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NEW QUESTION: 1
In the context of stock brokers providing mutual fund services, what specific compliance obligation is imposed by Regulation 4(g) of the SEBI (Investment Advisers) Regulations, 2013?
A. Stock brokers must maintain a minimum net worth of Rs. 1 Crore to offer investment advice.
B. Stock brokers must ensure client level segregation of advisory and distribution activities at the entity and group level.
C. Stock brokers are prohibited from charging any commission on mutual fund distribution if they are registered as InvestmentAdvisers.
D. Stock brokers must obtain a separate license from AMFI for providing advisory services.
E. Stock brokers must route all mutual fund advisory transactions through a separate subsidiary company.
Answer: B (LEAVE A REPLY)
Regulation 4(g) of SEBI (Investment Advisers) Regulations, 2013 requires stock brokers to comply with general obligations... which, inter-alia, provide that client level segregation of advisory and distribution activities needs to be ensured at the entity and group level.

NEW QUESTION: 2
In the context of Settlement Dues, the clearing agency pays moneys payable to clearing members and custodians for every settlement. What is the specific basis for determining these payable amounts?
A. Information provided by the Exchange or Clearing Agency
B. The daily margin statement generated by the Clearing Member
C. The contract notes issued by the broker to the client
D. The bank statement of the Clearing Bank
E. The net worth certificate submitted by the member
Answer: (SHOW ANSWER)
The text mentions: 'In turn, the clearing agency shall pay to the clearing members and custodians moneys payable to them for every settlement for their transactions / positions. This is based on the information provided by the Exchange or Clearing Agency.'

NEW QUESTION: 3
A transferee (buyer) in the depository system wishes to receive securities into their demat account. What is the operational requirement regarding 'Standing Instructions' (SI) for this process?

A. Standing Instructions are mandatory for all accounts; without them, the account remains inactive.
B. If 'Standing Instructions' are not given, the transferee must give separate Receipt Instructions each time to the DP to receive securities.
C. Standing Instructions allow the DP to debit the account without a Delivery Instruction Slip (DIS).
D. Standing Instructions are valid only for off-market transfers and not for market trades.
E. The SI functionality has been replaced entirely by the Demat Debit and Pledge Instruction (DDPI).
Answer: B (LEAVE A REPLY)
The transferee has to submit Receipt Instruction to receive securities into his account. However, for the convenience of investor, transferee can give 'Standing Instructions' (SI) to its DP for receiving in securities. If OSI' is not given, then the transferee has to give separate instructions each time for receiving the securities.

NEW QUESTION: 4
As per the SEBI International Financial Services Centres (IFSC) guidelines, 2015, which of the following types of securities and products are permitted for dealing on the stock exchanges operating in the IFSC? (Select all that apply)
A. Equity shares of a company incorporated outside India
B. Currency and interest rate derivatives
C. REITs and InviTs
D. Depository receipts
E. Debt securities issued by eligible issuers
Answer: A,B,C,D,E (LEAVE A REPLY)
As per the SEBI International Financial Services Centres (IFSC) guidelines, 2015, the stock exchanges operating in IFSC are permitted to deal in all the listed options: Equity shares of a company incorporated outside India, Depository receipt(s), Debt securities issued by eligible issuers, Currency and interest rate derivatives, Index based derivatives, Commodity derivatives, and REITs and InvITs.

NEW QUESTION: 5
Regarding the netting of settlement obligations for a member trading in both T+1 and T+0 cycles, which of the following statements is operationally correct?
A. Obligations are netted across both cycles to reduce liquidity stress.
B. Netting is permitted only for funds, while securities obligations are kept separate.
C. There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycles.
D. Netting is allowed only if the member opts for the 'Unified Settlement' facility provided by the Clearing Corporation.
E. Securities delivered in T+0 pay-out can be immediately netted against T+1 pay-in obligations for the same day.
Answer: C (LEAVE A REPLY)
The operational guidelines for the T+0 rolling settlement cycle explicitly state: 'There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycle.'

NEW QUESTION: 6
The interoperability framework among Clearing Corporations (CCs) allows Clearing Members to select the CC of their choice. Which of the following products or schemes is explicitly excluded from this interoperability framework?
A. Equity Cash Segment
B. Equity Derivatives
C. Securities Lending and Borrowing Scheme (SLB)
D. Interest Rate Derivatives
E. Currency Derivatives

Answer: C (LEAVE A REPLY)
The interoperability framework is applicable to all recognized clearing corporations excluding those in IFSC. However, specific schemes are excluded: The Securities Lending and Borrowing Scheme (SLB), Commodity Derivatives, Tri-party repo, Offer for Sale, etc., are kept outside Inter-operability.

NEW QUESTION: 7
In the context of Market Participants, which of the following statements accurately characterizes the regulatory status and operational scope of a 'Custodian' in the securities market?
A. Custodians are registered as Trading Members but outsource clearing to PCMs.
B. Custodians are Clearing Members (like PCMs) but do not possess trading rights.
C. Custodians are exempt from registration with SEBI if they are registered banks.
D. Custodians automatically act as the counterparty for all institutional trades.
E. Custodians are primarily responsible for executing trades on the exchange floor.
Answer: (SHOW ANSWER)
Custodians are defined as entities that settle trades on behalf of the clients of trading members. They are classified as Clearing Members (similar to Professional Clearing Members) but they do not have trading rights. They require specific registration with SEBI to provide custodial services.

NEW QUESTION: 8
In the process of Auction of Securities, if the auction or close-out results in proceeds that exceed the claim of the aggrieved party (buyer), how is the remaining amount treated?
A. It is refunded to the defaulting selling member.
B. It is credited to the Core Settlement Guarantee Fund (Core SGF).
C. It is transferred to the Investor Protection Fund (IPF) of the Exchange.
D. It is shared equally between the Clearing Corporation and the aggrieved party.
E. It is retained by the Clearing Corporation as administrative charges.
Answer: B (LEAVE A REPLY)
The Proceeds from Auction or Close-out should be used to settle the claim of the aggrieved party. Any amount remaining thereof should be credited to the Core Settlement Guarantee Fund ('Core SGF') instead of crediting it to the defaulting party's account.

NEW QUESTION: 9
Under the SEBI (Infrastructure Investment Trusts) Regulations, 2014, if an InvIT raises funds via private placement, which of the following combinations of 'minimum investment' and 'trading lot' criteria must be met?
A. Minimum Investment: Rs. 10 Lakhs; Trading Lot: 1 Unit
B. Minimum Investment: Rs. 1 Crore; Trading Lot: Rs. 25 Lakhs
C. Minimum Investment: Rs. 25 Crores; Trading Lot: 1 Unit
D. Minimum Investment: Rs. 10,000; Trading Lot: Rs. 5 Lakhs
E. Minimum Investment: Rs. 50 Lakhs; Trading Lot: Rs. 10 Lakhs
Answer: B (LEAVE A REPLY)
According to the source regarding InvITs raising funds by way of private placement: 'The minimum investment from any investor should be of rupees one crore.' and 'In case of private placement, trading lot for the purpose of trading of units on the designated stock exchange shall Rs. 25 lakhs.'

NEW QUESTION: 10

According to the eligibility criteria for 'Accredited Investors' in the Indian securities market, which of the following financial profiles satisfies the requirements for an Individual or HUF to obtain accreditation?

A. Annual Income 2 INR 1 Crore AND Net Worth 2 INR 3 Crore

B. Net Worth 2 INR 7.5 Crore, out of which at least INR 3.75 Crore is in the form of financial assets

C. Annual Income INR 2 Crore, irrespective of Net Worth composition

D. Net Worth 2 INR 5 Crore, with no specific requirement for financial assets

E. Annual Income 2 INR 50 Lakhs AND Net Worth INR 5 Crore

Answer: B (LEAVE A REPLY)

As per the eligibility criteria for Accredited Investors, an Individual, HIJF, Family Trust, or sole proprietorship must meet one of the following: (i) Annual Income >= INR 2 Crore; OR (ii) Net Worth >= INR 7.5 Crore, out of which at least INR 3.75 Crore is in the form of financial assets; OR (iii) Annual Income >= INR 1 Crore + Net Worth >= INR 5 Crore, out of which at least INR 2.5 Crore is in the form of financial assets.

NEW QUESTION: 11

For un-expired illiquid futures contracts on an individual security, how is the Daily Settlement Price determined by the Clearing Corporation?

A. It is based on the closing price of the underlying security in the Capital Market Segment.

B. It is calculated as the Theoretical Price using the formula: $F = S * e^{rt}$

C. It is the weighted average price of the contract during the last half an hour of trading.

D. It is fixed at the previous day's settlement price adjusted for the risk-free interest rate.

E. It is determined by the FIMMDA / FBIL reference rate.

Answer: (SHOW ANSWER)

According to the settlement price table for derivatives, for 'Un-expired illiquid futures contracts', the Daily Settlement is the Theoretical Price computed as per the formula $F = S * e^{rt}$, where F is the theoretical futures price, S is the underlying spot price, r is the rate of interest, and t is the time to expiry.

NEW QUESTION: 12

When a stock broker undertakes 'Video In-Person Verification' (VIPV) for client on-boarding through a digital medium, which of the following operational conditions must be strictly ensured?

A. The VIPV must be conducted offline and the recording uploaded to the KRA system later.

B. The client is not required to display the officially valid document in the video if Aadhaar e-KYC is used.

C. The intermediary shall ensure that the photograph downloaded through the Aadhaar authentication process matches with the investor in the VIPV.

D. The VIPV process can be fully automated using Artificial Intelligence without the need for any authorized official's interaction.

E. The VIPV recording is optional if the client provides a digitally signed self-declaration.

Answer: C (LEAVE A REPLY)

The source states that for VIPV: 'The intermediary shall ensure that photograph of the client downloaded through the Aadhaar authentication / verification process matches with the investor in the VIPV.' Also, the VIPV must be in a live environment, and include random questions/responses.

NEW QUESTION: 13

Stock Exchanges are required to maintain Investor Service Centres (ISCs) to assist investors. Which of the following facilities is mandatorily required to be provided at all ISCS according to SEBI guidelines?

A. A dedicated legal aid clinic with free lawyers for filing civil suits.

B. Arbitration and appellate arbitration facility including video-calling facility.
C. A direct hotline to the Ministry of Finance.
D. A library containing all annual reports of listed companies for the last 10 years.
E. A banking counter for immediate disbursement of Investor Protection Fund claims.
Answer: B (LEAVE A REPLY)
SEBI has advised Exchanges to provide certain minimum facilities in ISCs, which includes arbitration and appellate arbitration facility at all ISCS including video-calling facility to investors for attending their online arbitration or Grievance Redressal meetings.

NEW QUESTION: 14
A stock broker intends to provide an Internet Based Trading (IBT) facility to clients using their own infrastructure. According to the regulatory framework, what is the specific Net Worth requirement for the broker, and what is the timeline within which the Stock Exchange must communicate its decision on the application?
A. Minimum Net Worth: Rs. 1 Crore; Decision Timeline: 15 calendar days.
B. Minimum Net Worth: Rs. 50 Lakhs; Decision Timeline: 7 calendar days.
C. Minimum Net Worth: Rs. 25 Lakhs; Decision Timeline: 30 working days.
D. Minimum Net Worth: Rs. 50 Lakhs; Decision Timeline: 15 working days.
E. Minimum Net Worth: Rs. 10 Lakhs; Decision Timeline: 7 working days.
Answer: (SHOW ANSWER)
The broker must have a minimum net worth of Rs.50 lacs if the broker is providing the Internet based facility on his own. The stock exchange should grant approval or reject the application as the case may be and communicate its decision to the member within 7 calendar days of the date of completed application submitted to the exchange.

NEW QUESTION: 15
According to the Securities Contract (Regulation) Rules, 1957, and Exchange norms, which of the following conditions render an entity or person ineligible to be admitted as a member of a Stock Exchange? (Select all that apply)
A. The person has been adjudged bankrupt or a receiver order in bankruptcy has been made against them.
B. The person has compounded with their creditors for less than full discharge of debts.
C. The person has been convicted of an offence involving fraud or dishonesty.
D. The person is engaged in any business other than Securities involving personal financial liability, without undertaking to sever connections.
E. The person is a Limited Liability Partnership registered under the Limited Liability Partnership Act, 2008.
Answer: (SHOW ANSWER)
Options A, B, C, and D are explicit disqualifications for membership under the regulations. An entity is ineligible if adjudged bankrupt, compounded with creditors for less than full discharge, convicted of fraud/dishonesty, or engaged in other business involving personal financial liability (unless they undertake to sever connections). Option E is incorrect as an LLP is eligible to be admitted as a member provided it meets the financial requirements and norms specified by SEBI.

NEW QUESTION: 16
Stock brokers are required to maintain evidence of clients placing orders to prevent unauthorized trades. Which of the following statements accurately describes the regulatory requirements regarding the forms of evidence and the retention period?
A. Evidence must be physical records only, retained for 5 years.
B. Evidence can be physical records, telephone recordings, emails, or SMS logs, and must be retained for a minimum of 3 years.
C. Evidence is optional for internet-based transactions and must be retained for 1 year.
D. Telephone recordings are mandatory only for institutional clients and must be kept for 2 years.

E. In case of a dispute, records can be disposed of immediately after the broker files a response.
Answer: (SHOW ANSWER)
The source states that brokers shall execute trades only after keeping evidence in forms such as 'Physical record written & signed by client, Telephone recording, Email from authorized email id, Log for internet transactions, Record of SMS messages'. Regarding retention: 'The Brokers are required to maintain the records for a minimum period for which the arbitration accepts investors' complaints as notified from time to time (which is currently three years).'

NEW QUESTION: 17
Which type of risk, identified in the risk management framework for stock brokers, encompasses the scenario where a disruption at a firm or settlement system causes a 'domino effect' throughout financial markets?
A. Operational Risk
B. Market Risk
C. Credit Risk
D. Systemic Risk
E. Legal Risk
Answer: (SHOW ANSWER)
Systemic Risk refers to '(1) the scenario that a disruption at a firm, in a market segment, or to a settlement system could cause a 'domino effect' throughout the financial markets... or (2) a 'crisis of confidence' among investors, creating illiquid conditions'.

NEW QUESTION: 18
Regarding the execution of a 'Delivery Instruction Slip' (DIS) for debiting a beneficiary account in a depository, which of the following conditions is **MANDATORY** for the instruction to be processed?
A. The DIS must be signed only by the primary holder in case of joint accounts.
B. The DIS must clearly indicate whether the trade is an 'off-market' trade or a 'market' trade.
C. The execution date on the DIS cannot be a future date; it must be the same as the submission date.
D. The DIS must be physically submitted even if the client has enabled electronic DIS facilities.
E. The DIS must be counter-signed by a SEBI registered official.
Answer: B (LEAVE A REPLY)
A beneficiary account can be debited only if the beneficial owner has given 'Delivery Instruction Slip' (DIS) in the prescribed form. The DIS for an off-market trade or for a market trade has to be clearly indicated in the form by marking appropriately.

NEW QUESTION: 19
A financial services firm applies for registration as a Portfolio Manager. They nominate Mr. X as the Principal Officer. Mr. X holds a professional qualification in finance from a recognized university. Regarding his experience, which of the following conditions MUST he satisfy to meet the eligibility criteria?
A. Experience of at least 3 years in related activities in the securities market, with at least 1 year in portfolio management.

B. Experience of at least 5 years in related activities in the securities market, including at least 2 years in portfolio management or investment advisory services or fund management.

C. Experience of at least 7 years in related activities in the securities market, with no specific requirement for portfolio management experience.

D. Experience of at least 5 years strictly as a stock broker or dealer in the equity derivatives segment.

E. Experience of at least 2 years in related activities in the securities market if he holds a CFA charter.

Answer: B (LEAVE A REPLY)

The Principal Officer must have a professional qualification and experience of at least five years in related activities in the securities market including in a portfolio manager, stock broker, investment advisor, research analyst or as a fund manager. Provided that at least 2 years of relevant experience is in portfolio management or investment advisory services or in the areas related to fund management.

NEW QUESTION: 20

Regarding participation in the International Financial Services Centres (IFSC), which of the following categories of resident investors is eligible to deal in securities listed in IFSC?

A. Any resident individual irrespective of investment limit.

B. A person resident in India eligible under FEMA to invest funds offshore, to the extent allowed under the Liberalized Remittance Scheme (LRS).

C. Only resident Qualified Institutional Buyers (QIBs).

D. Only resident corporate entities with a net worth exceeding Rs. 100 Crore.

E. Residents are strictly prohibited from dealing in securities listed in IFSC.

Answer: B (LEAVE A REPLY)

As per SEBI (International Financial Services Centres) Guidelines, 2015, a person resident in India who is eligible under FEMA to invest funds offshore, to the extent allowed under the Liberalized Remittance Scheme (LRS) of the Reserve Bank of India, is permitted to deal in securities listed in IFSC.

NEW QUESTION: 21

Identify the financial instrument described by the following features: It is a rupee-denominated bond issued outside India by Indian entities to raise money in local currency from foreign investors.

A. American Depository Receipt (ADR)

B. Global Depository Receipt (GDR)

C. Foreign Currency Convertible Bond (FCCB)

D. Masala Bond

E. External Commercial Borrowing (ECB)

Answer: D (LEAVE A REPLY)

Masala Bonds are rupee-denominated bonds issued outside India by Indian entities. They are debt instruments which help to raise money in local currency from foreign investors,.

NEW QUESTION: 22

Under the Beta version of the T+0 rolling settlement cycle, how are securities shortages handled differently compared to the standard T+1 settlement cycle?

A. Shortages are auctioned on T+0 day at 4:00 PM.

B. Shortages are carried forward to the T+1 auction session.

C. Security shortages are directly closed out at 10% above the highest price of the day across all exchanges for the T+0 market.

D. Shortages are settled using the Securities Lending and Borrowing (SLB) mechanism immediately.

E. The trade is annulled and no close out or auction is performed.

Answer: C (LEAVE A REPLY)
In the Beta version of T+0 rolling settlement, an auction shall not be conducted in case of securities shortage. Security shortages shall be directly closed out at 10% above the highest price of the day across all exchanges for the T+0 market.

NEW QUESTION: 23
Which of the following statements accurately describes the currency and jurisdictional nature of an International Financial Services Centre (IFSC) in India?
A. It operates in Indian Rupee (INR) but is exempt from RBI regulations.
B. It caters to domestic customers only, offering products in foreign currency.
C. It is a jurisdiction providing financial services to non-residents and residents (to the extent permissible) in a currency other than the domestic currency (Indian Rupee).
D. It is a deemed domestic territory for FEMA purposes but deals in foreign currency.
E. It operates under the jurisdiction of the state government where it is located, dealing in dual currencies.
Answer: (SHOW ANSWER)
An IFSC is defined as a jurisdiction that provides world-class financial services to non-residents and residents (to the extent permissible under current regulations) in a currency other than the domestic currency (Indian rupee) of the location where the IFSC is located.

NEW QUESTION: 24
Based on the Securities Contract Regulation Act (SCRA), 1956, select all the instruments that are explicitly included in the definition of 'Securities' from the list below.
A. Derivatives
B. Government Securities
C. Electronic Gold Receipts
D. Zero Coupon Zero Principal Instruments
E. Private Promissory Notes between individuals
Answer: A,B,C,D (LEAVE A REPLY)
The definition of 'Securities' in the SCRA 1956 includes:
* Derivatives
* Government Securities
* Electronic Gold Receipts (receipt issued on basis of deposit of underlying physical gold)
* Zero Coupon Zero Principal Instruments
It also includes shares, bonds, debentures, units of MF/CIS, and Security Receipts. Private promissory notes are not listed in this definition.

NEW QUESTION: 25
For the purpose of corporate action adjustments in the Equity F&O segment, under what specific condition is a dividend deemed to be 'extra-ordinary', thereby necessitating an adjustment to the futures and options contracts?
A. If the dividend declared is more than 5% of the paid-up capital of the company.
B. If the dividend amount is at and above 2% of the market value of the underlying security.
C. If the dividend yield exceeds the risk-free interest rate (MIBOR) prevailing on the declaration date.
D. If the dividend is declared as an 'interim' dividend rather than a 'final' dividend.
E. If the dividend amount exceeds 10% of the closing price of the scrip on the record date.
Answer: (SHOW ANSWER)

According to the methodology for adjustment in Equity F&O, for extra-ordinary dividends i.e., at and above 2 percent of the market value of the underlying security, there would be an adjustment in Equity F&O. Dividends below this threshold are deemed ordinary and no adjustment is made.

NEW QUESTION: 26
In the context of the operations of a Depository Participant (DP), what is identified as the 'main activity' pursuant to the trading activity of an investor?
A. Dematerialization of physical securities
B. Receiving non-cash corporate benefits like bonus shares
C. Settlement and transfer of securities from one beneficiary account to another
D. Freezing of the demat account for debits or credits
E. Pledging of dematerialized securities
Answer: (SHOW ANSWER)
The main activity of the DP is to open a demat account for an investor. The main activity being the settlement and transfer of securities from one beneficiary account to another pursuant a trading activity of an investor.

NEW QUESTION: 27
Stock Exchanges are required to maintain an Investor Services Fund (ISF) distinct from the Investor Protection Fund (IPF). What is the specific contribution requirement from the Stock Exchange towards the ISF?
A. 1% of the listing fees received, on a quarterly basis.
B. At least 20% of the listing fees received.
C. 100% of the interest earned on the 1% security deposit of issuer companies.
D. 5% of the transaction charges collected from members.
E. The penalty collected for client code modification.
Answer: (SHOW ANSWER)
For the Investor Services Fund (ISF), the text states: 'The stock exchange shall set aside at least 20% of the listing fees received for ISF for providing services to the investing public.' Note that 1% of listing fees goes to the IPF, while 20% goes to the ISF.,

NEW QUESTION: 28
Stock Exchanges are required to jointly issue an annual calendar for the settlement of running accounts. According to the regulations, on which specific days of the month/quarter is the settlement of running accounts scheduled to take place?
A. Last Friday and/or Saturday of every month/quarter.
B. First Monday and/or Tuesday of every month/quarter.
C. First Friday and/or Saturday of every month/quarter.
D. 15th and/or 30th of every month/quarter.
E. Any day chosen by the broker provided the gap does not exceed 30/90 days.
Answer: C (LEAVE A REPLY)
To ensure uniformity and clarity, settlement of running account shall be settled on the "first Friday and/or Saturday" of every month/quarter. Stock exchanges issue the annual calendar for this purpose.

NEW QUESTION: 29
According to the SEBI (Portfolio Managers) Regulations, 2020, which of the following entities is defined as a 'Co-investment Portfolio Manager' and what is the specific restriction on their investment activities?

A. A Manager of a Mutual Fund who invests only in listed securities of investee companies where the Mutual Fund makes investments.
B. A Portfolio Manager providing services to accredited investors only and investing up to 100% in unlisted securities.
C. A Manager of a Category I or II AIF who provides services only to investors of such AIFs and makes investments only in unlisted securities of investee companies where such AIFs make investments.
D. A discretionary portfolio manager who leverages client funds for derivative trading up to 50% of the portfolio value.
E. A non-discretionary portfolio manager who invests only in government securities and money market instruments.
Answer: C (LEAVE A REPLY)
A 'Co-investment Portfolio Manager' is defined as a Portfolio Manager who is a Manager of a Category I or Category II Alternative Investment Fund(s); and provides services only to the investors of such AIFs; and makes investment only in unlisted securities of investee companies where such Category I or Category II Alternative Investment Fund(s) make investments.

NEW QUESTION: 30
The Securities Contracts (Regulation) Act, 1956 (SCRA) and the SEBI Act, 1992 have distinct regulatory scopes. Which of the following regulatory functions falls specifically under the direct jurisdiction of the Central Government as per the SCRA, 1956?
A. Registration of Foreign Portfolio Investors
B. Recognition and continued supervision of Stock Exchanges
C. Regulation of Portfolio Managers
D. Prohibition of Insider Trading
E. Registration of Venture Capital Funds
Answer: (SHOW ANSWER)
The SCRA, 1956 gives the Central Government regulatory jurisdiction over Stock Exchanges through a process of recognition and continued supervision. While SEBI performs many functions, the specific power of recognition of Stock Exchanges originates from the SCRA under Central Government jurisdiction.

NEW QUESTION: 31
Which of the following statements accurately describe the process and components of 'Delivery Settlement' in the equity F&O segment?
(Select all that apply)
A. It applies to Index Futures and Index Options.
B. It considers all open futures positions after the close of trading on the expiry day.
C. It considers all in-the-money option contracts which are exercised and assigned.
D. The final deliverable/receivable positions at a clearing member are arrived at after netting the obligations of all clients/constituents clearing through them.
E. Delivery settlement is optional and can be cash settled if the client chooses.
Answer: B,C,D (LEAVE A REPLY)
Delivery Settlement applies to individual stock derivatives (not Index, which are cash settled). It considers all open futures positions after close of trading on expiry day and all in-the-money option contracts which are exercised and assigned. The final position at a clearing member is arrived at after netting the obligations of all clients/constituents/trading members clearing through the respective clearing member.

NEW QUESTION: 32

Regarding the payment of upfront margin by a clearing member to the Clearing Corporation, which of the following statements accurately describes the timing and method of collection?

A. Margins are collected at the end of the trading day via a debit to the settlement account.

B. Margins are adjusted from the liquid assets of a clearing member on a real-time basis.

C. Margins are collected on T+1 day before the pay-in of funds.

D. Margins are collected only in the form of cash equivalents deposited with the Clearing Bank.

E. Margins are calculated weekly and adjusted against the Base Minimum Capital.

Answer: (SHOW ANSWER)

The source states that the clearing member is required to pay upfront margin to the clearing corporation. The margins shall be collected/adjusted from the liquid assets of a clearing member on a real-time basis.

NEW QUESTION: 33

A registered Trading Member desires to clear and settle trades executed by them on their own account as well as for their clients. However, they specifically do not intend to clear trades for 'Custodial Participants'. Which category of membership on the Clearing Corporation corresponds strictly to these operational rights and limitations?

A. Professional Clearing Member (PCM)

B. Trading Member-cum-Clearing Member (TCM)

C. Trading cum Self-Clearing Member (SCM)

D. Custodian

E. Authorized Person

Answer: (SHOW ANSWER)

A Trading cum Self-Clearing Member (SCM) has trading as well as clearing rights. They are permitted to clear and settle trades executed by them only, either on their own account or on account of their clients, but not for custodian participants. In contrast, a TCM can clear for custodian participants.

NEW QUESTION: 34

In the context of the settlement process, specifically regarding 'Settlement Dues', which of the following statements accurately describes the payment flow and the basis for such payments between the Clearing Agency and its members?

A. Clearing members pay the Clearing Agency based on data from the Depository, while the Clearing Agency pays Custodians based on Exchange data.

B. The Clearing Agency pays all dues to clients directly, bypassing the Clearing Members and Custodians, based on the obligation report.

C. Clearing members and custodians pay the Clearing Agency whatever is due for settlement, and in turn, the Clearing Agency pays them moneys payable for every settlement, based on information provided by the Exchange or Clearing Agency.

D. Settlement dues are legally payable only by Trading Members to the Stock Exchange, while the Clearing Agency manages only the securities settlement.

E. The Clearing Agency collects settlement dues from Clearing Banks and distributes them to Clearing Members after deducting a statutory fee.

Answer: C (LEAVE A REPLY)

According to the section on Settlement dues, 'The clearing members and custodians shall pay to the clearing agency whatever is due to them for settlement of their transactions / positions. In turn, the clearing agency shall pay to the clearing members and custodians moneys payable to them for every settlement for their transactions / positions. This is based on the information provided by the Exchange or Clearing Agency.'

NEW QUESTION: 35
Stock brokers are permitted to borrow funds for providing Margin Trading Facility (MTF) from specific sources. Which of the following sources is explicitly prohibited for raising funds for MTF?
A. Issuance of Commercial Paper (CP) subject to RBI guidelines.
B. Unsecured long-term loans from promoters and directors.
C. Borrowing from Scheduled Commercial Banks.
D. Borrowing from Non-Banking Financial Companies (NBFCs) regulated by RBI.
E. Using surplus funds of one client to provide margin trading facility to another client.
Answer: E (LEAVE A REPLY)
The stock broker shall not use the funds of any client for providing the margin trading facility to another client, even if the same is authorized by the first client. Permitted sources include own funds, banks, NBFCs, CPs, and loans from promoters/directors.

NEW QUESTION: 36
SEBI introduced the 'Demat Debit and Pledge Instruction' (DDPI) to replace the Power of Attorney (POA) for certain functions. For which of the following specific purposes does the DDPI authorize the stock broker/stock broker and depository participant to access the client's beneficial owner (BO) account?
A. Executing off-market trades between parties other than related parties.
B. Transferring funds from the client's bank account to the broker's proprietary account.
C. Meeting pay-in obligations for the settlement of trades executed by the client.
D. Opening a new demat account with another depository participant on behalf of the client.
E. Updating the client's address and contact details in the KRA system.
Answer: C (LEAVE A REPLY)
Under DDPI, the clients shall explicitly agree to authorize the stock broker/stock broker and depository participant to access their BO account for the limited purpose of meeting pay-in obligations for settlement of trades executed by them. The DDPI shall serve the same purpose of POA and significantly mitigate the misuse of POA.

NEW QUESTION: 37
Which of the following operational parameters and exclusions are correctly associated with the framework for the beta version of the T+0 rolling settlement cycle? (Select all that apply)
A. Trading is not permitted on the Ex-date of securities.
B. Security shortages are handled through a dedicated auction session on T+0 day.
C. Pre-Open, Special Pre-Open, and Post close sessions are not applicable.
D. Pay-in for sell obligations is allowed only via Early Pay-In using the block mechanism.
E. The price band is fixed at +1-5% relative to the T+1 market price without re-calibration.
Answer: A,C,D (LEAVE A REPLY)
Option A is correct: No trading for T+0 settlement on Ex-date of securities. Option C is correct: Pre-Open, Special Pre-Open, and Post close sessions are not applicable. Option D is correct: Pay-in is allowed only by way of early pay-in using block mechanism. Option B is incorrect as auctions are not conducted (direct close-out applies). Option E is incorrect as the price band is +1- 100 bps with re-calibration.

NEW QUESTION: 38
Regarding the beta version of the T+0 rolling settlement cycle introduced on an optional basis, which of the following operational parameters is mandated by SEBI?

A. The price band in the T+0 segment will be fixed at +1- 10% of the previous day's closing price.
B. Netting of pay-in and pay-out obligations is permitted between T+1 and T+0 settlement cycles to improve liquidity.
C. Securities shortages in the T+0 market shall be handled by conducting an auction session on T+1 day.
D. There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycle.
E. Trading hours for the T+0 segment shall be identical to the T+1 segment, i.e., 09:15 AM to 3:30 PM.
Answer: (SHOW ANSWER)
For the T+0 settlement cycle: There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycle. Additionally, trade timings are 09:15 AM to 1 PM, the price band is +100 basis points from the T+1 price, and security shortages are directly closed out (no auction).

NEW QUESTION: 39
Which of the following is typically listed as a distinct facility offered by a stock broker's outlet to facilitate advanced trading strategies and execution for clients?
A. Currency printing and minting
B. Formulation of Monetary Policy
C. Algorithmic trading
D. Issuance of Sovereign Gold Bonds as an Issuer
E. Adjudication of securities disputes as a Court
Answer: C (LEAVE A REPLY)
The list of facilities normally offered by a stock broker's outlet includes: 'Algorithmic trading', alongside others like DMA, Mobile trading, etc.

NEW QUESTION: 40
Clearing Members are required to maintain specific demat accounts known as 'Clearing Member Settlement Pool Accounts' with depositories. Which of the following statements accurately describes the legal and operational nature of the securities held in these pool accounts?
A. The Clearing Member obtains full ownership rights over the securities in the pool account to facilitate settlement.
B. The Clearing Member does not get any ownership or beneficiary rights over the shares held in these accounts; they are strictly for settlement delivery and receipt.
C. Securities in the pool account are automatically pledged to the Clearing Corporation as margin and cannot be delivered until unpledged.
D. Corporate action benefits for securities held in the pool account are retained by the Clearing Member as operational fees.
E. Clients cannot transfer shares directly into the Clearing Member's pool account; they must transfer to a beneficiary account first.
Answer: (SHOW ANSWER)
As per the study material, 'It should be noted that unlike the usual demat accounts, the clearing member does not get any ownership or beneficiary rights over the shares held in these accounts.' These accounts are used to deliver securities against pay-in obligations and receive pay-out of securities.

NEW QUESTION: 41
A Trading Member executes sell orders in the T+0 settlement cycle. What is the mandatory mechanism required to fulfill the pay-in of securities for these sell obligations?
A. Transfer to the Member Pool Account by 10:30 AM on T day.
B. Standard pay-in instruction via physical DIS submitted to the Depository Participant.
C. Only by way of early pay-in (EPI) using the block mechanism.
D. Auto-pledge of securities in favor of the Clearing Corporation.
E. Inter-depository transfer to the settlement account of the Clearing Corporation post-trading hours.
Answer: C (LEAVE A REPLY)
The regulations specify that pay-in for T+0 sell obligations shall be allowed only by way of early pay-in using block mechanism.

NEW QUESTION: 42

Which of the following correctly defines the trading timings for the beta version of the T+0 rolling settlement cycle?

A. 09:15 AM to 3:30 PM

B. 09:00 AM to 12:00 PM

C. 10:00 AM to 2:00 PM

D. 09:15AM to 1:30 PM

E. 09:15AM to 11:30 AM

Answer: D (LEAVE A REPLY)

The trade timings for the T+0 settlement cycle are defined as: 'One continuous trading session from 09:15 AM to 1 PM'.

NEW QUESTION: 43

To ensure a smooth settlement process in case of holidays, Clearing Corporations (CCs) are required to follow a specific operational sequence. Which of the following statements accurately describes this sequence regarding multiple settlements scheduled for the same day?

A. CCs shall process all pay-ins for all scheduled settlements simultaneously before initiating any pay-outs.

B. The pay-in and pay-out of the first settlement shall be completed before the commencement of the pay-in and pay-out of the subsequent settlement(s).

C. CCs shall prioritize the settlement with the highest volume, regardless of the chronological order of trade dates.

D. The pay-out of the subsequent settlement must be completed before the pay-in of the first settlement to ensure liquidity.

E. Settlements are aggregated into a single net obligation for the entire holiday period to avoid sequential processing.

Answer: B (LEAVE A REPLY)

According to the guidelines for settlement in case of holidays, 'The CCs shall clear and settle the trades on a sequential basis i.e., the pay-in and the pay-out of the first settlement shall be completed before the commencement of the pay-in and pay-out of the subsequent settlement(s).'

NEW QUESTION: 44

Under the framework for 'Settlement of Account of Clients', specific provisions exist for clients who have not traded for a certain period. If a client has a credit balance but has not executed any transaction in the last 30 calendar days, how must the Trading Member (TM) handle the settlement of funds?

A. The TM must retain the funds until the next quarterly settlement date chosen by the client.

B. The TM must return the entire credit balance to the client on the upcoming settlement date of the monthly running account settlement cycle, irrespective of the client's preference for a quarterly cycle.

C. The TM is permitted to transfer the funds to the Investor Protection Fund (IPF) if the client remains inactive for more than 30 days.

D. The TM must settle the account within 24 hours of the 30th day of inactivity.

E. The TM can continue to maintain the running account if the credit balance is below ? 10,000.

Answer: (SHOW ANSWER)

According to SEBI circulars regarding clients who have not traded in the last 30 days: 'For the clients having credit balance, who have not done any transaction in the 30 calendar days... the entire credit balance of client shall be returned to the client by TM, on the upcoming settlement dates of monthly running account settlement cycle (irrespective of settlement cycle preferred by the client) as stipulated by stock exchanges.'

NEW QUESTION: 45

Which of the following benefits is explicitly granted to 'Accredited Investors' under the 'regulation-light framework'?

A. Exemption from payment of Securities Transaction Tax (STT)

B. Ability to participate in investment products with an investment amount lesser than the minimum amount mandated in respective regulations

C. Complete waiver of KYC documentation requirements
D. Guaranteed allocation in Initial Public Offers (IPOs)
E. Exemption from the lock-in period requirements for pre-IPO holdings
Answer: B (LEAVE A REPLY)
Accredited Investors are entitled to benefits such as participating in investment products with an investment amount lesser than the minimum amount mandated in the respective Regulations ('lower ticket size') and relaxation from certain regulatory requirements ('regulation-light framework')-.

NEW QUESTION: 46
What is the primary operational mandate for Clearing Corporations (CCs) and Depositories to ensure the feasibility of multiple settlements occurring on a single day due to holidays?
A. They must operate with reduced staff to minimize coordination errors.
B. They must seek prior approval from SEBI for every individual settlement run.
C. They shall follow a strict time schedule to ensure that the settlements are completed on the same day.
D. They must extend the settlement cycle to T+2 temporarily.
E. They must implement a separate risk management framework for holiday settlements.
Answer: C (LEAVE A REPLY)
The text explicitly states: 'The CCs and depositories shall follow a strict time schedule to ensure that the settlements are completed on the same day.'

NEW QUESTION: 47
Consider the following 'Sell' order book for a security. A new Buy Limit Order for 500 shares at a price of Rs. 121.50 is entered into the system.

Sell Quantity	Sell Price	Time
50	121.20	T1
100	121.20	T2
200	121.40	T3
200	121.50	T4

Based on the price-time priority mechanism, how will this buy order be executed?
A. 500 shares @ Rs. 121.50
B. 150 shares @ 121.20, 200 shares @ 121.40, and 150 shares @ 121.50
C. 50 shares @ 121.20, 100 shares @ 121.20, 200 shares @ 121.40, and 150 shares @ 121.50
D. 200 shares @ 121.50, 200 shares @ 121.40, and 100 shares @ 121.20
E. The order will remain pending as the full quantity cannot be matched at a single price.

Answer: C (LEAVE A REPLY)
The order matching is done on a price-time priority basis. The buy order matches with the best sell price first (lowest price). It matches 50 @ 121.20 (T 1), then 100 @ 121.20 (T2), then 200 @ 121.40 (T3). The remaining 150 shares are matched against the order at 121.50 (T4). The executed prices are the passive order prices (121.20, 121.40, 121.50).

NEW QUESTION: 48
Which of the following statements correctly describe the clearing and netting processes involving brokers and the Clearing Corporation?
(Select all that apply)
A. Stock brokers are permitted to net client accounts within their firm at the end of the day.
B. The Clearing Corporation performs multilateral netting to determine the net settlement obligations of members.
C. Every day, the Clearing Corporation sends the clearing member a list of all trading transactions made by him and his clients.
D. Netting at the Clearing Corporation level is done on a bilateral basis between buying and selling brokers.
E. The final pay-in/pay-out of securities and funds is carried out through clearing banks and depository participants.
Answer: A,B,C,E (LEAVE A REPLY)
All selected statements are correct based on the source text.
- 'Stock brokers are allowed to net the clients account within the firm.' [A]
- 'Clearing is performed by multilateral netting.' [B]
- 'Every day, the clearing corporation sends the clearing member a list of all trading transactions...' [C]
- 'Final pay-in/pay-out... is carried out through clearing banks and depository participants.' [E]
- Statement D is incorrect because netting is multilateral, not bilateral.

NEW QUESTION: 49
What is the primary objective of the research reports (Fundamental, Stock, Sector, etc.) regularly brought out by stock brokers?
A. To generate additional brokerage by encouraging excessive churning of portfolios.
B. To fulfill the mandatory requirement of the Companies Act, 2013.
C. To help the investor make informed investment decisions.
D. To manipulate the market price of illiquid securities.
E. To replace the role of the Investment Adviser completely.
Answer: (SHOW ANSWER)
The text explicitly states: 'These reports are aimed at * *helping the investor make informed investment decisions**.'

NEW QUESTION: 50
Which of the following statements accurately describe the operational mechanisms and participants of the Indian Money Market segments? (Select all that apply)
A. Call money market transactions are restricted to Scheduled Commercial Banks (SCBs) and Primary Dealers (PDs).
B. Notice Money transactions refer to borrowing for a period specifically between 15 days and 1 year.
C. Repo transactions against Government Securities are traded/reported on the Clearcorp Repo Order Matching System (CROMS).
D. All India Financial Institutions can issue Certificates of Deposit (CDs) for a period not exceeding 1 year.
E. Treasury Bills (T-bills) are zero coupon securities issued at a discount and traded on the NDS-OM platform.
Answer: (SHOW ANSWER)
Statement A is correct as the call money market is restricted to SCBs and PDs. Statement C is correct as Repo transactions against G-secs are traded/reported on CROMS. Statement E is correct as T-bills are zero coupon securities traded on NDS-OM. Statement B is incorrect because Notice Money is for up to 14 days,

whereas 15 days to 1 year is Term Money. Statement D is incorrect because All India Financial Institutions can issue CDs for a period not less than 1 year and not exceeding 3 years.

NEW QUESTION: 51
Cash Management Bills (CMBs) are issued by the Government of India to fund temporary cash flow mismatches. Which of the following correctly identifies their maturity characteristics and trading platform?
A. Maturities less than 91 days; Traded on NDS-OM platform
B. Maturities of exactly 91 days; Traded on NDS-CALL platform
C. Maturities between 91 and 182 days; Traded on CROMS
D. Maturities less than 14 days; Traded on OTC market only
E. Maturities up to 364 days; Traded on RFQ Platform
Answer: A (LEAVE A REPLY)
Cash Management Bills (CMBs) have maturities less than 91 days. They are issued to absorb excess liquidity and fund temporary mismatches. Like Treasury bills, they are traded on the NDS-OM platform along with Government Securities.

NEW QUESTION: 52
A Clearing Member (CM) maintains a designated clearing account with a Clearing Bank. While the CM is permitted to deposit funds into this account in any form, which of the following specific restrictions is imposed on the withdrawal of funds from this account to ensure regulatory compliance?
A. Funds can be withdrawn only after obtaining a 'No Objection Certificate' from the Stock Exchange.
B. Funds can be withdrawn only in 'self-name' of the Clearing Member.
C. Funds can be withdrawn directly to the client's beneficiary bank account to facilitate faster payout.
D. Withdrawals are restricted to 50% of the account balance on any given trading day.
E. Funds can be withdrawn only via physical Demand Drafts and not through electronic transfer.
Answer: B (LEAVE A REPLY)
According to the regulations governing Clearing Members and Custodians, while a Clearing Member can deposit funds into the clearing accounts in any form, they can withdraw funds from these accounts only in self-name. This restriction helps in maintaining a clear audit trail and preventing third-party risks.

NEW QUESTION: 53
Why are Institutional Investors (including Foreign Portfolio Investors) explicitly excluded from the mechanism of Net Settlement of cash segment and physical settlement of F&O segment upon expiry?
A. Because they are not required to pay margins in the F&O segment.
B. Because they trade through Custodians who do not have clearing rights in the F&O segment.
C. Because the extant regulatory framework specifies that all transactions by institutional investors in the cash market should be backed by delivery.
D. Because their trading volumes are too high to be accommodated in a net settlement process.
E. Because they are subject to different tax treaties which prevent segment-wise netting.
Answer: (SHOW ANSWER)
Netting of settlement obligations of cash segment and physical settlement of F&O segment shall not be available for the institutional investors (including all categories of FPIs) since the extant regulatory framework specifies that all transactions by the institutional investors (including all categories of Foreign Portfolio Investors) in cash market should be backed by delivery.

NEW QUESTION: 54

Regarding the premium settlement for option contracts, at what level is the premium payable or receivable value computed by the Clearing Corporation?

A. Gross at the individual client level without any netting.

B. Netting at the Clearing Member level across all segments.

C. After netting the premium payable or receivable positions at the Trading Member/Custodial Participant level for each option contract.

D. Gross at the Trading Member level but netted at the Clearing Member level.

E. Netting is done across all option contracts for a specific underlying security at the client level.

Answer: (SHOW ANSWER)

The source states that for premium settlement in respect of admitted deals in options contracts, the premium payable or receivable value of clearing members shall be computed after netting the premium payable or receivable positions at trading member/Custodial Participant level, for each option contract, at the end of each trading day.

NEW QUESTION: 55

When the obligations arising out of the cash segment settlement and physical settlement of the F&O segment are settled on a net basis, how are the Securities Transaction Tax (STT) and Stamp Duty treated?

A. They are computed and levied on the final netted delivery obligation after merging both segments.

B. STT is levied on the gross position, while Stamp Duty is levied on the net obligation.

C. They continue to be computed, levied, and reported on a segment-wise level, regardless of the netting for settlement.

D. They are waived for the cash segment leg if the position is hedged in the F&O segment.

E. They are calculated based on the notional value of the F&O contract only.

Answer: C (LEAVE A REPLY)

Under the Net Settlement mechanism, netting of delivery obligations shall be only for the purpose of settlement. Therefore, Securities Transaction Tax (STT) and Stamp Duty shall continue to be computed, levied, and reported on a segment-wise level.

NEW QUESTION: 56

Identify the correct combination of the minimum Net Worth requirement for a Portfolio Manager and the minimum investment amount they must accept from a client (excluding accredited investors/co-investment managers) as per current regulations.

A. Net Worth: Rs. 2 Crore; Minimum Investment: Rs. 25 Lakh

B. Net Worth: Rs. 5 Crore; Minimum Investment: Rs. 25 Lakh

C. Net Worth: Rs. 3 Crore; Minimum Investment: Rs. 50 Lakh

D. Net Worth: Rs. 5 Crore; Minimum Investment: Rs. 50 Lakh

E. Net Worth: Rs. 10 Crore; Minimum Investment: Rs. 1 Crore

Answer: D (LEAVE A REPLY)

The applicant must fulfill the net worth requirement of not less than Rs. 5 Crores. The portfolio manager shall not accept from the clients, funds or securities worth less than Rs. 50 lakh.

NEW QUESTION: 57

Regarding the settlement timelines for Mutual Fund transactions executed on the Stock Exchange platform, which of the following statements accurately describes the funds pay-in requirement for subscription and the funds pay-out timeline for redemption?

A. Funds pay-in for subscription: T+1 ; Funds pay-out for redemption: T+2.

B. Funds pay-in for subscription: T+0; Funds pay-out for redemption: T+1 to T+7 depending on the scheme.

C. Funds pay-in for subscription: T+2; Funds pay-out for redemption: T+3.

D. Funds pay-in for subscription: T+1 ; Funds pay-out for redemption: T+1 for all schemes.
E. Funds pay-in for subscription: T+0; Funds pay-out for redemption: T+0 for Liquid funds and T+2 for Equity funds.
Answer: B (LEAVE A REPLY)
Funds pay-in for subscription are done on a T+0 day basis. The transfer of funds for redemption is carried out on a T+1 , T+2, T+3, T+4, T+5, T+6 and T+7 basis depending upon the category of scheme.

NEW QUESTION: 58
When implementing the recommended Web Interfaces and Protocols between a Trading Web Server and Trading Client Terminals for IBT, which technical standards are suggested for adoption?
A. FTP Ver 2 or above and SMTP
B. HTTP Ver 4 or above and HTML Ver 4/XML
C. Telnet and Gopher protocols
D. POP3 and IMAP protocols
E. WAP 1.0 and WML only
Answer: B (LEAVE A REPLY)
Between a Trading Web Server and Trading Client Terminals, Interfaces Standards as per recommendations of IETF (Internet Engineering Task Force) and W3C (World Wide Web Consortium) may be adopted. E.g.: HTTP Ver 4 or above HTML Ver 4/XML.

NEW QUESTION: 59
According to the SEBI (Prohibition of Insider Trading) Regulations, 2015, certain categories of persons are 'deemed to be connected persons' unless the contrary is established. Which of the following entities fall under this 'deemed' category?
A. A holding company or subsidiary company of the listed entity.
B. A banker of the company.
C. An official of a stock exchange or clearing corporation.
D. A concern, firm, or HUF wherein a director of the company has more than 10% of the holding of interest.
E. A person who has been associated with the company in any capacity 8 months prior to the trade.
Answer: A,B,C,D (LEAVE A REPLY)
The regulations list several categories of 'deemed connected persons' including holding/subsidiary companies, bankers, officials of stock exchanges/clearing corporations, and concerns where a director has >10% interest. Option E is incorrect because the definition of a connected person includes association during the six months prior to the concerned act, not eight months,.

NEW QUESTION: 60
In the context of the Cash Market segment, how is the role of a 'Custodian' distinct from that of a standard Trading Member regarding the settlement of trades?
A. Custodians execute trades on the exchange floor but outsource the clearing function to Professional Clearing Members.
B. Custodians act as Clearing Members but not Trading Members; they settle trades on behalf of institutional clients executed through other Trading Members.
C. Custodians are primarily responsible for the proprietary trading of the Clearing Corporation.
D. Custodians settle trades only for retail clients who do not have a valid PAN.
E. Custodians automatically guarantee all trades executed by any Trading Member without the need for trade confirmation.
Answer: (SHOW ANSWER)
The text defines Custodians as: 'Custodians are also clearing members like PCMs but not trading members. They settle trades on behalf of the clients of the trading members, when a particular trade is assigned to them for settlement.' This specifically applies to institutional clients.

NEW QUESTION: 61

Regarding 'Market Makers' in the Indian securities market, which of the following statements regarding their mandatory obligations is correct?

A. Market making is voluntary for all scrips listed on Small and Medium Enterprise (SME) Exchanges

B. Market makers are required to provide only buy quotes to ensure exit options for investors

C. Market making has been made mandatory in respect of all scrips listed and traded on SME Exchanges

D. Market makers are appointed solely by SEBI and not by the Exchanges

E. Market making is restricted to the derivatives segment only

Answer: (SHOW ANSWER)

While market making operates under guidelines, for Small and Medium Enterprise (SME) Exchanges, market making has been made mandatory in respect of all scrips listed and traded on the SME Exchange. Their main responsibility is to provide two-way (buy and sell) quotes.

NEW QUESTION: 62

Under the mechanism of 'Net Settlement of Cash segment and Futures & Options (F&O) segment upon expiry of stock derivatives', which of the following investor scenarios is ELIGIBLE for the benefit of netting (merged settlements)?

A. An Institutional Investor (FPI Category I) trading through the same Trading Member and Clearing Member in both segments.

B. A retail investor whose Trading Member clears F&O trades through Clearing Member 'X' and Cash trades through Clearing Member 'Y'.

C. A retail investor whose Trading Member clears trades in both F&O and Cash segments through the same Clearing Member.

D. A Portfolio Management Service (PMS) client who is mandatorily directed to enter into delivery-backed transactions.

E. An investor trading through two different Trading Members who both clear through the same Clearing Member.

Answer: C (LEAVE A REPLY)

The benefit of netting (merged settlements) is available to investors whose trading member (TM) clears trades in F&O segment and cash segment through the same clearing member (CM). It is not available if the TM clears through different CMs. It is also not available for institutional investors (including FPIs) and participants like PMS mandated to enter delivery-backed transactions.

NEW QUESTION: 63

To ensure visibility of client collateral and prevent misuse, SEBI mandated a reporting mechanism. How is the disaggregated collateral information reported up the chain to the Clearing Corporation?

A. Trading Members (TM) report directly to the Stock Exchanges, which then forward data to the CC.

B. Trading Members (TM) report to the Clearing Member (CM), and the CM reports to the Stock Exchanges and Clearing Corporations.

C. Clients report directly to the Clearing Corporation via the web portal.

D. Clearing Members (CM) report only the aggregate figures to the CC, keeping client-level data internal.

E. Depositories report the collateral usage directly to the Clearing Corporation based on pledge data.

Answer: (SHOW ANSWER)

The framework specifies that the TM shall report disaggregated information on collaterals up to the level of its clients to the CM. Subsequently, the CM shall report disaggregated information on collaterals up to the level of clients of TM and proprietary collaterals of the TMs to the Stock Exchanges (SEs) and CCs in respect of each segment.

NEW QUESTION: 64

Which of the following items are mandated contributions by the Stock Exchange to the Investor Protection Fund (IPF) according to SEBI guidelines? (Select all that apply)

A. 1% of the listing fees received, on a quarterly basis.

B. Penalties collected from listed companies for non-compliance with LODR Regulations.

C. At least 20% of the listing fees received.

D. 100% of the interest earned on the 1% security deposit kept by issuer companies (immediately on refund).

E. Penalty collected from Trading Members for deficiency in modification of client code.

Answer: A,B,D,E (LEAVE A REPLY)

Option A (1 % listing fees), Option B (LODR penalties), Option D (Interest on security deposit), and Option E (Client code modification penalties) are all listed as contributions to the IPF in the source text,. Option C (20% of listing fees) is incorrect for IPF; it applies to the Investor services Fund OSF).

NEW QUESTION: 65

In the case of a declaration of 'extra-ordinary' dividend by a company, how is the adjustment applied to the Futures contracts on that stock?

A. The total dividend amount is added to the Daily Settlement Price.

B. The futures contract is compulsorily closed out and a new contract is introduced at the ex-dividend price.

C. All open positions shall be carried forward at the daily settlement price less the dividend amount.

D. No adjustment is made to futures contracts; adjustments are applicable only to option strike prices.

E. The market lot of the futures contract is increased in proportion to the dividend yield.

Answer: C (LEAVE A REPLY)

For extra-ordinary dividends, the regulation states that 'All open positions shall be carried forward at the daily settlement price less dividend amount for the respective futures contract.'

NEW QUESTION: 66

Large stock brokers have evolved from pure trading intermediaries into comprehensive 'Financial Services Companies'. In this capacity, which specific service is highlighted as being offered primarily to High Net Worth Individuals (HNIs)?

A. Micro-credit facilities

B. Wealth management services

C. Basic savings bank account services

D. Direct Benefit Transfer (DBT) facilitation

E. Public Provident Fund (PPF) management

Answer: B (LEAVE A REPLY)

The text states: 'They also offer wealth management services for high net worth individuals (HNIs).' This is a distinct service offered by big stock brokers who have converted into financial services companies.

NEW QUESTION: 67

A stock broker receives a request from a client to maintain a running account for funds to avoid frequent pay-ins and pay-outs. Regarding the authorization for this running account, which of the following conditions is **MANDATORY** for the broker to accept the request?

A. The authorization can be signed by the Power of Attorney (POA) holder if the client is traveling abroad.

B. The authorization must be signed by the client only and cannot be signed by any Authorized Person or POA holder.

C. The authorization is valid for a lifetime unless the broker decides to revoke it due to risk management concerns.

D. The actual settlement of funds must be done at least once in a financial year.

E. The authorization automatically allows the broker to transfer funds between different clients to manage temporary shortages.

Answer: B (LEAVE A REPLY)

According to the guidelines for Mode of Payment and Delivery from Clients, the authorization for maintaining a running account shall be signed by the client only and not by any Authorized Person on his behalf or any holder of the Power of Attorney. The authorization must be dated and revocable, and actual settlement must happen at least once in a calendar quarter or month.

NEW QUESTION: 68

What is the mandatory mechanism for effecting the pay-in of securities for sell obligations in the T+0 settlement cycle?

A. Physical Delivery Instruction Slip submitted to the DP by 10:00 AM.

B. Transfer from Client Beneficiary Account to CM Pool Account via standard market instruction.

C. Only by way of early pay-in using block mechanism.

D. Inter-depository transfer from the client's account to the Clearing Corporation's account.

E. Automatic sweeping of securities from the client's demat account at 1 PM.

Answer: (SHOW ANSWER)

The source specifies: 'Pay-in for T+0 sell obligations shall be allowing only by way of early pay-in using block mechanism.'

NEW QUESTION: 69

A trader has bought 1000 shares of XYZ Ltd. at Rs. 500 and wants to limit the potential loss to roughly Rs. 20 per share using a Sell Stop Loss order. Which of the following combinations of 'Trigger Price' and 'Limit Price' represents a valid and logical Stop Loss Limit order configuration for this purpose?

A. Trigger Price: Rs. 520; Limit Price: Rs. 525

B. Trigger Price: Rs. 480; Limit Price: Rs. 478

C. Trigger Price: Rs. 480; Limit Price: Rs. 485

D. Trigger Price: Rs. 500; Limit Price: Rs. 480

E. Trigger Price: Rs. 20; Limit Price: Rs. 0

Answer: B (LEAVE A REPLY)

For a Sell Stop Loss order, the Trigger Price must be below the current market price (to trigger when price falls). The Limit Price can be equal to or less than the Trigger Price to ensure the order is marketable once triggered in a falling market. Option B (Trigger 480, Limit 478) fits this logic. Option C places a limit higher than the trigger, which might not execute if the market crashes rapidly.

NEW QUESTION: 70

According to RBI guidelines for issuance, which of the following combinations correctly specifies the minimum denomination, maturity range, and minimum credit rating required for a Commercial Paper (CP)?

A. ? 1 lakh and multiples thereof; 15 days to 1 year; Rating 'A2'

B. ?5 lakh and multiples thereof; 7 days to 1 year; Rating 'A3'

C. ?5 lakh and multiples thereof; 15 days to 3 years; Rating 'A3'

D. ? 10 lakh and multiples thereof; 7 days to 1 year; Rating 'AA'
E. ?25 lakh and multiples thereof; 30 days to 1 year; Rating 'A1'
Answer: B (LEAVE A REPLY)
Commercial Papers (CPs) are issued for ?5 lakh and multiples thereof for maturities between 7 days and one year. The minimum credit rating assigned by a Credit Rating Agency (CRA) for the issuance of CPs shall be 'A3'.

NEW QUESTION: 71
To ensure compliance while providing research-based advisory services, brokerage houses must adhere to specific regulations and circulars. According to the NISM workbook, which of the following represents the governing framework for Research Reports?
A. SEBI (Investment Advisers) Regulations, 2013 and Master Circular dated December 16, 2020
B. SEBI (Stock Brokers) Regulations, 1992 and Master Circular dated May 21 , 2024
C. SEBI (Research Analysts) Regulation, 2014 and Master Circular for Research Analyst dated May 21 , 2024
D. Securities Contracts (Regulation) Rules, 1957 and SEBI (Prohibition of Insider Trading) Regulations, 2015
E. SEBI (Portfolio Managers) Regulations, 2020 and Master Circular dated March 20, 2023
Answer: C (LEAVE A REPLY)
Brokerage houses providing research-based advisory services must comply with the relevant guidelines provided under (Research Analysts) Regulation, 2014" and "'Master Circular for Research Analyst' dated May 21 , 2024**.

NEW QUESTION: 72
For a client availing the Margin Trading Facility (MTF) to purchase Group 1 equity shares that are NOT available for trading in the F&O segment, what is the applicable initial margin requirement that the stock broker must collect?
A. VaR Margin + Extreme Loss Margin (ELM)
B. VaR Margin + 3 times applicable Extreme Loss Margin
C. VaR Margin + 5 times applicable Extreme Loss Margin
D. 40% of the trade value irrespective ofVaR and ELM
E. Span Margin + Exposure Margin
Answer: (SHOW ANSWER)
For Group 1 stocks other than F&O stocks and Units of Equity ETF, the applicable margin for Margin Trading Facility is VaR + 5 times of applicable Extreme Loss Margin. For Group 1 stocks available in F&O, it is VaR + 3 times ELM.

NEW QUESTION: 73
When a stock broker places an order for an additional subscription of mutual fund units in physical mode through the Exchange system, which of the following data fields is mandatory to ensure the transaction is processed correctly?
A. Client Beneficiary ID
B. Depository Participant ID
C. Folio Number
D. UCC Mapping Code
E. ISIN of the Demat Account
Answer: C (LEAVE A REPLY)
The stock broker can request for fresh or additional subscription. For additional subscription in physical mode the folio number would be mandatory. If the DP Settlement is in depository mode, it is mandatory for the stock broker to enter depository details (Depository ID and Client Beneficiary ID).

NEW QUESTION: 74

Regarding the 'Block Mechanism in demat account of clients undertaking sale transactions', what happens if the sale transaction is not executed or is unmatched?

A. The shares remain blocked until the payout date of the next settlement cycle.

B. The shares are transferred to the Clearing Member's pool account and then returned to the client.

C. The Clearing Corporation uploads cancellation of Block instruction on T day, and securities are unblocked and become free in the client's demat account on T day itself.

D. The client must manually submit an unblocking request to the Depository Participant on T+1 day.

E. The shares are auctioned by the Clearing Corporation to recover the blockage fees.

Answer: C (LEAVE A REPLY)

In case of unmatched orders, CCs shall upload cancellation of Block instruction on T day so that securities are unblocked and become free in client's demat account on T day itself. If the sale is not executed, shares shall continue to remain in the client's demat account and will be unblocked at the end of the T day.

NEW QUESTION: 75

The 'Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme' is specified under which schedule of the Foreign Exchange Management (Non-debt Instruments) Rules, 2019?

A. Schedule I

B. Schedule V

C. Schedule VII

D. Schedule X

E. Schedule XI

Answer: E (LEAVE A REPLY)

The 'Direct Listing of Equity Shares of Companies Incorporated in India on International Exchanges Scheme' (the Direct Listing Scheme) is specified in Schedule XI of Foreign Exchange Management (Non-debt Instruments) Rules, 2019. This scheme provides the framework for issuing and listing equity shares of public Indian companies on international exchanges.

NEW QUESTION: 76

Economic efficiency in the securities market is often described by the 'decoupling' of activities. Which of the following best explains the economic impact of this decoupling as defined in the source?

A. It allows savers to directly manage the administrative operations of the issuer.

B. It ensures that savers and investors are constrained by the economy's abilities rather than their individual abilities.

C. It restricts the allocation of savings to government-backed securities only.

D. It mandates that investors must possess surplus funds equal to the issuer's total capital.

E. It eliminates the need for financial intermediaries in the transfer of resources.

Answer: B (LEAVE A REPLY)

The source explicitly states that securities markets provide channels for allocation of savings to investments and thereby decouple these two activities. As a result, the savers and investors are not constrained by their individual abilities, but by the economy's abilities to save and invest respectively.

NEW QUESTION: 77
Clearing Members are required to open specific demat accounts known as 'Clearing Member Settlement Pool Accounts' with depositories. Which of the following statements is legally and operationally ** TRUE** regarding these accounts?
A. The clearing member acquires full beneficiary ownership rights over the securities transferred into this account.
B. These accounts are strictly used for holding the member's long-term proprietary investments to separate them from client assets.
C. The clearing member does not get any ownership or beneficiary rights over the shares held in these accounts.
D. Clients are prohibited from transferring shares directly into the member's pool account; all transfers must route through the Exchange.
E. Credits to this account are not permitted; it is used solely for delivering securities to the Clearing Corporation.
Answer: C (LEAVE A REPLY)
It should be noted that unlike the usual demat accounts, the clearing member does not get any ownership or beneficiary rights over the shares held in these accounts (Clearing member settlement pool accounts). A pool account is a settlement account from where broker deliver securities to exchange's clearing corporation against pay-in obligation.

NEW QUESTION: 78
Which of the following statements accurately describe the regulatory and operational framework regarding Clearing Banks and Clearing Members? (Select all that apply)
A. Every clearing member must maintain a separate and distinct primary clearing account for each segment.
B. Clearing Members are permitted to withdraw funds from their clearing accounts in favor of third-party beneficiaries.
C. Clearing Members must irrevocably authorize the Clearing Bank to allow the Clearing Corporation to access their accounts for debiting and crediting.
D. Clearing Banks are responsible for determining the final net settlement obligations of the Clearing Members.
E. Additional clearing accounts may be maintained for the specific purpose of enhancing collateral in the form of cash.
Answer: A,C,E (LEAVE A REPLY)
Statement A is correct as members must maintain separate accounts for each segment. Statement C is correct regarding irrevocable authorization. Statement E is correct regarding additional accounts for collateral enhancement. Statement B is incorrect because withdrawals are allowed only in 'self-name'. Statement D is incorrect because the Clearing Corporation (not the bank) determines the obligations.

NEW QUESTION: 79
Under the framework of 'Interoperability among Clearing Corporations', how are the inter-Clearing Corporation exposures managed in the peer-to-peer link to ensure that a default by one Clearing Corporation does not cause financial loss to the other?
A. By maintaining a Core Settlement Guarantee Fund (Core SGF) that is shared equally between all interoperable Clearing Corporations.
B. By maintaining sufficient collateral comprising (a) Margins as per existing Risk Management Framework and (b) Additional capital based on credit risk.
C. By requiring the Stock Exchanges to act as the primary guarantor for any inter-CC default up to 50% of the Minimum Required Corpus.
D. By creating a reserve contract for scrips exclusively listed on one exchange to be invoked at the time of outage.
E. By netting the pay-in and pay-out obligations of the Clearing Corporations against the Investor Protection Fund.
Answer: (SHOW ANSWER)

To manage the inter-Clearing Corporation exposure in the peer-to-peer link, Clearing Corporations shall maintain sufficient collateral with each other. This inter-Clearing Corporation collateral comprises two components: (a) Margins as per the existing Risk Management Framework (initial margin, extreme loss margin, etc.); and (b) Additional capital, to be determined by each Clearing Corporation based on the credit risk from the linked Clearing Corporation.

NEW QUESTION: 80

SEBI designates certain stock brokers as 'Qualified Stock Brokers' (QSBs) based on specific parameters to ensure appropriate governance and risk management. Which of the following parameters are explicitly considered for designating a stock broker as a QSB?
(Select all that apply)

A. The total number of active clients of the stock broker.
B. The available total assets of clients with the stock broker.
C. The net worth of the stock broker's promoter group.
D. The proprietary trading volumes of the stock broker.
E. The number of sub-broker offices managed by the stock broker.

Answer: A,B,D ([LEAVE A REPLY])

The parameters considered for designating a stock broker as a QSB include: (a) the total number of active clients; (b) the available total assets of clients; (c) trading volumes (excluding proprietary); (d) end of day margin obligations; (e) proprietary trading volumes; (f) compliance score; and (g) grievance redressal score. Promoter net worth and number of sub-broker offices are not listed parameters.

NEW QUESTION: 81

According to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from whom must an issuer obtain 'in-principle approval' for listing securities before issuing further shares, specifically in the case where the company is not listed on any exchange having nationwide trading terminals?

A. Only from the Securities and Exchange Board of India (SEBI)
B. From all the stock exchange(s) in which the securities of the issuer are proposed to be listed
C. From any one recognized stock exchange having nationwide trading terminals
D. From the Registrar of Companies (ROC) where the company is registered
E. From the stock exchange with the highest trading volume in the previous financial year

Answer: B ([LEAVE A REPLY])

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, if a company is not listed on any exchange having nationwide trading terminals, the in-principle approval is required from all the stock exchange(s) in which the securities of the issuer are proposed to be listed.

NEW QUESTION: 82

Which of the following statements accurately describe the operational guidelines for the Online Dispute Resolution (ODR) mechanism in the Indian Securities Market? (Select all that apply)

A. The Market Participant can initiate dispute resolution through the ODR Portal after giving due notice of at least 15 calendar days to the investor.
B. The ODR Institution must appoint a sole independent and neutral conciliator within 5 days of receipt of the reference.
C. If a Market Participant wishes to pursue online arbitration following an unsuccessful conciliation, they must deposit 50% of the admissible claim value with the relevant MII.
D. The conciliator shall attempt to reach a resolution within 21 calendar days, which can be extended by a maximum of 10 calendar days by consent.
E. Investors must mandatorily exhaust the SCORES portal process before they can initiate any dispute resolution through the ODR Portal.

Answer: ([SHOW ANSWER])

Option A is correct: Market Participants can initiate ODR with 15 days notice. Option B is correct: Appointment is within 5 days. Option D is correct: Timeline is 21 days + 10 days extension. Option C is incorrect because the deposit requirement is 100% of the admissible claim value. Option E is incorrect because investors can initiate ODR if the grievance with the Market Participant is not resolved satisfactorily, or at any stage of subsequent escalations.

NEW QUESTION: 83

Indian Depository Receipts (IDRs) allow foreign companies to raise funds from the Indian securities markets. Which of the following statements accurately reflects the rules regarding the redemption or conversion of IDRs into underlying equity shares?

A. Redemption is permitted immediately upon listing of the IDRs.

B. Redemption is permitted only after 3 years from the date of listing.

C. Redemption/Conversion is permitted after 1 year from the date of listing of the IDRs.

D. Two-way fungibility is strictly prohibited for IDRs.

E. IDRs can only be converted into underlying shares if the issuer is a US-based company.

Answer: C (LEAVE A REPLY)

For IDRs, redemption/conversion into the underlying shares is permitted after 1 year from the date of listing of the IDRs. Two-way fungibility is permitted, allowing conversion between IDRs and underlying shares within available headroom.

NEW QUESTION: 84

In the Capital Market / Equity Segment, how is the **Mark to Market (MTM)** margin collected from a clearing member regarding their proprietary and client positions?

A. Netted across all clients; if the Broker has a net profit across all clients, no margin is collected.

B. Gross of all net positions across all clients; no set-off of loss of one client with the profit of another client.

C. Gross of all open positions; however, proprietary positions can be netted against client positions.

D. Netted at the security level across all clients and proprietary account combined.

E. Collected only if the MTM loss exceeds 10% of the VaR margin collected.

Answer: (SHOW ANSWER)

MTM margin is collected on the * *gross open position* * of the member. The gross open position means the gross of all net positions across all the clients of a member including his proprietary position. For this purpose, the position of a client would be netted for each of its various securities, but * *the positions of all the clients of a broker would be grossed* * (i.e., only losses are added up, no setoff of loss of one client with profit of another).

NEW QUESTION: 85

A claim against a defaulter trading member is received by the Stock Exchange after three years from the date of expiry of the specified period for lodging claims. How is such a claim categorized under the IPF guidelines?

A. It is automatically rejected and cannot be pursued in any forum.

B. It is treated as a priority claim but paid only after all timely claims are settled.

C. It may be dealt with as a civil dispute.

D. It is referred to the SEBI Complaints Redressal System (SCORES) for arbitration.

E. It is eligible for 50% of the compensation limit applicable to timely claims.

Answer: C (LEAVE A REPLY)

The text states: 'Any claim received after three years from the date of expiry of the specified period may be dealt with as a civil dispute.'

NEW QUESTION: 86

Under the SEBI (Foreign Portfolio Investors) Regulations, 2019, which of the following entities are classified as Category I Foreign Portfolio Investors? (Select all that apply)

A. Pension funds and university funds

B. Charitable organizations

C. Entities from Financial Action Task Force (FATF) member countries

D. Corporate bodies

E. Government and Government related investors

Answer: A,C,E ([LEAVE A REPLY])

According to the SEBI (Foreign Portfolio Investors) Regulations, 2019, Category I FPIs include Government and Government related investors (Option E), Pension funds and university funds (Option A), and Entities from FATF member countries (Option C). Charitable organizations and Corporate bodies fall under Category II.

NEW QUESTION: 87

A Trading Member executes trades in both T+1 and T+0 settlement cycles for the same security on the same day. Which of the following statements correctly describes the netting of obligations between these two segments?

A. Obligations are netted at the client level but not at the member level.

B. There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycle.

C. Funds are netted across segments, but securities are settled separately.

D. Netting is permitted only if the member opts for the 'Unified Settlement' facility.

E. Sell obligations in T+0 are netted against Buy obligations in T+1 to reduce margin requirements.

Answer: B ([LEAVE A REPLY])

The operational details for T+0 settlement explicitly state: 'There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycle.'

NEW QUESTION: 88

Which of the following statements accurately describe the features and conditions of the 'Net Settlement of Cash segment and Futures & Options (F&O) segment upon expiry of stock derivatives'? (Select all that apply)

A. The benefit of netting is available to non-institutional Custodial Participants (CPs) clearing through the same entity registered both as a custodian in cash and as a CM in F&O.

B. Investors whose Trading Member clears trades through different Clearing Corporations for Cash and F&O are eligible for netting.

C. Securities Transaction Tax (STT) is computed on the final netted obligation to avoid double taxation.

D. Netting of delivery obligations is strictly for the purpose of settlement.

E. Clearing Corporations continue to maintain segment-wise default waterfalls.

Answer: ([SHOW ANSWER])

Statement A is correct: Netting is available for non-institutional CPs clearing through the same entity registered as custodian in cash and CM in F&O. Statement B is incorrect: Investors whose TM clears through different CM/CC will not be able to avail the benefit. Statement C is incorrect: STT/Stamp Duty continue to be computed on a segment-wise level. Statement D is correct: Netting is only for the purpose of settlement. Statement E is correct: CCs continue to maintain segment-wise default waterfalls.

NEW QUESTION: 89

In the context of a stock broker's Middle Office operations, which of the following scenarios best illustrates the manifestation of Credit Risk as defined in the risk management framework?

A. Loss resulting from the breakdown of internal controls leading to unauthorized trading.

B. Loss arising from the concentration of client collateral in a specific sector that experiences a sharp price decline.
C. Risk arising from loans extended to group companies or debit balances of clients.
D. The possibility that a counterparty contract cannot be enforced due to lack of proper authority.
E. Disruption in settlement systems causing a crisis of confidence among investors.
Answer: C (LEAVE A REPLY)
According to the source, Credit risk is the risk of default on a debt. For a broker, credit risk can arise on account of 'Loans to Group Companies/ Related Parties, debit balance of clients, funding of clients, short collection of margins, Non-confirmation of DVP trade by custodian etc.' Option A describes Operational Risk. Option B describes Market Risk. Option D describes Legal Risk. Option E describes Systemic Risk.

NEW QUESTION: 90
Which international capital market instrument issued by Indian companies is subscribed to by a non-resident in foreign currency and carries a fixed interest rate with a conversion feature?
A. External Commercial Borrowings (ECBs)
B. Masala Bonds
C. Foreign Currency Convertible Bonds (FCCBs)
D. Indian Depository Receipts (IDRs)
E. Global Depository Receipts (GDRs)
Answer: C (LEAVE A REPLY)
Foreign Currency Convertible Bonds (FCCBs) are bonds issued by Indian companies and subscribed to by a non-resident in foreign currency. They carry a fixed interest or coupon rate and are convertible into a certain number of ordinary shares at a predetermined price,.

NEW QUESTION: 91
According to the requirements for maintaining books of account, what specific details must be recorded in the 'Register of Transactions' (Sauda Book)?
A. Only the net obligation of funds and securities to be settled with the Clearing Corporation.
B. Receipts and payments of funds involving clients, distinguishing between margin and settlement obligations.
C. Each transaction effected, showing the name of the security, its value, rates gross and net of brokerage, and names of the clients.
D. General expenses, overheads, salaries, and petty cash adjustments for the broking firm.
E. Details of all dematerialized securities held in the broker's pool account and beneficiary account.
Answer: (SHOW ANSWER)
The Register of Transactions (Sauda Book) is required to include each transaction effected. It must show the name of the security, its value, rates gross and net of brokerage, and names of the clients.

NEW QUESTION: 92

Based on the 'Cyber Security and Cyber Resilience Framework (CSCRF)' for Stock Brokers, which of the following correctly match the 'Cyber Resiliency Goals' with their definitions? (Select all that apply)

A. Anticipate: Maintain a state of informed preparedness from adversary attacks.

B. Withstand: Restore business functions to the maximum extent subsequent to adversary attacks.

C. Contain: Localise containment of crisis and isolate trusted functions from untrusted ones to continue business operations.

D. Recover: Continue essential business functions at times of adversary attacks.

E. Evolve: To change business functions and its supporting cyber capabilities to minimize adverse impacts of adversary attacks.

Answer: A,C,E (LEAVE A REPLY)

The CSCRF defines the goals as follows: 'Anticipate' is maintaining informed preparedness. 'Withstand' is continuing essential business functions during attacks (Option B is incorrect as it describes Recover). 'Contain' is localizing the crisis. 'Recover' is restoring business functions (Option D is incorrect as it describes Withstand). 'Evolve' is changing functions to minimize adverse impacts.

NEW QUESTION: 93

Under the 'Management or administration of clients portfolio' regulations, what is the specific investment limit for a portfolio manager offering **non-discretionary or advisory services** regarding **unlisted securities**?

A. They are strictly prohibited from investing or advising on unlisted securities.

B. They may invest or provide advice for investment up to 10% of the assets under management of such clients in unlisted securities.

C. They may invest or provide advice for investment up to 25% of the assets under management of such clients in unlisted securities.

D. They may invest up to 50% of the AUM in unlisted securities provided the client is a body corporate.

E. They may invest 100% of the assets in unlisted securities if the client is a High Net Worth Individual (HNI).

Answer: C (LEAVE A REPLY)

The regulations state: 'The portfolio manager offering non-discretionary or advisory services to clients may invest or provide advice for investment up to 25% of the assets under management of such clients in unlisted securities, in addition to the securities permitted for discretionary portfolio management.'

NEW QUESTION: 94

A Trading Member executes the following trades in a specific scrip on a given day:

* Buy 500 shares @ Rs. 100

* Sell 300 shares @ Rs. 105

* Buy 200 shares @ Rs. 95

What are the final Net Quantity and Net Fund obligations for the member to be settled with the Clearing Corporation?

A. Net Qty: 400 (Receive); Net Funds: Pay Rs. 37,500

B. Net Qty: 400 (Deliver); Net Funds: Receive Rs. 37,500

C. Net Qty: 1000 (Receive); Net Funds: Pay Rs. 100,500

D. Net Qty: 0; Net Funds: Receive Rs. 1,500

E. Net Qty: 400 (Receive); Net Funds: Pay Rs. 69,000

Answer: (SHOW ANSWER)

Net Quantity:

Total Buy = 500 + 200 = 700.

Total Sell = 300.

Net Qty = 700 - 300 = 400 (Buy/Receive).

Net Funds:

Outflow (Buy) = + (200*95) = 50,000 + 19,000 = Rs. 69,000.
Inflow (Sell) = 300*105 = Rs. 31 ,500.
Net Funds = Inflow - Outflow = 31 ,500 - 69,000 = -37,500.
Negative implies Pay Rs. 37,500.

NEW QUESTION: 95
Entities operating in the IFSC at GIFT City are recognized as non-resident entities under FEMA regulations. Which combination of fiscal incentives is explicitly available to these entities?
A. Exemption from GST only.
B. Exemption from Security Transaction Tax (STT), Commodity Transaction Tax (CT T), Dividend Distribution Tax (DDT), and Capital Gains waiver.
C. Waiver of Import Duty on Gold and Silver only.
D. Exemption from Stamp Duty and Registration Fees only.
E. Rebate on Corporate Tax for the first 2 years only.
Answer: B (LEAVE A REPLY)
The IFSC at GIFT, Gandhinagar is a deemed foreign territory where entities are recognized as non-resident entities under FEMA regulations. The benefits provided include exemptions from security transaction tax (STT), commodity transaction tax, dividend distribution tax, capital gains waiver, and no income tax.

NEW QUESTION: 96
Clearing Members perform three core functions: Clearing, Settlement, and Risk Management. Which of the following activities correctly falls under the 'Risk Management' function of a Clearing Member?
A. Computing obligations of all trading members to determine positions to settle.
B. Performing the actual transfer of funds and securities to the Clearing Corporation.
C. Setting limits based on upfront deposits/margins for each trading member/client and monitoring positions on a continuous basis.
D. Confirming the genuineness of transaction details provided by the Clearing Corporation.
E. Opening demat accounts for retail clients.
Answer: C (LEAVE A REPLY)
The source explicitly lists the functions of Clearing Members. Under Risk Management, it lists: 'Setting limits based on upfront deposits / margins for each trading member/client and monitoring positions on a continuous basis.' Option A is the 'Clearing' function. Option B isthe 'Settlement' function.

NEW QUESTION: 97
Which of the following services can a Depository Participant (DP) engage in, as explicitly listed in the NISM workbook? (Select all that apply)
A. Receiving electronic credit in respect of securities allotted by issuers under IPO
B. Pledging of dematerialized securities & facilitating loans against shares
C. Issuing equity research reports for the depository
D. Freezing of the demat account for debits, credits, or both
E. Underwriting of Initial Public Offers (IPOs)
Answer: A,B,D (LEAVE A REPLY)
The services a DP can engage into include: Receiving electronic credit in respect of securities allotted by issuers under IPO; Pledging of dematerialized securities & facilitating loans against shares; Freezing of the demat account for debits, credits, or both. Research reports and Underwriting are not listed as DP services in this section.

NEW QUESTION: 98
Which of the following statements correctly reflect the general responsibilities and investment restrictions imposed on a Portfolio Manager by SEBI? (Select all that apply)
A. The portfolio manager shall not borrow funds or securities on behalf of the client.
B. The portfolio manager is permitted to lend securities held on behalf of clients to third parties to generate extra income without restriction.
C. Portfolio Managers may invest in units of Mutual Funds only through the direct plan.
D. The portfolio manager shall segregate each client's holding in securities in separate accounts.
E. The discretionary portfolio manager can deploy client funds in bill discounting if authorized by the client.
Answer: (SHOW ANSWER)
Option A is correct: 'The portfolio manager shall not borrow funds or securities on behalf of the client.' Option C is correct: 'Portfolio Managers may invest in units of Mutual Funds only through direct plan.' Option D is correct: 'shall segregate each client's holding in securities in separate accounts.' Option B is incorrect as lending is generally prohibited except as provided under regulation. Option E is incorrect as deploying funds in bill discounting is prohibited.

NEW QUESTION: 99
When determining the settlement obligations in a scenario involving holidays, why is the sequential basis of settlement (completing first settlement before starting the next) critically important?
A. It allows the Clearing Corporation to recalculate margins for the previous week.
B. It ensures that the pay-out (cash/securities) from the first settlement is available to the member to meet obligations for the subsequent settlement.
C. It is required to separate institutional trades from retail trades.
D. It prevents members from trading in the derivatives segment during the cash market settlement.
E. It allows the stock exchange to close the market early.
Answer: B (LEAVE A REPLY)
The sequential basis is adopted so that 'The cash or securities pay out from the first settlement shall be made available to the member for meeting his pay-in obligations for the subsequent settlement(s).'

NEW QUESTION: 100
Regarding Indian Depository Receipts (IDRs) and the regulatory framework for their conversion or redemption into underlying equity shares, which of the following statements accurately reflects the permissible conditions?
A. Redemption is permitted immediately upon listing, provided the fungibility is restricted to one-way conversion from IDRs to shares only.
B. Redemption is permitted after 1 year from the date of listing, subject to available headroom calculated as originally issued IDRs minus outstanding IDRs adjusted for redemptions.
C. Two-way fungibility is strictly prohibited; investors can only convert underlying shares into IDRs but cannot redeem IDRs into shares.
D. Investors can request redemption into underlying shares at any time, but the underlying shares must be held by a domestic custodian registered with SEBI.
E. The headroom for conversion is calculated based on the total paid-up capital of the issuing company rather than the specific number of IDRs issued.
Answer: B (LEAVE A REPLY)
The regulations for IDRs state that 'Redemption/Conversion is permitted after 1 year from the date of listing of the IDRs.' Furthermore, 'Two way fungibility of IDRs is permitted... However, the number of shares that can be converted into depository receipt should be within the headroom available.' The headroom is defined as 'the number of IDRs originally issued minus the number of IDRs outstanding, which is further adjusted for IDRs redeemed into underlying equity shares.'

NEW QUESTION: 101

Various intermediaries play specific roles in the securities ecosystem. Which specific group of intermediaries is described as providing 'important infrastructure services' to both the primary and secondary markets?

A. Merchant Bankers and Underwriters

B. Foreign Portfolio Investors (FPIs) and Mutual Funds

C. Registrars and Transfer Agents, Custodians, and Depositories

D. Stock Brokers and Sub-brokers

E. Investment Advisors and Research Analysts

Answer: C (LEAVE A REPLY)

The source specifically identifies Registrars and Transfer Agents, Custodians, and Depositories as capital market intermediaries which provide important infrastructure services to both the primary and secondary markets.

NEW QUESTION: 102

Under the 'Direct Pay-out' of securities framework mandated by SEBI, to which category of clients is this facility not applicable?

A. Retail Individual Investors

B. High Net-worth Individuals (HNIs)

C. Clients having arrangements with custodians registered with SEBI for clearing and settlement

D. Non-Resident Indians (NRIs) dealing through a Portfolio Investment Scheme (PIS)

E. Qualified Stock Brokers' proprietary trading accounts

Answer: C (LEAVE A REPLY)

The securities direct pay-out shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades. For other clients, the securities are credited directly to their demat accounts by the Clearing Corporation.

NEW QUESTION: 103

Which of the following guidelines are mandated to enable smooth settlement processes and help Clearing Corporations meet obligations in case of holidays? (Select all that apply)

A. CCs shall clear and settle trades on a sequential basis.

B. Pay-in and pay-out of the first settlement must be completed before the commencement of the subsequent settlement.

C. Depositories shall facilitate inter-depository transfers within one hour and before pay-in for the subsequent settlement begins.

D. Settlements for all trade dates falling on holidays must be deferred to the next working week.

E. Members are prohibited from using the pay-out of the first settlement for the subsequent settlement's pay-in.

Answer: A,B,C (LEAVE A REPLY)

The guidelines include: 1. 'The CCs shall clear and settle the trades on a sequential basis'; 2. 'pay-in and the pay-out of the first settlement shall be completed before the commencement... of the subsequent settlement(s)'; 3. 'depositories shall... facilitate the inter-depository transfers within one hour and before pay-in for the subsequent settlement begins.' Option D is incorrect as settlements are completed on the same day. Option E is incorrect as the pay-out is specifically made available for the subsequent pay-in.

NEW QUESTION: 104

For Futures Contracts on Individual Securities, which price is used as the 'Final Settlement Price' on the last trading day?

A. The closing price of the futures contract on the expiry day.

B. The weighted average price of the underlying security during the last 30 minutes of trading.

C. The closing price of the relevant underlying security in the Capital Market Segment across exchanges.

D. The last traded price (LTP) of the underlying security on the primary exchange.
E. The theoretical price calculated using the cost of carry model.
Answer: C (LEAVE A REPLY)
According to the Settlement Price table, the Final Settlement Price for Futures Contracts on Individual Securities is the Closing price of the relevant underlying security in the Capital Market Segment across exchanges on the last trading day of the futures contract.

NEW QUESTION: 105
Regarding the methodology for adjusting Rights Issues in the Equity F&O segment, how are the Market Lot and Position of the existing contracts modified using the Adjustment Factor?
A. The new market lot and position are arrived at by multiplying the old market lot and position by the adjustment factor.
B. The new market lot and position are arrived at by dividing the old market lot and position by the adjustment factor.
C. The new market lot is multiplied, while the position is divided by the adjustment factor.
D. The new market lot and position remain unchanged; only the strike price is adjusted.
E. The new market lot is arrived at by adding the Rights Entitlement ratio to the old lot.
Answer: (SHOW ANSWER)
For Rights Issues, the new market lot/multiplier is arrived at by dividing the old market lot by the adjustment faction Similarly, the new position is arrived at by dividing the old position by the adjustment factor. Note that for Rights, the adjustment factor is typically less than 1, resulting in an increase in lot size and position.

NEW QUESTION: 106
According to the SEBI guidelines on Trade Annulment, what is the specific application fee structure that Stock Exchanges must charge for accepting an annulment request from a stock broker?
A. A fixed fee of? 1 lakh irrespective of trade value, credited to the Investor Service Fund.
B. 1% of the value of trade(s), subject to a minimum of ? 50,000 and maximum of ? 5 lakhs.
C. 5% of the value of trade(s), subject to a minimum of? 1 lakh and maximum of ? 10 lakhs.
D. 2% of the value of trade(s), with no minimum or maximum cap, credited to the Core Settlement Guarantee Fund.
E. There is no fee for trade annulment if the request is submitted within 30 minutes.
Answer: C (LEAVE A REPLY)
As per SEBI guidelines on Trade Annulment, Stock exchanges shall charge an application fee equal to 5% of the value of trade(s) for accepting an annulment request from a stock broker, subject to a minimum fee of? 1 lakh and maximum fee of ? 10 lakhs. The amount realised is credited to the Investor Protection Fund.

NEW QUESTION: 107
In the context of the clearing and settlement process within the depository system, SEBI vide its circular dated June 05, 2024, mandated a significant change regarding the pay-out of securities. Which of the following statements accurately describes this revised mechanism?
A. Securities for pay-out must be credited to the Clearing Member's Pool Account, who then has 24 hours to transfer them to the client.

B. Securities for pay-out shall be credited directly to the respective client's demat account by the Clearing Corporations.
C. The direct pay-out mechanism is mandatory for all clients, including those having arrangements with SEBI registered custodians.
D. Securities are held in a temporary 'Transit Account' by the Depository until the client issues a Receipt Instruction.
E. The timing of the payout of securities remains 1 PM despite the direct credit mechanism.
Answer: (SHOW ANSWER)
SEBI vide circular dated June 05, 2024, has decided the securities for pay-out shall be credited directly to the respective client's demat account by the CCs. As a consequence, the timing of the payout of securities shall be revised from 1 PM to 3:30 PM. The direct payout shall not be applicable to clients having arrangements with custodians.

NEW QUESTION: 108
If the conciliation process fails and the **Market Participant** decides to pursue online arbitration, what specific financial requirement must they satisfy prior to the initiation of the online arbitration?
A. They must pay a non-refundable arbitration fee of Rs. 25,000.
B. They must deposit 75% of the claim value with the Investor Protection Fund (IPF).
C. They must deposit 100% of the admissible claim value with the relevant Market Infrastructure Institution (MII).
D. They must provide a Bank Guarantee equivalent to 50% of the claim value.
E. They must obtain an indemnity bond from the investor for the full claim amount.
Answer: (SHOW ANSWER)
As per the guidelines, 'In case the Market Participant wishes to pursue online arbitration, then the Market Participant must deposit 100% of the admissible claim value with the relevant MII prior to initiation of the online arbitration'.

NEW QUESTION: 109
Under the framework for 'Segregation and Monitoring of Collateral at Client Level', when the Clearing Corporation (CC) receives a trade from a client account, what is the specific sequential order in which the margin is blocked if the primary source is insufficient?
A. Client Collateral -> CM Proprietary Collateral -> TM Proprietary Collateral
B. Client Collateral -> TM Proprietary Collateral -> CM Proprietary Collateral
C. TM Proprietary Collateral -> Client Collateral -> CM Proprietary Collateral
D. Client Collateral Excess Collateral of other Clients CM Proprietary Collateral
E. CM Proprietary Collateral TM Proprietary Collateral -> Client Collateral
Answer: (SHOW ANSWER)
According to the margin payment and collateral segregation guidelines, on receipt of a trade from a client account by the CC, the margin shall first be blocked from the value of the client collateral. If the client collateral is not sufficient, the residual margin shall be blocked from the TM proprietary collateral. If the TM proprietary collateral is also not sufficient, then the residual margin shall be blocked from the CM proprietary collateral.

NEW QUESTION: 110
Under the SEBI (Foreign Portfolio Investors) Regulations, 2019, which of the following entities are classified as Category I Foreign Portfolio Investors? (Select all that apply)
A. Government and Government related investors such as central banks and sovereign wealth funds
B. Pension funds and university funds
C. Appropriately regulated entities such as insurance entities from FATF member countries
D. Corporate bodies and Family offices

E. Unregulated funds in the form of limited partnerships

Answer: A,B,C (LEAVE A REPLY)

Category I FPIs include Government and Government related investors (central banks, sovereign wealth funds), Pension funds, university funds, and Appropriately Regulated entities like insurance/reinsurance entities, banks, and asset management companies from FATF member countries. Corporate bodies, family offices, and unregulated funds fall under Category II.

NEW QUESTION: 111

Under the regulatory framework defined in Section 24 of the Companies Act, 2013, the administration of specific provisions for listed companies (or those proposed to be listed) is delegated to the Securities and Exchange Board of India (SEBI). Which of the following matters is EXCLUSIVELY administered by SEBI under this delegation, while remaining otherwise under the Central Government's administration?

A. Registration of the company's memorandum of association

B. Appointment of key managerial personnel

C. Non-payment of dividend

D. Conduct of Annual General Meetings

E. Incorporation of the company

Answer: C (LEAVE A REPLY)

Section 24 of the Companies Act, 2013, delegates the power to regulate the issue and transfer of securities and the non-payment of dividend by listed companies (or those intending to get listed) to SEBI. All other provisions of the Companies Act are administered by the Central Government (Ministry of Corporate Affairs).

NEW QUESTION: 112

SEBI has mandated the Direct Pay-out of securities to client demat accounts. What is the specific operational consequence of this mandate regarding the revision of the securities pay-out timing in the T+1 settlement cycle?

A. The pay-out timing is advanced from 1:30 PM to 11 AM.

B. The pay-out timing remains unchanged at 1 :30 PM.

C. The pay-out timing is revised from 1:30 PM to 3:30 PM.

D. The pay-out timing is deferred to T+2 day at 9:00 AM.

E. The pay-out timing is synchronized with the funds pay-out at 10:30 AM.

Answer: (SHOW ANSWER)

As a consequence of the mandate for securities for pay-out to be credited directly to the respective client's demat account by the Clearing Corporations, the timing of the payout of securities shall be revised from 1:30 PM to 3:30 PM. This ensures securities are credited on the same settlement day.

NEW QUESTION: 113

Regarding the 'Direct Pay-out' of securities mandated by SEBI vide circular dated June 05, 2024, which of the following operational changes has been implemented concerning the credit of securities and the settlement timing?

A. Securities are credited to the Broker's Pool Account by 1 PM, and the broker must transfer them to the client by 3:30 PM on the same day.

B. Securities are credited directly to the client's demat account by the Clearing Corporation, and the pay-out timing is revised from 1 PM to 3:30 PM.

C. Securities are credited to a temporary 'Client Unpaid Securities Account' maintained by the Clearing Corporation until funds are cleared.

D. Direct pay-out is applicable only for Institutional Clients, while Retail Clients continue to receive shares via the Broker's Pool Account.

E. The pay-out timing remains 1 PM, but the securities are credited to the client's account on T+2 day instead of T+1.

Answer: B (LEAVE A REPLY)

As a consequence of the mandate for securities for pay-out to be credited directly to the respective client's demat account by the Clearing Corporations, the timing of the payout of securities shall be revised from 1 PM to 3:30 PM. As a result, securities shall be credited to the clients' demat account on the same settlement day.

NEW QUESTION: 114

In the process of disbursing compensation from the Investor Protection Fund (IPF) in case of a defaulter Trading Member (TM), which body is responsible for the 'sanction and ratification' of claims before they are sent to the IPF Trust?

A. The Defaulters' Committee

B. The Disciplinary Action Committee (DAC)

C. The Member Committee (MC)

D. The Investor Grievance Redressal Committee (IGRC)

E. The Governing Board of the Exchange

Answer: (SHOW ANSWER)

The guidelines specify: 'The Stock Exchanges shall ensure that once a TM has been declared defaulter, the claim(s) shall be placed before the Member Committee (MC) for sanction and ratification. MC's legitimate claims shall be sent to the IPF Trust for immediate disbursement of the amount.'

NEW QUESTION: 115

Which of the following statements correctly describe the logic for blocking margins from collateral for different types of trades under the client collateral segregation framework? (Select all that apply)

A. For a trade from a client account, if client collateral is insufficient, the residual margin is blocked from the TM proprietary collateral.

B. For a trade from the proprietary account of a TM, margin is first blocked from the TM proprietary collateral, and if insufficient, from the CM proprietary collateral.

C. Margins based on trades from the proprietary account of the CM are blocked from the proprietary collateral of the CM only.

D. For a client trade, if TM proprietary collateral is insufficient, the residual margin is blocked from the collateral of other clients of the same TM.

E. If a CM'S proprietary collateral is insufficient for a TM's proprietary trade, the CC utilizes the Core SGF immediately.

Answer: A,B,C (LEAVE A REPLY)

Statement A is correct: Client trade margin logic is Client Collateral -> TM Prop -> CM Prop. Statement B is correct: TM Prop trade margin logic is TM Prop CM Prop. Statement C is correct: CM Prop trade margin logic is CM Prop only. Statement D is incorrect because client collateral is segregated and cannot be used for other clients or prop trades. Statement E is incorrect as it refers to the default waterfall, not the initial blocking logic.

NEW QUESTION: 116

For which specific category of clients is the 'Block Mechanism' in the demat account for sale transactions explicitly applicable?

A. Non-Resident Indians (NRIs) dealing through a Portfolio Investment Scheme (PIS).

B. High Net Worth Individuals (HNIs) trading in the F&O segment.

C. Retail investors using the Application Supported by Blocked Amount (ASBA) facility.

D. Clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.

E. Corporate clients trading through a proprietary account of the Trading Member.

Answer: D (LEAVE A REPLY)

The source explicitly states that the block mechanism shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.

NEW QUESTION: 117

Identify the category of Clearing Member that possesses both trading and clearing rights and is authorized to clear and settle trades for themselves, other trading members, and custodial participants.

A. Professional Clearing Member (PCM)

B. Trading cum Self-Clearing Member (SCM)

C. Trading Member-cum-Clearing Member (TCM)

D. Custodian

E. Authorized Person

Answer: (SHOW ANSWER)

A Trading Member.cum.Clearing Member (TCM) has trading as well as clearing rights. They can clear and settle their own trades as well as trades of other trading members and custodial participants. SCMs can only clear their own/client trades but not for custodian participants. PCMs do not have trading rights.

NEW QUESTION: 118

In the context of corporate actions adjustment for * *Bonus, Stock Splits, and Consolidations** in the Equity F&O segment, how are the New Strike Price and New Market Lot determined relative to the Adjustment Factor?

A. New Strike Price =Old Strike Price Adjustment Factor; New Market Lot = Old Market Lot / Adjustment Factor

B. New Strike Price = Old Strike Price / Adjustment Factor; New Market Lot = Old Market Lot Adjustment Factor

C. New Strike Price = Old Strike Price / Adjustment Factor; New Market Lot = Old Market Lot / Adjustment Factor

D. New Strike Price = Old Strike Price Adjustment Factor; New Market Lot = Old Market Lot Adjustment Factor

E. New Strike Price = Old Strike Price + Adjustment Factor; New Market Lot = Old Market Lot - Adjustment Factor

Answer: B (LEAVE A REPLY)

According to the methodology for adjustment in Equity F&O for Bonus, Stock Splits, and Consolidations: The new strike price shall be arrived at by dividing the old strike price by the adjustment factor. The new market lot/multiplier shall be arrived at by multiplying the old market lot by the adjustment factor.

NEW QUESTION: 119

If a selling broker fails to deliver securities, the Clearing Corporation conducts an auction. If this auction remains unresolved because there are no sellers (Auction Fail), the transaction is subject to a 'Close out'. How is the close-out price calculated to compensate the buyer in such a scenario?

A. At the closing price of the securities on the auction day plus a fixed penalty of 5%.

B. At the highest price prevailing across the exchange from the day of trading up to the auction day OR 20% above the official closing price on the auction day, whichever is higher.

C. At the standard valuation price determined by the Clearing Corporation on the T+1 pay-in day.

D. At the average weighted trade price of the security during the last 5 trading sessions plus brokerage and statutory levies.

E. At the highest price recorded on the exchange on the trade day only, irrespective of subsequent price movements.

Answer: B (LEAVE A REPLY)

According to the close-out procedure, if on the auction day there are no sellers, the Clearing Corporation carries out a 'Close out'. In this process, the buyer is compensated by paying the value of the short delivered security at the 'highest price prevailing across the stock exchange from the day of trading till the auction/close out day or 20% above the official closing price on the auction day, whichever is higher'.

NEW QUESTION: 120

In the context of the validation process for Pay-In of securities from a client's demat account to the Member Pool Account, how do Depositories handle a specific transfer instruction where the quantity specified in the instruction exceeds the client-wise net delivery obligation provided by the Clearing Corporation?

A. The instruction is rejected in its entirety due to the discrepancy in quantity.

B. The instruction is kept pending until the Clearing Corporation updates the obligation to match the instruction.
C. The instruction is processed fully, but the excess securities are immediately returned to the client's account by the Clearing Member.
D. The instruction is partially processed by the depositories up to the matching obligation quantity.
E. The instruction is processed fully, creating an excess balance in the Member Pool Account which is flagged for audit.
Answer: D (LEAVE A REPLY)
According to the validation process rules: 'If the quantity in instruction is more than the obligation provided by CC, then the instruction will be partially processed by the depositories (i.e., upto the matching obligation quantity).'

NEW QUESTION: 121
When handling 'Trade Allocation' for institutional clients in the back office, how is a single order placed with the Custodial Participant code 'INST' processed?
A. The back office aggregates multiple 'INST' orders into a single block trade for reporting to the Exchange.
B. The trade is automatically allocated pro-rata to all active clients of the broker to ensure fair distribution.
C. The back office receives deal sheets from the front office and distributes the single trade across various sub-schemes of the client, generating appropriate contract notes.
D. The 'INST' code is replaced with the broker's proprietary account code, and the trade is settled as a proprietary trade.
E. The trade is kept in a suspense account until the Custodian confirms the trade on T+2 day.
Answer: (SHOW ANSWER)
In the case of institutional trades, the front office enters a single order with CP code 'INST'. Subsequently, based on deal sheets received from the front office, the back office user allocates the trade to individual schemes within the parent fund and generates the appropriate contract note. The broker also uploads these allocation details to the clearing corporation.

NEW QUESTION: 122
Which of the following statements accurately reflect the regulatory requirements regarding the 'Statement of Accounts' and dispute resolution related to the settlement of funds? (Select all that apply)
A. The Statement of Accounts must contain an extract from the client ledger for funds and the register of securities.
B. Clients must bring any dispute arising from the statement of running account to the notice of the broker within 30 working days from the date of the statement.
C. Brokers are permitted to perform inter-client adjustments for the purpose of settlement if the total fund balance at the broker level is sufficient.
D. The actual settlement of funds must be done by the broker at least once in a calendar quarter or month, depending on the client's preference.
E. If a client requests a return of funds lying with the Clearing Corporation, the broker must transfer them within 7 working days.
Answer: (SHOW ANSWER)
Statement A is correct (Statement must contain extracts). Statement B is correct (Dispute notice within 30 working days). Statement D is correct (Settlement frequency is monthly/quarterly). Statement C is incorrect because 'There is no inter-client adjustment for the purpose of settlement'. Statement E is incorrect because funds lying with the Clearing Member/Clearing Corporation must be transferred within 'three working days' from the request, not 7.

NEW QUESTION: 123
Which of the following data fields must match between the transfer instruction and the Clearing Corporation's obligation data for a Pay-In instruction to be considered a 'Matched Instruction' and subsequently executed? (Select all that apply)
A. UCC (Unique Client Code)
B. TM ID (Trading Member ID)
C. ISIN (International Securities Identification Number)
D. Client's Bank Account Number
E. CM ID (Clearing Member ID)
Answer: (SHOW ANSWER)
The text states that in case of matching of all details like 'UCC, TM ID, CM ID, ISIN, quantity, settlement details etc.' of the transfer instruction with the obligation data, the instruction shall be carried out. The Client's Bank Account Number is not mentioned as a validation parameter for securities pay-in.

NEW QUESTION: 124
If the Core SGF is utilized during a calendar month due to a default, specific rules apply to the replenishment of contributions by members. Which of the following is the correct restriction on such replenishment?
A. Members must replenish the fund immediately after every default without any limit on the number of times in a month.
B. Replenishment is voluntary and depends on the profitability of the non-defaulting members.
C. Contribution towards replenishment by members is restricted to only once during a period of 30 calendar days, regardless of the number of defaults during the period.
D. Members are liable to replenish the fund only if the default amount exceeds Rs. 100 Crore.
E. Replenishment is deferred to the next financial quarter to avoid liquidity stress on members.
Answer: C (LEAVE A REPLY)
The source states: 'However, such contribution towards replenishment of Core SGF by the members would be restricted to only once during a period of 30 calendar days regardless of the number of defaults during the period. The period of 30 calendar days shall commence from the date of notice of default...'

NEW QUESTION: 125
To increase efficiency and reduce the time duration from issue closure to listing, a new timeline was introduced for public issues opening on or after December 1, 2023. What is this mandated timeline for listing?
A. T+6 days
B. T+5 days
C. T+3 days
D. T+2 days
E. T+1 days
Answer: C (LEAVE A REPLY)
The text states: 'The T+3 timeline for listing after the closure of public issue will be applicable for all public issues opening on or after December 1, 2023.'

NEW QUESTION: 126
SEBI introduced Chapter IVA in the SEBI (Stock Brokers) Regulations, 1992, to mandate an 'Institutional Mechanism for Prevention and Detection of Fraud or Market Abuse'. Which of the following is NOT explicitly listed as a required component of this mechanism?
A. Systems for surveillance of trading activities and internal controls
B. Obligations of the stock-broker and its employees

C. Escalation and reporting mechanisms
D. Whistle Blower Policy
E. Mandatory rotation of the Principal Officer every 3 years
Answer: E (LEAVE A REPLY)
The source lists the obligations/mechanisms under Chapter IVA as: 1) Systems for surveillance of trading activities and internal controls, 2) Obligations of the stock-broker and its employees, 3) Escalation and reporting mechanisms, and 4) Whistle Blower Policy. Mandatory rotation of the Principal Officer is not mentioned in this specific list.,

NEW QUESTION: 127
To ensure compliance with Margin Trading Facility (MTF) regulations, stock brokers are required to submit a certificate to the exchange.
What is the frequency and timeline for this submission?
A. Quarterly; within 15 days from the end of the quarter.
B. Annually; along with the Annual Returns by October 31st.
C. Half-yearly; within one month from the half-year ending 31st March and 30th September.
D. Monthly; by the 7th of the succeeding month.
E. Event-based; within 7 days of exceeding the exposure limits.
Answer: C (LEAVE A REPLY)
The books of accounts with respect to MTF shall be audited on a half-yearly basis. The stock broker shall submit an auditor's certificate to the exchange, within one month from the date of the half year ending 31st March and 30th September of a year.

NEW QUESTION: 128
Regarding the operational obligations of a Portfolio Manager, which of the following statements regarding the maintenance of books, audit, and reporting to clients is legally accurate?
A. Books of account must be audited every quarter, and reports furnished to clients every month.
B. Books of account must be audited yearly, and a report furnished to the client not exceeding a period of three months.
C. Books of account must be preserved for 3 years, and reports furnished to clients annually.
D. The portfolio manager is not required to appoint a custodian if they provide discretionary services.
E. Audit of books is optional for non-discretionary portfolio managers.
Answer: (SHOW ANSWER)
The portfolio manager shall furnish periodically a report to the client, as agreed in the contract, but not exceeding a period of three months. The books of account will be audited yearly by a qualified auditor. Books must be maintained for 5 years.

NEW QUESTION: 129
According to the framework for the Core Settlement Guarantee Fund (Core SGF), how is the Minimum Required Corpus (MRC) for a segment determined for the upcoming month?
A. It is the simple average of the daily stress test losses of the preceding month, capped at 15% of the total open interest.
B. It is determined by the Risk Management Committee based on the highest single day loss observed in the last one year.
C. It is the higher of the average of all daily worst-case loss numbers determined from stress tests of the preceding month and the segment MRC as per the previous review.
D. It is fixed annually by SEBI based on the projected volume and turnover of the Clearing Corporation.
E. It is calculated as 25% of the liquid net worth of the Clearing Corporation plus the total Base Minimum Capital collected from members.

Answer: (SHOW ANSWER)
The source specifies that the MRC shall be fixed for a month. By the 15th of every month, the CC reviews/determines the MRC for the next month based on daily stress tests of the preceding month. Specifically, the MRC for the next month shall be the 'higher of the average arrived at as (v) above [Average of all the daily worst case loss numbers] and the segment MRC as per previous review.'

NEW QUESTION: 130
Regarding the execution of transfer instructions, under what condition is a Depository Participant (DP) permitted to register the transfer of securities from a beneficial owner's account?
A. Upon implied consent derived from the client's trading pattern
B. Only on receipt of instructions from the beneficial owner and thereafter confirming the same to the beneficial owner
C. Immediately upon receipt of a market rumour regarding the security
D. Based on a standing instruction from the Stock Exchange for all accounts
E. Whenever the account balance falls below the minimum required balance
Answer: (SHOW ANSWER)
A participant shall register the transfer of securities to or from a beneficial owner's account only on receipt of instructions from the beneficial owner and thereafter confirm the same to the beneficial owner.

NEW QUESTION: 131
Which of the following statements accurately reflect the nature and regulation of 'Research Reports' provided by stock brokers? (Select all that apply)
A. Research reports normally educate investors about industry trends and which company scrips to buy, sell, or hold.
B. Brokers are exempt from SEBI regulations when providing research reports if they are also registered as Merchant Bankers.
C. Brokerage houses must comply with SEBI (Research Analysts) Regulation, 2014.
D. Sector reports focus solely on the financial statements of a single company without considering industry policies.
E. Research advice and recommendations can be delivered online or via SMS.
Answer: (SHOW ANSWER)
Statement A is correct ('educate investors about the industry trends... which company scrips to buy, sell or hold'). Statement C is correct ('comply with... SEBI (Research Analysts) Regulation, 2014'). Statement E is correct ('can be obtained as SMS... more online now'). Statement B is incorrect (strict rules apply). Statement D is incorrect (Sector reports cover how an industry is faring and policies).

NEW QUESTION: 132
According to the Securities Contracts (Regulation) Act, 1956 (SCRA), the definition of 'Securities' has been expanded to include various instruments. Which of the following specific instruments is explicitly included in this definition as per the Act?
A. Fixed Deposit Receipts issued by Scheduled Commercial Banks
B. Electronic Gold Receipts issued on the basis of deposit of underlying physical gold
C. Insurance Policies linked to Unit Linked Insurance Plans (ULIPs)
D. Promissory Notes issued by private individuals for personal loans
E. Real Estate Sale Deeds registered under the Registration Act
Answer: B (LEAVE A REPLY)
As per the definition of 'Securities' in the Securities Contract Regulation Act (SCRA), 1956, the term includes 'Electronic Gold Receipt', which means an electronic receipt issued on the basis of deposit of underlying physical gold in accordance with regulations made by SEBI. It also includes Zero Coupon Zero Principal Instruments, among others like shares, bonds, and derivatives.

NEW QUESTION: 133

For the computation of initial margins in the Equity Derivatives segment using the SPAN methodology, how is the **Price Scan Range** determined for **Index Derivatives** (standard contracts)?

A. Based on 3.5 sigma scaled up by root 3.

B. Based on 6 sigma, scaled up by √2, subject to a minimum of 9.3% of the underlying price.

C. Flat rate of 10% of the contract value.

D. Based on 6 sigma, scaled up by √2, subject to a minimum of 14.2% of the underlying price.

E. 25% of annualized EWMA volatility subject to minimum 10%.

Answer: B ([LEAVE A REPLY](#))

For Index Derivatives, the Price Scan Range is based on 6 sigma, scaled up by square root of 2, subject to at least of the underlying price after considering scaling up. (14.2% applies to Single Stock Derivatives).

NEW QUESTION: 134

While Equity Derivatives generally follow a T+1 settlement cycle for daily and final settlement, which specific segment has a Final Settlement cycle of T+2 basis?

A. Index Futures

B. Stock Options (Physical Settlement)

C. Currency Derivatives

D. Interest Rate Futures

E. Index Options

Answer: C ([LEAVE A REPLY](#))

The daily and final settlement of derivative trades is generally done on T+1 working day basis, except for final settlement of currency derivatives segment, where final settlement takes place on a T+2 basis.

NEW QUESTION: 135

What specific regulatory benefit regarding reserve requirements is accorded to funds borrowed through the Triparty Repo Dealing System (TREPS) in India?

A. Exemption from Securities Transaction Tax (STT)

B. Exemption from RBI's CRR/SLR computation

C. Eligibility for priority sector lending classification

D. Waiver of stamp duty on the underlying collateral

E. Automatic guarantee by the Central Government

Answer: B ([LEAVE A REPLY](#))

Funds borrowed on TREPS are exempted from RBI's CRR (Cash Reserve Ratio) and SLR (Statutory Liquidity Ratio) computation. Additionally, the security acquired under the deal is eligible for SLR by the acquiring Bank.

NEW QUESTION: 136

In the context of the settlement mechanism for institutional transactions, if a Custodian rejects a trade allocated to them by a broker, how is the settlement of such a rejected trade processed?

A. The trade is annulled by the Stock Exchange immediately.

B. The trade is settled through the Delivery Versus Payment (DVP) basis.

C. The trade is transferred to the broker's error account for liquidation.

D. The settlement is deferred to T+2 to allow for re-confirmation.
E. The Clearing Corporation settles the trade using the Core Settlement Guarantee Fund.
Answer: B (LEAVE A REPLY)
In the event of rejection of institutional trades by the custodian, the trade will be settled through Delivery Versus Payment (DVP) basis. Such trades will also be subjected to penalties as may be imposed by Stock Exchanges/Clearing Corporations.

NEW QUESTION: 137
Regarding the calculation of the settlement date in a T+1 rolling settlement environment, which of the following days are explicitly excluded when determining the T +1 day?
A. Public holidays declared under the Negotiable Instruments Act only.
B. Only days when the Reserve Bank of India (RBI) is closed.
C. Bank holidays, Exchange/Clearing Corporation holidays, Saturdays, and Sundays.
D. Only Exchange trading holidays.
E. Only Saturdays and Sundays.
Answer: C (LEAVE A REPLY)

NEW QUESTION: 138
Section 15A of the SEBI Act, 1992, prescribes penalties for failure to furnish information, returns, or reports. What is the specific penalty liability for a person who fails to furnish such documents within the specified time?
A. A fixed penalty of ?5 Lakhs plus ? 10,000 for every day of delay.
B. Not less than ? 1 Lakh but may extend to ?1 Lakh for each day during which such failure continues, subject to a maximum of ?1 Crore.
C. Not less than ? 10 Lakhs but may extend to ?25 Crore depending on the severity of the failure.
D. Imprisonment for a term which may extend to one year, or with fine, or with both.
E. A penalty of ?1 Crore irrespective of the duration of the failure.
Answer: B (LEAVE A REPLY)
Section 15A of the SEBI Act states that a person shall be liable to a penalty which shall not be less than one lakh rupees, but which may extend to one lakh rupees for each day during which such failure continues subject to a maximum of one crore rupees, if he fails to furnish any document, return or report to SEBI.

NEW QUESTION: 139
In the context of the Indian Money Market, issuers must adhere to specific credit rating requirements to issue Commercial Paper (CP).
What is the minimum credit rating required from a Credit Rating Agency (CRA) for the issuance of CPs?
A. A1
B. A2
C. A3

D. AAA
E. BBB
Answer: (SHOW ANSWER)
A Commercial Paper (CP) is used by Indian corporates to raise short-term unsecured funds. According to RBI regulations, the minimum credit rating assigned by a Credit Rating Agency (CRA) for the issuance of CPs shall be 'A3' as per the rating symbol and definition prescribed by SEBI.

NEW QUESTION: 140
Under the framework where Unified Payment Interface (UPI) is used as a payment mechanism with ASBA for public issues, individual investors can submit their bid-cum-application forms with UPI IDs to which of the following entities? (Select all that apply)
A. A Syndicate Member
B. A Stock Broker registered with a recognised stock exchange (eligible for this activity)
C. A Depository Participant (eligible for this activity)
D. A Registrar to an issue and share transfer agent (eligible for this activity)
E. The Reserve Bank of India designated cell
Answer: A,B,C,D (LEAVE A REPLY)
The text lists the entities to whom the bid-cum-application form with IJPI ID can be submitted: 'a syndicate member; a stock broker registered with a recognised stock exchange...; a depository participant...; a registrar to an issue and share transfer agent...'. RBI is not an entity for submission of forms.

NEW QUESTION: 141
The Clearing Corporation (CC) provides the Early Pay-In (EPI) benefit to a client under the block mechanism based on specific matching criteri a. What data points does the CC match to grant this benefit?
A. The CC matches the gross sell obligations of the Trading Member with the total quantity blocked in the depository system.
B. The CC matches the client level net obligations with the Block details provided by the depositories.
C. The CC matches the trade ID provided by the Exchange with the execution date in the physical Delivery Instruction Slip.
D. The CC matches the client's available margin in the cash segment with the value of securities blocked.
E. The CC matches the order time stamp with the block creation time stamp to ensure the block was created pre-trade.
Answer: B (LEAVE A REPLY)
The source states that the Clearing Corporation (CC) will match the client level net obligations with the Block details provided by depositories and will provide EPI benefit to the client if the client level net obligation exists for that client.

NEW QUESTION: 142
In the T+1 rolling settlement cycle for institutional trades involving a Custodian, what is the specific deadline for the 'Obligation Transfer Request (OTR)' for trades where the 'INST' code was used?
A. 4:15 PM on T Day
B. 8:00 PM on T Day
C. 7:30 AM on T+1 Day
D. 9:00 AM on T+1 Day
E. 11:00 AM on T+1 Day
Answer: B (LEAVE A REPLY)
The general timeline for custodian-settled trades for institutional clients in T+1 rolling settlement specifies that the Obligation Transfer Request (OTR) for INST trades must be completed on T day up to 8:00 PM.

NEW QUESTION: 143

Which of the following statements correctly describe the operational framework for the settlement of institutional transactions in the Cash Segment? (Select all that apply)

A. It is mandatory for all institutional trades to be processed through the Straight Through Processing (STP) system.

B. Institutional investors are permitted to square off their transactions intra-day (Day Trading).

C. All transactions are grossed for institutional investors at the custodian level for obligation fulfillment.

D. The custodian settles their deliveries on a gross basis with the stock exchanges.

E. The Custodial Participant (CP) Code must be entered at the time of order entry.

Answer: A,C,E (LEAVE A REPLY)

Statement A is correct (Mandatory STP). Statement C is correct (Transactions grossed at custodian level for investor obligation). Statement E is correct (Mandatory CP code at order entry). Statement B is incorrect (Day trading prohibited). Statement D is incorrect because the custodian continues to settle their deliveries on a *net basis* with the stock exchanges/clearing corporation, even though the client obligation is gross.

NEW QUESTION: 144

According to the SEBI framework for 'Accredited Investors', which of the following combinations of financial criteria would render an Individual, HUF, or Family Trust eligible to be recognized as an Accredited Investor?

A. Annual Income of INR 1.8 Crore and Net Worth of INR 3 Crore.

B. Net Worth of INR 8 Crore, out of which INR 2 Crore is in the form of financial assets.

C. Annual Income of INR 1.2 Crore and Net Worth of INR 5.5 Crore, out of which INR 3 Crore is in the form of financial assets.

D. Net Worth of INR 6 Crore with no specific requirement on financial assets.

E. Annual Income of INR 90 Lakhs and Net Worth of INR 10 Crore, out of which INR 3 Crore is in the form of financial assets.

Answer: C (LEAVE A REPLY)

To be an Accredited Investor, an entity must meet one of the following criteria: (i) Annual Income >= INR 2 Crore; (ii) Net Worth INR 7.5 Crore (with at least INR 3.75 Crore in financial assets); or (iii) Annual Income >= INR 1 Crore + Net Worth >= INR 5 Crore (with at least INR 2.5 Crore in financial assets). Option C meets criterion (iii). Option A fails (Income < 2 Cr). Option B fails (Financial Assets < 3.75 Cr). Option D fails (Net Worth < 7.5 Cr and no financial asset proof). Option E fails (Income < 1 Cr and Financial Assets < 3.75 Cr for the Net Worth only criteria).

NEW QUESTION: 145

Under the revised framework for redressal of investor grievances through SCORES 2.0, which of the following statements accurately describe the timelines and process flows? (Select all that apply)

A. Entities shall resolve the complaint and upload the Action Taken Report (ATR) on SCORES within 21 calendar days of receipt of the complaint.

B. If the complainant is not satisfied with the ATR, they may request a review within 15 calendar days from the date of the ATR.

C. The Designated Body must submit the revised ATR to the complainant on SCORES within 10 calendar days of the review sought.

D. Complaints are automatically forwarded to the Securities Appellate Tribunal if not resolved within 7 days.

E. The first level of review is conducted by SEBI officials immediately upon request by the investor.

Answer: (SHOW ANSWER)

Entities must resolve complaints within 21 calendar days,. Complainants can request a review within 15 calendar days of the ATR. The Designated Body must submit the revised ATR within 10 calendar days of the review sought. Option D is incorrect as auto-escalation is to the next level (Designated Body/SEBI), not SAT. Option E is incorrect as the first review is by the Designated Body.

NEW QUESTION: 146

When a stock broker's collateral utilization breaches the specific percentage (currently 90%), the 'Risk Reduction Mode' is triggered. Which of the following operational restrictions and conditions apply during this mode? (Select all that apply)

A. All unexecuted orders shall be cancelled immediately.

B. Only orders with 'Immediate or Cancel' (IOC) attribute are permitted.

C. Fresh orders placed by the member to reduce the open position will be accepted.

D. Non-margined orders are accepted without restriction to maintain liquidity.

E. Client and Custodial Participant code modification is permitted to rectify errors.

Answer: A,B,C (LEAVE A REPLY)

In Risk Reduction Mode: 1) All unexecuted orders shall be cancelled. 2) Only orders with Immediate or Cancel attribute shall be permitted. 3) Fresh order placed by member to reduce the open position will be accepted. Option D is incorrect because non-margined orders shall *not* be accepted. Option E is incorrect because Client and Custodial Participant code modification shall *not* be permitted.

NEW QUESTION: 147

When a Partnership Firm registered under the Indian Partnership Act, 1932 applies for admission as a member of a Stock Exchange, which specific structural requirement must be identified and maintained as per Exchange norms?

A. A minimum of 51% of capital must be held by a designated clearing bank.

B. The firm must maintain a static profit-sharing ratio for 5 years.

C. The applicant must identify a Dominant Promoter Group.

D. All partners must hold NISM Series-VII certification.

E. The firm must convert to a Limited Liability Partnership within 1 year.

Answer: C (LEAVE A REPLY)

As per the eligibility criteria for Partnership Firms, the applicant must identify a Dominant Promoter Group as per the norms of the Exchange at the time of making the application. Any change in the shareholding of the partnership firm, including that of the Dominant Promoter Group or their sharing interest, requires prior permission from the Exchange/SEBI.

NEW QUESTION: 148

In the context of the SEBI Complaints Redress System (SCORES), certain types of complaints are explicitly excluded from its purview Which of the following scenarios represents a complaint that is NOT dealt with through SCORES?

A. Complaint regarding non-receipt of dividend from a listed company

B. Complaint against a company where a moratorium order is passed in insolvency proceedings

C. Complaint regarding unauthorized trading by a registered stock broker

D. Complaint regarding non-receipt of refund in an Initial Public Offer (IPO)

E. Complaint regarding discrepancy in the demat account holding statement

Answer: B (LEAVE A REPLY)

Complaints against a sick company or a company where a moratorium order is passed in winding up / insolvency proceedings are not dealt through SCORES. The other options represent valid grievances against active intermediaries or listed companies.

NEW QUESTION: 149

Under the framework for 'Upstreaming of clients' funds', how should a Trading Member (TM) handle the funds received from clients whose running accounts have been settled?

A. The funds can be used to settle the running accounts of other clients to ensure liquidity.
B. The funds must be immediately transferred to the TM's proprietary account.
C. The funds must remain in the 'Up Streaming Client Nodal Bank Account' and cannot be used for settlement of running accounts of other clients.
D. The funds should be invested in equity mutual funds to generate returns for the client.
E. The funds can be used for the TM's operational expenses provided they are replaced within 24 hours.
Answer: C (LEAVE A REPLY)
To safeguard against misuse, 'Trading Member shall ensure that funds, if any, received from clients, whose running account has been settled, remain in the +1Jp Streaming Client Nodal Bank Accounte and no such funds shall be used for settlement of running account of other clients',.

NEW QUESTION: 150
Stock brokers provide various types of research reports to assist investors. Specifically, what content is a 'Sector Research' report expected to cover to help investors in their decision-making process?
A. Detailed technical analysis of stock price movements and volume data for specific scrips.
B. Details on how an industry is faring and whether current policies favour the industry.
C. A comprehensive list of all IPOs expected to hit the market in the next financial year.
D. Confidential insider information regarding upcoming mergers and acquisitions.
E. Mathematical models for algorithmic trading strategies.
Answer: (SHOW ANSWER)
According to the text, * *Sector research includes details on how an industry is faring, whether current policies favour the industry, etc.", so that the choice of investing in a particular industry rests with the investor.

NEW QUESTION: 151
If a client submits a transfer instruction where the quantity is *less* than the net delivery obligation provided by the Clearing Corporation, what is the outcome of the validation process by the Depositories?
A. The instruction is rejected because it does not fully meet the obligation.
B. The instruction is held in abeyance until a supplementary instruction for the balance quantity is received.
C. The instruction is carried out by the depositories.
D. The instruction is processed, but a penalty is automatically levied on the client for short delivery.
E. The instruction is routed to the Clearing Member for manual approval before processing.
Answer: C (LEAVE A REPLY)
As per the validation logic: 'If the quantity in instruction is less than the obligation provided by CC, then the instruction will be carried out by the depositories.'

NEW QUESTION: 152

Under the SEBI (Prohibition of Insider Trading) Regulations, 2015, which of the following parties is deemed to be a 'Connected Person' unless the contrary is established?
A. A former employee who left the company 12 months prior to the act.
B. A banker of the company.
C. A shareholder holding 5% interest in the company.
D. A vendor supplying office stationery on a one-off basis.
E. An individual who has never held a position in the company.
Answer: B (LEAVE A REPLY)
The regulations list categories of persons deemed to be 'Connected Persons'. This list includes a banker of the company. A former employee is a connected person if associated within 6 months prior to the act. A holding of more than 10% interest is required to be deemed connected. Therefore, a banker is the correct deemed connected person.

NEW QUESTION: 153
Under the SEBI guidelines regarding the monitoring of unauthenticated news by market intermediaries, what is the mandatory protocol for an employee who receives market-related news via their personal mail or blog?
A. The employee must verify the accuracy of the news with at least two independent sources before forwarding.
B. The employee should forward the news to clients immediately with a disclaimer stating it is unverified.
C. The news should be forwarded only after the same has been seen and approved by the Compliance Officer.
D. The employee is strictly prohibited from accessing personal mail or blogs on office premises.
E. The employee must report the sender of the news to the Financial Intelligence Unit (FIIJ) within 24 hours.
Answer: C (LEAVE A REPLY)
The guidelines state: 'Employees should be directed that any market related news received by them either in their official mail/personal mail/blog or in any other manner, should be forwarded only after the same has been seen and approved by the Compliance Officer of the concerned Intermediaries.'

NEW QUESTION: 154
Under the Online Dispute Resolution (ODR) framework, if a Market Participant wishes to initiate dispute resolution against an investor/client through the ODR Portal, which of the following procedural pre-requisites must be strictly fulfilled?
A. The Market Participant must obtain a 'No Objection Certificate' from SEBI.
B. The Market Participant must deposit 50% of the disputed amount with the Stock Exchange.
C. The Market Participant must give due notice of at least 15 calendar days to the investor/client for resolution of the dispute.
D. The Market Participant must wait for a mandatory cooling-off period of 60 days from the date of the transaction.
E. The Market Participant can only initiate ODR if the claim value exceeds Rs. 10 Lakhs.
Answer: (SHOW ANSWER)
According to the source, 'The concerned Market Participant may also initiate dispute resolution through the ODR Portal after having given due notice of at least 15 calendar days to the investor/client for resolution of the dispute which has not been satisfactorily resolved between them'.

NEW QUESTION: 155
Under the SCORES 2.0 framework, if a complainant is dissatisfied with the resolution provided by the entity and requests a first review, the Designated Body (DB) may seek clarification from the entity. What is the specific timeline mandated for the Designated Body to submit the revised Action Taken Report (ATR) to the complainant after seeking such clarification?
A. Within 15 calendar days of the review sought

B. Within 21 calendar days of the review sought
C. Within 10 calendar days of the review sought
D. Within 7 calendar days of the review sought
E. Within 30 calendar days of the review sought
Answer: C (LEAVE A REPLY)
According to the SCORES 2.0 framework, the Designated Body shall stipulate the timeline in such a manner to ensure that the Designated Body submits the revised ATR to the complainant on SCORES within 10 calendar days of the review sought.

NEW QUESTION: 156
The mechanism for the validation of instructions for Pay-In of securities from a client demat account to a Member Pool Account is explicitly NOT applicable to which category of clients?
A. Non-Resident Indians (NRIs) trading through a designated stock broker.
B. High Net Worth Individuals (HNIs) using Power of Attorney (POA) services.
C. Clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.
D. Retail investors using the electronic Delivery Instruction Slip (eDIS) facility.
E. Corporate clients trading in the derivatives segment only.
Answer: C (LEAVE A REPLY)
The source explicitly mentions: 'This process shall not be applicable to clients having arrangements with custodians registered with SEBI for clearing and settlement of trades.'

NEW QUESTION: 157
In the context of handling settlements during holidays, specific provisions are made regarding the utilization of assets received from a prior settlement. How is the pay-out from the first settlement treated in relation to subsequent obligations?
A. It is locked in the member's pool account for 24 hours to prevent misuse.
B. It must be transferred to the client's beneficiary account immediately and cannot be used for subsequent proprietary obligations.
C. The cash or securities pay out from the first settlement shall be made available to the member for meeting his pay-in obligations for the subsequent settlement(s).
D. It is automatically converted into liquid assets and pledged to the Core Settlement Guarantee Fund.
E. It is returned to the Clearing Corporation to cover potential shortfalls in the subsequent settlement's auction.
Answer: C (LEAVE A REPLY)
The source states: 'The cash or securities pay out from the first settlement shall be made available to the member for meeting his pay-in obligations for the subsequent settlement(s).'

NEW QUESTION: 158
An 'Accreditation Agency' issues an accreditation certificate to an investor. Under what specific condition regarding the investor's financial history is this certificate valid for a period of three years from the date of issuance?
A. If the applicant meets the eligibility criteria for the preceding one financial year
B. If the applicant is a newly incorporated entity meeting the net-worth criteria as on the date of application
C. If the applicant meets the eligibility criteria in each of the preceding two financial years
D. If the applicant submits a bank guarantee equivalent to the net worth requirement
E. If the applicant is a Body Corporate with a Net Worth INR 50 Crore
Answer: C (LEAVE A REPLY)

The validity of the accreditation certificate depends on the financial history: If the applicant meets the eligibility criteria for the preceding one financial year, the validity is two years. If the applicant meets the eligibility criteria in each of the preceding two financial years, the validity is three years. Newly incorporated entities meeting net-worth criteria get a two-year validity.

NEW QUESTION: 159

Distinguishing the roles of market segments is vital for understanding capital formation. Which statement correctly identifies the primary interaction dynamic in the Secondary Market compared to the Primary Market?

A. The issuer has direct contact with the investor to raise new capital.

B. Dealings are strictly between two investors, and the issuer does not come into the picture.

C. It ensures availability of adequate capital at reasonable rates for expansion.

D. It is used primarily for Initial Public Offers (IPOs) and Rights Issues.

E. The settlement is always done directly between the issuer and the clearing corporation.

Answer: B (LEAVE A REPLY)

The source clarifies that in the primary market, the issuer has direct contact with the investor. In contrast, in the secondary market, the dealings are between two investors and the issuer does not come into the picture. The secondary market provides liquidity/transferability to existing securities.

NEW QUESTION: 160

To facilitate members in meeting their pay-in obligations for a subsequent settlement on a day with multiple settlements due to holidays, what specific requirement is imposed on Depositories regarding inter-depository transfers?

A. Depositories must process transfers instantly using the API-based immediate transfer mechanism.

B. Depositories shall facilitate inter-depository transfers within one hour and before pay-in for the subsequent settlement begins.

C. Depositories must suspend inter-depository transfers until all settlements for the day are concluded.

D. Depositories are required to waive the transaction charges for inter-depository transfers executed on such days.

E. Depositories must allow transfers only after the pay-out of the subsequent settlement is complete.

Answer: B (LEAVE A REPLY)

The guidelines specify: 'Further, in-order to meet their pay-in obligations for the subsequent settlement, members may need to move securities from one depository to another. The depositories shall, therefore, facilitate the inter-depository transfers within one hour and before pay- in for the subsequent settlement begins.'

NEW QUESTION: 161

In the context of Interest Rate Derivatives traded on Indian exchanges, specifically for single bond futures on Government of India (GOI) securities, how is the final settlement price determined if the liquidity criteria in the underlying bond are not met during the last two hours of trading?

A. It is calculated based on the Value Weighted Average Price (VWAP) of the underlying bond executed during the last 30 minutes of trading on the NDS-OM platform.

B. It is derived from the theoretical price formula: Cash Price + Financing Cost - Income on cash position.

C. If less than 5 trades are executed in the underlying bond during the last two hours, the FIMMDA/FBIL price shall be used.

D. It is based on the polling of prices from the top 5 Primary Dealers if less than 10 trades are executed on the exchange.

E. It is the simple average of the best bid and ask prices available on the NDS-OM platform at 5:00 PM.

Answer: C (LEAVE A REPLY)

According to the product specifications for Interest Rate Derivatives, the final settlement price for single bond futures is the value weighted average price of the underlying bond based on prices during the last two hours of trading on NDS-OM. However, a specific fallback exists: 'If less than 5 trades are executed in the underlying bond during the last two hours of trading, then FIMMDA/FBIL price shall be used for final settlement.'

NEW QUESTION: 162

When a company announces a Bonus Issue in the ratio of A:B, specific adjustments are made to the Strike Price, Market Lot, and Position of Equity F&O contracts. Which of the following formulas correctly represents the Adjustment Factor used for these calculations?

A. (A - B) / B

B. A / (A + B)

C. (A + B) / B

D. B / (A + B)

E. (A * B) / (A + B)

Answer: C (LEAVE A REPLY)

For a Bonus Issue with ratio A:B, the Adjustment factor is calculated as (A+B)/B. For example, for a 1:1 bonus, A= 1, B=1, Factor = (1+1)/1 = 2. This factor is then used to divide the old strike price and multiply the old market lot/position.

NEW QUESTION: 163

Which of the following statements correctly differentiates the operational and regulatory features of 'Triparty Repo' (TREPS) and 'Repo in Corporate Bonds' in the Indian Debt Market?

A. In TREPS, the seller cannot substitute the security during the repo period, whereas in Corporate Bond Repo, substitution is mandatory.

B. Corporate Bond Repo allows participants to borrow funds against the collateral of their own securities, whereas TREPS prohibits this.

C. In TREPS, the seller of the security has a right to substitute the security, and funds borrowed are exempted from CRR/SLR computation.

D. Settlement for Corporate Bond Repo is guaranteed by the RBI directly, while TREPS is settled bilaterally without a central counterparty.

E. Triparty Repo on corporate bonds uses the NDS-OM platform, while Government Securities use the RFQ platform.

Answer: C (LEAVE A REPLY)

The source specifies regarding TREPS: 'Unlike Repo, TREPS facilitate the trading of Repo and the seller of the security has a right to substitute the security.' Also, 'funds borrowed on TREPS are exempted from RBI's CRR/SLR computation.' In contrast, for Repo in Corporate Bonds, the source notes: 'participants cannot borrow against the collateral of their own securities or those of related entities'.

NEW QUESTION: 164

Regarding the 'Default Waterfall' in the context of the Net Settlement mechanism for Cash and F&O segments, which of the following statements is correct?

A. Clearing Corporations create a unified single default waterfall covering both segments to match the merged settlement.

B. Clearing Corporations continue to maintain segment-wise default waterfalls, and losses are computed on the basis of segment-wise obligations on a pro-rata basis.

C. The default waterfall is triggered only after liquidating the defaulting member's proprietary assets across all exchanges.

D. The Core Settlement Guarantee Fund (SGF) of the F&O segment is utilized first for any default arising from the net settlement obligation.

E. Default losses are covered solely by the Investor Protection Fund (IPF) in the case of net settlement defaults.

Answer: B (LEAVE A REPLY)

Clearing Corporations (CCs) shall continue to settle obligations on a net basis at the CM level. Further, CCs shall continue to maintain segment-wise default waterfalls, regardless of a single settlement across segments. The losses, if any, in case of default of a CM to CC shall be computed on the basis of the segment-wise obligation of CM to CC, on a pro-rata basis.