


Name:	
Enrolment No:	

**UNIVERSITY OF PETROLEUM AND ENERGY STUDIES**  
**End Semester Examination, December 2018**

**Course: Financial Market Regulation(Hons-1)**

**Course Code: CLBL 311**

**Semester: V**

**Programme: B.B.A., LL.B. (Hons.)BFIT/IL**

**Time: 03 hrs.**

**Max. Marks: 100**

**Instructions:**

**SECTION A**

		Marks	CO
	<b>Write short notes (Attempt any two questions)</b>	<b>5*2</b>	
Q1	Crowdfunding	5	CO1
Q2	Unorganized Money Market	5	CO1
Q3	Credit Rating Agencies	5	CO1

**SECTION B**

	<b>Conceptual Question (Attempt all questions. Each question carry equal marks)</b>	<b>2*10</b>	
Q4	What do you understand by Lifting of corporate Veil and Reverse Lifting of Corporate Veil? Discuss the liability of Company and its directors in Misstatement of Prospectus.	10	CO2
Q5	Highlight the objectives of FEMA and FERA. What was the need to replace FERA with FEMA?	10	CO4

**SECTION-C**

	<b>Analytical question (Attempt all questions. Each questions carry equal marks)</b>	<b>2*10</b>	
Q6	Critically examine the latest developments and challenges in regulating Money Market	10	CO3
Q7	The merger of Forward Market Commission (FMC) with Securities and Exchange Board of India (SEBI) is a step in streamlining the system and in integrating the equities and commodities market. Critically Analyze the abovementioned statement	10	CO3

**SECTION-D**

	<b>Application based question (Attempt all questions. All questions carry equal marks)</b>	<b>50</b>	
Q8	Mr. Rakesh Agarwal was the managing director of ABS Industries Ltd. ("ABS"), a listed Indian company. Bayer AG ("Bayer") is a German company that acquired the control of ABS in October, 1996. Prior to such acquisition there were a series of negotiations between the management of ABS and Bayer. Mr. Rakesh had visited the	30	CO4

	<p>officials of Bayer in Germany between September 6, 1996 and September 8, 1996. During that meeting, the decision to proceed with the transaction was arrived at but Bayer management had stipulated a condition that the acquisition would be subject to Bayer being able to acquire a minimum of 51% in ABS. During the period between September 9, 1996 and October 8, 1996, Mr.I.P.Kedia, Rakesh’s brother-in-law had acquired 1,82,500 shares of ABS using the funds provided by Mr. Rakesh. On September 29, 1996 Rakesh and his legal / financial advisors went to Germany again to finalize the modalities of the transaction. On October 1, 1996, a communication was shared with BSE. Thereafter, the definitive agreements were entered into and the transaction between ABS and Bayer was consummated. SEBI ruled that Mr. Rakesh had indulged in insider trading through Mr. I.P.Kedia during the period between September 9, 1996 and October 1, 1996, when the information about the deal with Bayer was a UPSI. SEBI also directed Mr. Rakesh to deposit INR 34,00,000 in the investor protection funds of the various stock exchanges involved to compensate for the losses that may be suffered by the shareholders of ABS at a later point of time. SEBI also ordered the initiation of adjudication proceedings against Mr. Rakesh under Section 15I read with Section 15G of SEBI Act. Mr. Rakesh challenged the SEBI order on the following grounds:</p> <ul style="list-style-type: none"> <li>• Media carried reports on the deal with Bayer even before October 1, 1996 and therefore, the information was not UPSI when Mr. I.P. Kedia had acquired the shares of ABS.</li> <li>• Rakesh had caused Mr.I.P.Kedia to acquire the shares only to ensure that Bayer gets a minimum of 51% in ABS and the deal goes through. He was acting only in the best interest of ABS there was no personal gain or benefit for him</li> </ul> <p><b>a. Whether the information about the deal with Bayer was Unpublished Price Sensitive Information prior to October 1, 1996? (10 Marks)</b></p> <p><b>b. Whether personal gain and mens rea are critical constituents of the offence of insider trading under the Insider Trading Regulations? (10 Marks)</b></p> <p><b>c. Whether SEBI is empowered to direct Mr. Rakesh to deposit INR 34,00,000 in the investor protection funds under Regulation 11 of the Insider Trading Regulations? (10 Marks)</b></p>		
Q9	<p>“Investor protection is the major concern of Securities Exchange Board of India” – Analyze various steps taken by SEBI for safeguarding the interest of Investors</p>	20	CO4

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**Instructions:**

**SECTION A**

		<b>Marks</b>	<b>CO</b>
	<b>Write short notes (Attempt any two questions)</b>	<b>5*2</b>	
Q1	Securities	<b>5</b>	<b>CO1</b>
Q2	Organized Money Market	<b>5</b>	<b>CO1</b>
Q3	Treasury Bill	<b>5</b>	<b>CO1</b>

**SECTION B**

	<b>Conceptual Question (Attempt all questions. Each questions carry equal marks)</b>	<b>2*10</b>	
Q4	Discuss the liabilities of companies in case of misstatement of prospectus. Distinguish between criminal and civil liability	<b>10</b>	<b>CO1</b>
Q5	Discuss the role of various participants involved in Commodity Market.	<b>10</b>	<b>CO2</b>

**SECTION-C**

	<b>Analytical question (Attempt all questions. Each questions carry equal marks)</b>	<b>2*10</b>	
Q6	What are the measures taken by SEBI for protecting investors' interest? Discuss the lacunas in the same.	<b>10</b>	<b>CO4</b>
Q7	In the light of changes in Indian Economy post 1992, critically analyze the need to enforce Foreign Exchange Management Act, 1999.	<b>10</b>	<b>CO3</b>

**SECTION-D**

	<b>Application based question (Attempt all questions. All questions carry equal marks)</b>	<b>50</b>	
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Q8	Critically examine the latest developments and challenges in regulating Money Market	<b>20</b>	<b>CO3</b>
Q9	The merger of Forward Market Commission (FMC) with Securities and Exchange Board of India (SEBI) is a step in streamlining the system and in integrating the equities and commodities market. Critically Analyze the abovementioned statement	<b>10</b>	<b>CO4</b>
Q10	Critically Examine various Provisions of Insider trading Regulation with the help of relevant case laws. Whether personal gain and mens rea are critical constituents of the offence of insider trading under the Insider Trading Regulations?	<b>20</b>	<b>C02</b>