2.	What is Public Issue Management?
	3.	Name the Money Market Instrument.
	4.	What do you mean by Underwriting?
	5.	Who is an Issue Manager?
	6.	What is Screen Based Trading?
	7.	What is Listing of Securities?
	8.	How is ADR different from GDR?
	9.	List out 4 Indian Companies which are listed in NSE.
	10.	What do you mean by Speculator?
	11.	Who is a merchant banker?
	12.	Expand: OTCEI, NYSE, NASDAQ, GFSE.
SECTION - B		
II)	**Answer any THREE of the following questions. (3x8=24)**	
	13.	Explain the role of Merchant Bankers in IPO's.
	14.	Explain the functions of OTCEI.
	15.	Briefly explain the process of IPO.
	16.	Explain the guidelines of SEBI in regulating stock exchange.
	17.	Write a note on International Financial Environment.
SECTION - C		
III)	**Answer any ONE of the following questions. (1x15=15)**	
	18.	Discuss the Money Market System and recent trends in Money market in India.
	19.	Briefly explain the GDR's and ADR's guidelines for raising funds in International Markets through instruments.
	20.	What is an Insider Trading? Who is an insider? How does SEBI deal with such practices?
SECTION – D		
IV)	**Analyze the case and answer the questions. (1x15=15)**	
	21.	SEBI's investigation started when it received a complaint from Tata Finance Limited (TFL) alleging various irregularities and violations committees by DIlip Pendse, former Managing Director of TFL., relating to disclosure of the letter of offer of March 2001 for its rights issue of convertible preference shares. Accordingly, SEBI had ordered an investigation into the allegation of insider trading and violations of fraudulent and unfair practices.

A preliminary inquiry by an independent chartered accountant (AF Ferguson) has revealed several operational lapses and irregularities committed by earlier management team. SEBI also probed the alleged circular trading based on an inspection of the books of the finance company. The probe was initially instituted after the regulator came across a reference to circular trading in the report prepared by charted accountancy firm on irregularities in Tata Finance.

SEBI had found Dilip Pendse guilty of violating the SEBI (insider trading) Regulations, 1992, by using unpublished, price sensitive information. Pendse communicated information to his wife Anuradha Pendse and an acquaintance. Anjali Beke, which was not in ordinary course of business.

Anuradha Pendse, Beke, and their companies- Nalini Properties Pvt Ltd and Anjudi Properties Pvt Ltd- are alleged to have sold 290000 Tata Finance shares based on this information.

SEBI also found brokers Jhunjuwala (JSBL) and Malini Sanghvi (MSSPL) guilty along with Anuradha Pendse, Anjali Beke, and few others. They were found to have violated the provisions of regulations 6(d) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 1995.

Brokers Jhunjanwala and Malini Sanghvi gave anti-dated contracts it Form B to the sellers the brokers, in turn issue the contracts to the ultimate buyers. India Emerging and Sarjan Securities SEBI found the back- dating and falsification of contract notes, bills, and books of accounts was done with a view to create an illusion that the transaction had taken place only during September 2000 even though the transaction had actually taken place in March 2001. By doing so, Jhunjhuwala, Malini Sanghvi, Anuradha Pendse, Nalini Properties, Anjudi Properties, Anjali Beke, India Emerging and Sarjan Securities have violated the provisions of SEBI's Fraudulent and Unfair Trade Practices regulations.

Other than SEBI, the Reserve Bank of India had also undertaken a routine inspection of TFL's accounts. The Department of Company Affairs had also consulted the Reserve Bank of India and other regulators in connection with financial irregularities involving TFL and the Ferguson report.

SEBI has, in December 2003, prohibited Dilip Pendse from dealing in securities and associating with the market for 6 months on the establishment of insider trading charges.

This insider trading investigation is not linked to the main dispute, viz.Tata's allegation that Pendse siphoned off over Rs.430 crores through fraudulent transaction when he was the managing director of TFL.

The Tata group, investigating into the mismanagement of funds at TFL, suspected criminal breach of trust, falsification of accounts and cheating against those involved. Tata Finance terminated the services of five senior executives of the company based on these allegations. They were involved in ''unauthorised financial transactions'' along with the former managing director, Dilip Pendse. These transactions include diversion of funds to Tata Finance's subsidiary,Niskalp Investment and Trading

		Co.Ltd., and others associate companies. Niskalp and the associate companies were found to have deployed a substantial part of these founds in trading/speculative activities in certain specific scrips in the stock market. These activities have also led to sizable losses in Niskalp and the associate companies. Questions 1. What issues relate to insider trading in the case? 2. How can regulators curb such insider trading activities even before receiving an indication from the company? 3. What are the implications of the case proceedings for investor protection?