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| **PT1/FMAK/1223/A 08-MAY-2023** | | | |
| **PERIODIC TEST – I (2023-24)** | | | |
| **Subject: FMM(Answer Key)**  **Grade: XII** | | **Max Marks:35**  **Time allotted: 1 hr 10min** | |
| 1 | i)d. Over- the -Counter Market  ii) Which Market segment was initially introduced in National Stock Exchange?  a. Retail Debt Market  iii)Which entity cannot apply for the membership in National Stock Exchange?  a. Social Welfare societies  iv) Which of the following the trading member is not deemed guilty of misconduct?  c. Failure to carry out transactions with constituents. | | 4x1 =4 |
| 2 | 1. Is there any lock in period of deposits of the trading member applicable in case of surrender of trading membership?   No, there is no lock–in period on the deposit.   1. Which of the following is not true about the foreign entities who allowed taking trading membership in National Stock Exchange?   d. The net worth of the entity having controlling stake in the applicant company or the promoting foreign entity varies country to country.  iii) Which Preliminary document require from where the Trading Member able to seek information such as investor’s risk profile and financial profile?  Know Your Client (KYC)  iv) Market Capitalisation = Closing price of share \* Number of outstanding share | | 4x1 =4 |
| 3 | * An index measures the price performance of a basket of securities using a standardized metric and methodology. * Indexes in financial markets are often used as benchmarks to evaluate an investment's performance against. | | 2 |
| 4 | A brokerage provides intermediary services in various areas, e.g., investing, obtaining a loan, or purchasing real estate. A broker is an intermediary who connects a seller and a buyer to facilitate a transaction. Individuals or legal entities can act as brokers | | 2 |
| 5 | In SLBM segment, orders can be placed using either the 'UCC' or 'Unique Client Code allotted by Clearing Corporation' or 'PAN' of the client. | | 2 |
| 6 | A person, permitted by a stock broker, to act as their representative and grant access to a stock exchange's trading platform is referred to as an authorised person. Authorised individuals work with stockbrokers to offer investors investment possibilities. | | 2 |
| 7 | a)holds the membership of any stock exchange; (b) should abide by the rules, regulations and bye-laws of the stock exchange or stock exchanges of which he is a member; (c) should obtain prior permission of SEBI to continue to buy, sell or deal in securities in any stock exchange in case of any change in the status and constitution; (d) should pay the amount of fees for registration in the prescribed manner; and (e) should take adequate steps for redress of grievances of the investors within one month of the date of the receipt of the complaint and keep SEBI informed about the number, nature and other particulars of the complaints. | | 3 |
| 8 | The securities market has essentially three categories of participants (i) the investors, (ii) the issuers, (iii) the intermediaries (Figure 1.1). These participants are regulated by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), Ministry of Corporate Affairs (MCA) and the Department of Economic Affairs (DEA) of the Ministry of Finance | | 3 |
| 9 | Contract note is a confirmation of trade(s) done on a particular day for and on behalf of a client. A stock-broker should issue a contract note to his clients for trades (purchase/sale of securities). The contract note should contain name and address (registered office address as well as dealing office address) of the TM, the SEBI registration number of the TM, details of trade viz. order number, trade number, order time, trade time, security name, quantity, trade price, brokerage, settlement number and details of other levies. 41 As per Regulation 18 of SEBI (Stock-Brokers & Sub-Brokers) Regulations, 1992, the TM should preserve the duplicate copy of the contract notes issued for a minimum of five years. The TM should ensure that: (a) Contract note is issued to a client within 24 hours and should be signed by the trading member or by an authorized signatory trading member. (b) Contract notes are in the prescribed format 6 . (c) Stamp duty is paid, (d) All statutory levies are shown separately in the contract n | | 3 |
| 10 | ‘The relevant authority may require a trading member to suspend its business in part or in whole under certain conditions’. Explain those conditions.  Pg 30 | | 3 |
| 11 | Applicants are required to submit application form, in the prescribed format along with other relevant documents to the Exchange. The application for new membership is then forwarded to Membership Recommendation Committee. The Membership Recommendation Committee (MRC) consists Exchange officials. The MRC conducts interviews of the applicants for trading membership. In case of corporates, the dominant shareholder and designated directors; in case of individuals, the individual 28 himself and in case of partnership firms – two designated partners have to appear for the interview. The purpose of the interview is to acquire information about their capability & commitment to carry on stock broking activities, financial standing and integrity. The MRC recommends the names for admission of trading members to the Membership Selection Committee (Sub-committee of board of directors)/Board of directors ofthe Exchange. Membership Selection Committee (MSC) after taking into consideration the recommendations of the MRC either approves or rejects the applications. On getting approval from MSC (NSEIL/NSCCL), an admission on a provisional basis is provided to the applicant subject to certain conditions like registration with SEBI, submission of relevant fees/ deposits and documents. The documents of the member are then forwarded to SEBI for registration. | | 3 |
| 12 | Trading members can apply for surrender of their trading membership once admitted to the Exchange. Surrender of trading membership can be permitted by the Exchange after fulfilling certain conditions by the member such as, clearing off all the dues to the Exchange and NSCCL, notifying all other TMs of the approval of surrender, ‗, issuance of a public notification in leading dailies, etc. The deposits of the trading members would be released by the Exchange/ NSCCL after a prescribed lock-in period. There is, however, no lock-in period applicable in case of trading member, who is, (a) SEBI registered but not enabled 29 (b) SEBI registered and enabled but not traded at all Provided certain criteria‘s are fulfilled NSE provides a scheme for enabling the trading member to surrender their membership to the Exchange. Details of the norms and procedures related to the surrender of membership to the Exchange are prescribed as below: (a) A trading member desirous of surrendering its membership of the Exchange is required to send its request in writing in the prescribed format. (b) Before submission of an application for surrender of membership, the trading member is required to comply with all the pre-requisites for application of surrender in the prescribed format. The following aspects should be covered in the application for surrender of membership from a trading member, (i) who has been suspended/ disciplinary action taken by the Exchange /SEBI (ii) in respect of whom any investigation/ action consequent to a default has been initiated by the Exchange /SEBI, (iii) who is falling within the category of ‗associates‘ as defined by SEBI, (iv) who owes dues to the Exchange/ NSCCL, (v) against whom claims by investors of value of Rs.10 lakh or more are pending or any claim for any amount is pending for a period more than 6 months, (vi) against whom any other claim /complaint is pending which, in the opinion of the Exchange/ NSCCL, needs to be resolved by the concerned trading member, (vii) whose turnover fees liability to SEBI is still outstanding, The Exchange has absolute discretion in dealing with such applications and if it decides to process/accept the surrender application of such trading member, it may impose additional terms and conditions as it may deem fit. | | 4 |