

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH**

**Program:PGDM (Financial Services) - Trim II (Batch 2017-2019)**

**Subject: Financial Institutions and Markets**

**(End Trimester examination)**

**Maximum Marks: 50**

**Duration: 3 hours**

**Date: December 29, 2017**

**Notes:**

**Q. No. 1 is COMPULSORY. Answer ANY 3 complete questions from the rest.**

**Question 1** **(20**

**Marks)**

- a) What are the reasons for lack of development of the term money market in India? Discuss measures taken to revive the term money market. (10 marks)
- b) Your investment banking firm has been appointed as one of the lead managers to a proposed Initial public Offer (IPO) of a bio-tech company. Explain the various steps that would need to be taken for successful floatation of the issue. (10 marks)

**Question 2** **(10**

**Marks)**

- a) Explain the obligations of companies with respect to insider trading regulations. (5 marks)
- b) Briefly discuss the various reforms in the IPO process brought about by SEBI over the past decade since the IPO scam of 2005. (5 marks)

**Question 3** **(10**

**Marks)**

- a) Explain with a numerical example the two methods followed by the Reserve Bank of India for auction of treasury bills and the pros and cons of each method. (5 marks)
- b) Explain briefly the services provided by depositories and depository participants. (5 marks)

**Question 4** **(10**

**Marks)**

- a) Who are debenture trustees? Explain the role and responsibilities of debenture trustees to an issue of debentures. (5 marks)
- b) Explain with an example the process of clearing and settlement carried out by the clearing house of a stock exchange. (5 marks)

**Question 5** **(10**

**Marks)**

- a) Compare the advantages and disadvantages of issuing ordinary equity shares and equity shares with differential voting rights from the point of view of the issuing company and the investor. (5 marks)
- b) Discuss the different tools used by the Reserve Bank of India for managing the liquidity in the money market and banking system. (5 marks)

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