Seven Star Sr.Sec. Public School Bani

Unit Test. Class -XII Commerce. Business Studies

Time: 1: 15 Hour. **MM: 40**

1.SEBI recently called for information and issued a show cause notice to NSE and its 14 officials seeking explanation on the Preferential Access Allegations at the Exchange's Co-location facility.

State the function that SEBI performed by doing so:

(a) Protective function

(b) Regulatory function

© Developmental function

(d) None of these

2. Rahul wants to buy shares of 'Rexter Ltd.' Which are being traded at the National Stock Exchange. He feels that the share prices will go up in the future. Which market should he approach for this purpose?

(a) Money market

(b) Primary market

© Secondary market

(d) Both (b) and (c)

3. SEBI calls for information and issues a show cause notice to stock exchange and its officials seeking explanation and conducting audit and enquiry. Which function is SEBI performing?

(a) Regulatory function

(b) Development function

© Protective function

(d) Both (a) and (c)

4.Assertion (A): Capital market securities are considered liquid investment.

Reason ®: There is a formal arrangement for this in the form of establishment of DFHI.

Options:

(a) Both Assertion (A) and Reason ® are true and Reason ® is the correct explanation of Assertion (A).

(b) Both Assertion (A) and Reason ® are true and Reason ® is not the correct explanation of Assertion (A).

© Assertion (A) is true but Reason ® is false.

(d) Assertion (A) is false but Reason ® is true.

5. Assertion (A): Capital market instruments are riskier both with respect to return and principal repayment.

Reason ®: The capital market deals in medium and long-term securities.

Options:

(a) Both Assertion (A) and Reason ® are true and Reason ® is the correct explanation of Assertion (A).

(b) Both Assertion (A) and Reason ® are true and Reason ® is not the correct explanation of Assertion (A).

© Assertion (A) is true but Reason ® is false.

(d) Assertion (A) is false but Reason ® is true.

6. XYZ Ltd. Issued prospectus for the subscription of its shares for ₹800 crores in 2018. The issue was oversubscribed by 10 times. The company issued shares to all the applicants on pro-rata basis. Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of ₹3 crores and banned its three executive directors from dealing in securities market for three years. Protective Functions' - Prohibition of fraudulent and unfair trade practice

Identify the function and its type performed by SEBI in the above case. (3)

7. ABC Ltd. Issued prospectus for the subscription of its shares for ₹500 crores in 2008. The issue was oversubscribed by 20 times. The company issued shares to all the applicants on pro-rata basis. Later SEBI inspected the prospectus and found some misleading statement about the management of the company in it. SEBI imposed a penalty of ₹5 crores and banned its three executive directors for dealing in securities market for three years. Secondary m , Primary market

Identify the function and its type performed by SEBI in the above case. (3)

8. Radhika got ₹10,00,000 after selling her parental property which she had got as a gift from her grandmother. Her friend advised her to invest in securities in the stock market. Radhika was unaware of the procedure for the same. Her friend introduced her to a stock broker, who was registered with the National Stock Exchange. Radhika approached the broker. The broker guided her to open a DEMAT account with a Depository, as well as a bank account. Radhika opened a bank account & DEMAT account with Axis Bank.

(a) Identify the steps in the trading procedure for buying and selling of securities which have been discussed above. Selection of a broker, opening Demat A/c

(b) State the next four steps of the trading procedure. (4) Placing an order, Matching the order Execution of order, Issue of Contract note

9. Writ difference between capital market and money market on the basis of duration, liquidity ,safety and Instruments. (4)

10. Discuss the objectives of SEBI. (4)

11. Explain the functions of stock exchange. (6)

12. Explain the functions of SEBI. (6)

13. Write difference between primary market and secondary market on the basis of capital formation , price and Nature of Transaction. (3)

14. Explain the term Dematerialisation. (2)