

Total number of printed pages: 3

NB/XII/FMM/1

2024
FINANCIAL MARKETS MANAGEMENT

Marks: 70

Time: 3 hours

General instructions:

- i) *Approximately 15 minutes is allotted to read the question paper and revise the answers.*
- ii) *The question paper consists of 26 questions.*
- iii) *Marks are indicated against each question.*
- iv) *Internal choice has been provided in 6 marks questions.*

N.B: *Check that all pages of the question paper is complete as indicated on the top left side.*

Choose the correct answer from the given alternatives:

1. From April 2003 onwards _____ settlement cycle is being followed. 1
 - a) T + 1 day
 - b) T + 2 days
 - c) T + 3 days
 - d) T + 5 days

2. What is the maximum brokerage chargeable by TM in respect of trades affected in the securities admitted to dealing on the CM segment of the exchange? 1
 - a) 2.5%
 - b) 3%
 - c) 3.5%
 - d) 5%

3. A confirmation of the trade done on a particular day for and on behalf of a client is known as. 1
 - a) application supported by blocked amount
 - b) interest free security deposit
 - c) collateral security deposit
 - d) contract note

4. SBTS stands for 1
 - a) Security Based Trading System
 - b) SEBI Based Trading System
 - c) Screen Bases Trading System
 - d) Screen Based Trading Security

5. M/s Agre Financial Services, a trading member on NSE has a branch order value of ` 700 lakhs for his Chennai branch and ` 650 lakhs for Kolkata branch. Chennai branch has two users 'X' and 'Y' with user order value limits of ` 250 lakhs and ` 300 lakhs respectively. Kolkata branch has one user 'Z' with user order value limit of ` 350 lakhs. The member applies for a new user at Chennai. What is the maximum user order value that can be set for the new user? 1

- a) ₹ 700 – (₹ 250 + ₹ 300) = ₹ 150 lakhs
 b) ₹ 650 – (₹ 250 + ₹ 300) = ₹ 100 lakhs
 c) ₹ 700 – ₹ 250 = ₹ 450 lakhs
 d) ₹ 700 – ₹ 300 = ₹ 400 lakhs
6. Security VaR means 1
 a) the higher of 5% or 3 security sigmas
 b) the higher of 5% or 3 index sigmas
 c) the higher of 7.5% or 3.5 security sigmas
 d) the higher of 7.5 or 3 security sigmas
7. The risk arises when failure of one of the parties to discharge his obligations leads to failure by other parties is called 1
 a) systemic risk b) operational risk
 c) legal risk d) unsystemic risk
8. The derivatives trading on NSE commenced on 1
 a) April 1, 2000 b) May 12, 2000
 c) June 12, 2000 d) June 20, 2000
9. Mr. Amit after watching the Nifty 50 index, he became bullish and he decided to trade by ₹ 50,000 in options chain. In which position he will trade? 1
 a) call position b) put position
 c) both call and put position d) future contract
10. The returns from either buying or selling a future contract as against buying or selling the underlying asset means 1
 a) cost of carry b) initial margin
 c) maintenance margin d) payoff
11. Mention any two eligibility criteria for a sub-broker. 2
12. State the two special features of market movement. 2
13. Write any two types of capital market system. 2
14. Mention two benefits of cross margining. 2
15. State any two objectives of the Depositories Act, 1996. 2
16. Write any two standardized items in a future contract. 2
17. Ramesh, the CEO of a company thinks of going with the most popular method of raising funds used by the public companies. He discussed this

option with his subordinates. After discussion, he realizes that since the company is a private company, he should think of some other option. Then, they think of issuing securities through intermediaries like issuing houses of stocks brokers. When his nephew comes to know about this, he decides to suggest his uncle another way. He advised him to involve institutional investors which will help him raise funds more quickly and reduce many mandatory expenses. After a lot of discussion, the option suggested by his nephew was chosen as final. Based on the above case study, answer the following:

1 x 4 = 4

- i) Which method will be the most appropriate in the primary market?
 - ii) In which type of capital market trading of only existing shares is done?
 - ii) In which type of market only buying of securities is possible as securities cannot be sold here?
 - iv) Which type of capital market does not have fixed geographical location?
18. Write any four advantages of screen based trading system. **4**
 19. Explain the special features of activity log. **4**
 20. Explain the obligation reports of NSCCL. **4**
 21. Write any four points that includes in dividend according to section 2(22) of Income Tax Act, 1961. **4**
 22. Discuss the desirable attributes of a good market index. **4**
 23. **a.** Explain any six points that a trading member may be declared as a defaulter. **6**
Or
b. Mention any six points about the code of advertisement prescribed by the exchange.
 24. **a.** Explain the market phase of trading system. **6**
Or
b. Explain any six points of trader workstation screen of the trading member.
 25. **a.** Explain the salient features of limited physical market settlement. **6**
Or
b. Explain the salient features of the SEBI regulations.
 26. **a.** Explain the payoff for buyer and seller of futures. **6**
Or
b. Explain any six options terminologies.
