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NEW QUESTION: 1

To ensure visibility of client collateral and prevent misuse, SEBI mandated a reporting mechanism. How is the disaggregated collateral information reported up the chain to the Clearing Corporation?

A. Trading Members (TM) report directly to the Stock Exchanges, which then forward data to the CC.

B. Trading Members (TM) report to the Clearing Member (CM), and the CM reports to the Stock Exchanges and Clearing Corporations.

C. Clients report directly to the Clearing Corporation via the web portal.

D. Clearing Members (CM) report only the aggregate figures to the CC, keeping client-level data internal.

E. Depositories report the collateral usage directly to the Clearing Corporation based on pledge data.

Answer: B (LEAVE A REPLY)

The framework specifies that the TM shall report disaggregated information on collaterals up to the level of its clients to the CM. Subsequently, the CM shall report disaggregated information on collaterals up to the level of clients of TM and proprietary collaterals of the TMs to the Stock Exchanges (SEs) and CCs in respect of each segment.

NEW QUESTION: 2

In the context of the securities market structure, identifying the correct classification of an issue is critical for regulatory compliance. If an issuer raises resources by issuing shares to a select group of persons rather than the general public, how is this issuance technically classified?

A. Initial Public Offer (IPO)

B. Follow on Public Offer (FPO)

C. Rights Issue

D. Private Placement

E. Bonus Issue

Answer: D (LEAVE A REPLY)

According to the source, resources in the primary market can be raised through a public issue or private placement. If the issue is made to a select group of people, it is termed as a Private Placement. A public issue is when anybody and everybody can subscribe. A Rights Issue is for existing shareholders, and a Bonus issue is without cost involved.

NEW QUESTION: 3

Under the Online Dispute Resolution (ODR) framework, if a Market Participant wishes to initiate dispute resolution against an investor/client through the ODR Portal, which of the following procedural pre-requisites must be strictly fulfilled?

A. The Market Participant must obtain a 'No Objection Certificate' from SEBI.

B. The Market Participant must deposit 50% of the disputed amount with the Stock Exchange.

C. The Market Participant must give due notice of at least 15 calendar days to the investor/client for resolution of the dispute.

D. The Market Participant must wait for a mandatory cooling-off period of 60 days from the date of the transaction.

E. The Market Participant can only initiate ODR if the claim value exceeds Rs. 10 Lakhs.

Answer: C (LEAVE A REPLY)

According to the source, 'The concerned Market Participant may also initiate dispute resolution through the ODR Portal after having given due notice of at least 15 calendar days to the investor/client for resolution of the dispute which has not been satisfactorily resolved between them'.

NEW QUESTION: 4

Which of the following statements accurately describe the regulatory and operational framework regarding Clearing Banks and Clearing Members? (Select all that apply)

A. Every clearing member must maintain a separate and distinct primary clearing account for each segment.

B. Clearing Members are permitted to withdraw funds from their clearing accounts in favor of third-party beneficiaries.

C. Clearing Members must irrevocably authorize the Clearing Bank to allow the Clearing Corporation to access their accounts for debiting and crediting.

D. Clearing Banks are responsible for determining the final net settlement obligations of the Clearing Members.
E. Additional clearing accounts may be maintained for the specific purpose of enhancing collateral in the form of cash.
Answer: A,C,E (LEAVE A REPLY)
Statement A is correct as members must maintain separate accounts for each segment. Statement C is correct regarding irrevocable authorization. Statement E is correct regarding additional accounts for collateral enhancement. Statement B is incorrect because withdrawals are allowed only in 'self-name'. Statement D is incorrect because the Clearing Corporation (not the bank) determines the obligations.

NEW QUESTION: 5
When the Clearing Corporation conducts an auction for a short delivery but fails to find any sellers for the specific security, a 'Close Out' is initiated. According to the settlement process guidelines, how is the compensation value determined for the buyer in this specific scenario?
A. At the closing price of the security on the day of the auction plus a fixed penalty of 10%.
B. At the highest price prevailing across the stock exchange from the day of trading till the auction/close out day OR 20% above the official closing price on the auction day, whichever is higher.
C. At the weighted average price of the security on the trading day plus the standard deviation margin.
D. At the highest price recorded for the security during the last 52 weeks.
E. At the valuation price used for the initial valuation debit plus a 5% close-out charge.
Answer: (SHOW ANSWER)
If on the auction day, there are no sellers for a particular short delivery, the Clearing Corporation carries out a 'Close out'. The buyer is compensated by paying the value of the short delivered security at the highest price prevailing across the stock exchange from the day of trading till the auction/close out day OR 20% above the official closing price on the auction day, whichever is higher.

NEW QUESTION: 6
To increase efficiency and reduce the time duration from issue closure to listing, a new timeline was introduced for public issues opening on or after December 1, 2023. What is this mandated timeline for listing?
A. T+6 days
B. T+5 days
C. T+3 days
D. T+2 days
E. T+1 days
Answer: C (LEAVE A REPLY)

The text states: 'The T+3 timeline for listing after the closure of public issue will be applicable for all public issues opening on or after December 1, 2023.'

NEW QUESTION: 7

Based on the concept of Multilateral Netting, calculate the Net Quantity obligation for Broker 'Z' given the following trades in Security ABC:

1. Broker Y buys 50 shares from Broker Z @ Rs. 10.50
2. Broker X buys 100 shares from Broker Z @ Rs. 10.50

A. Receive 150 shares
B. Deliver 50 shares
C. Deliver 150 shares
D. Receive 100 shares
E. Deliver 100 shares

Answer: (SHOW ANSWER)

For Broker Z:
Trade 1: Sell 50 shares (to Y).
Trade 2: Sell 100 shares (to X).
Total Sell = 150 shares. Total Buy = 0 shares.
Net Quantity = Buy - Sell = O - 150 = -150.
A negative quantity implies an obligation to Deliver 150 shares.

NEW QUESTION: 8

Under the SEBI (Foreign Portfolio Investors) Regulations, 2019, which of the following entities are classified as Category I Foreign Portfolio Investors? (Select all that apply)

A. Government and Government related investors such as central banks and sovereign wealth funds
B. Pension funds and university funds
C. Appropriately regulated entities such as insurance entities from FATF member countries
D. Corporate bodies and Family offices
E. Unregulated funds in the form of limited partnerships

Answer: A,B,C (LEAVE A REPLY)

Category I FPIs include Government and Government related investors (central banks, sovereign wealth funds), Pension funds, university funds, and Appropriately Regulated entities like insurance/reinsurance entities, banks, and asset management companies from FATF member countries. Corporate bodies, family offices, and unregulated funds fall under Category II.

NEW QUESTION: 9

Stock Exchanges are required to maintain an Investor Services Fund (ISF) distinct from the Investor Protection Fund (IPF). What is the specific contribution requirement from the Stock Exchange towards the ISF?

A. 1% of the listing fees received, on a quarterly basis.
B. At least 20% of the listing fees received.
C. 100% of the interest earned on the 1% security deposit of issuer companies.
D. 5% of the transaction charges collected from members.
E. The penalty collected for client code modification.
Answer: (SHOW ANSWER)
For the Investor Services Fund (ISF), the text states: 'The stock exchange shall set aside at least 20% of the listing fees received for ISF for providing services to the investing public.' Note that 1% of listing fees goes to the IPF, while 20% goes to the ISF.,

NEW QUESTION: 10
Regarding the operation of the 'Clearing Bank Account' maintained by a Clearing Member, which of the following operational restrictions is explicitly mandated to ensure the account is used exclusively for clearing and settlement operations?
A. Funds can be deposited only via Demand Drafts and withdrawn only via electronic transfer.
B. Clearing members can deposit funds in any form but can withdraw funds from these accounts only in self-name.
C. The account must maintain a minimum balance equal to the Base Minimum Capital (BMC) at all times.
D. Clearing members are prohibited from depositing proprietary funds into this account; only client funds are permitted.
E. Withdrawals are permitted only after obtaining a 'No Objection Certificate' from the Clearing Corporation for each transaction.
Answer: B (LEAVE A REPLY)
The source states: 'Clearing member can deposit fund in these accounts in any form but withdraw funds from these accounts only in self-name.' This ensures the account is used for its intended purpose of clearing and settlement.

NEW QUESTION: 11
What is the primary operational mandate for Clearing Corporations (CCs) and Depositories to ensure the feasibility of multiple settlements occurring on a single day due to holidays?
A. They must operate with reduced staff to minimize coordination errors.
B. They must seek prior approval from SEBI for every individual settlement run.
C. They shall follow a strict time schedule to ensure that the settlements are completed on the same day.
D. They must extend the settlement cycle to T+2 temporarily.
E. They must implement a separate risk management framework for holiday settlements.
Answer: (SHOW ANSWER)
The text explicitly states: 'The CCs and depositories shall follow a strict time schedule to ensure that the settlements are completed on the same day.'

NEW QUESTION: 12

An investor wishes to lodge a complaint against a registered intermediary on the SCORES platform. Under the current limitation period guidelines, which of the following scenarios would likely lead to SEBI reserving the right to reject the complaint?

A. The complaint is lodged within 6 months from the date the intermediary rejected the initial grievance.

B. The investor has approached the intermediary, but received no communication, and the cause of action is 8 months old.

C. The date of the cause of action is more than one year old.

D. The complaint is lodged immediately after the intermediary provided an unsatisfactory reply.

E. The investor has already initiated arbitration proceedings for the same matter.

Answer: (SHOW ANSWER)

According to the guidelines for SCORES, the investor may lodge a complaint within one year from the date of cause of action. SEBI reserves its right to reject a complaint lodged on SCORES if the date of cause of action is more than one-year-old and/or the complainant has not taken up the complaint with the concerned entity prior to the said date.,

NEW QUESTION: 13

Select the correct combination of statements regarding the expiry cycle and settlement of Long Dated Index Options and Equity Index Futures in the Indian Securities Market.

A. Statement I: Index Futures are physically settled. Statement II: Long dated options have a 3-year expiry cycle.

B. Statement I: All Index Futures are cash settled. Statement II: Long dated options are available up to a 5-year expiry cycle with quarterly and half-yearly expiries.

C. Statement I: Index Futures expire on the last Friday of the month. Statement II: Long dated options follow only a monthly expiry cycle.

D. Statement I: Index Futures are cash settled. Statement II: Long dated options have a maximum expiry of 12 months.

E. Statement I: All Index Futures are physically settled. Statement II: Long dated options expire on the first Thursday of the quarter.

Answer: B (LEAVE A REPLY)

The source states: 'All Index future and option contracts are cash settled.' Regarding expiry cycles: 'Monthly index contracts generally have 3-month expiry cycle except for the long dated options contracts which are available up to 5-year expiry cycle with quarterly expiries (March, June, Sept & Dec cycle) and half yearly expiries (Jun, Dec cycle).'

NEW QUESTION: 14

Regarding the 'Default Waterfall' in the context of the Net Settlement mechanism for Cash and F&O segments, which of the following statements is correct?
A. Clearing Corporations create a unified single default waterfall covering both segments to match the merged settlement.
B. Clearing Corporations continue to maintain segment-wise default waterfalls, and losses are computed on the basis of segment-wise obligations on a pro-rata basis.
C. The default waterfall is triggered only after liquidating the defaulting member's proprietary assets across all exchanges.
D. The Core Settlement Guarantee Fund (SGF) of the F&O segment is utilized first for any default arising from the net settlement obligation.
E. Default losses are covered solely by the Investor Protection Fund (IPF) in the case of net settlement defaults.
Answer: (SHOW ANSWER)
Clearing Corporations (CCs) shall continue to settle obligations on a net basis at the CM level. Further, CCs shall continue to maintain segment-wise default waterfalls, regardless of a single settlement across segments. The losses, if any, in case of default of a CM to CC shall be computed on the basis of the segment-wise obligation of CM to CC, on a pro-rata basis.

NEW QUESTION: 15
Under the 'Segregation and Monitoring of Collateral at Client Level' norms, how is the collateral allocated to a client utilized by the Clearing Corporation?
A. It is pooled with other clients' collateral to cover the aggregate margin requirement of the Trading Member.
B. It is used to cover the margin obligation of that specific client only.
C. It is primarily used for the client but can be used for the TM's proprietary obligations in case of a shortfall.
D. It is transferred to the Core Settlement Guarantee Fund immediately upon receipt.
E. It is used to provide exposure limits to the Clearing Member's other Trading Members.
Answer: (SHOW ANSWER)
The CCs provide a facility for upfront segment-wise allocation of collateral. The CCs use such collateral allocation information to ensure that the collateral allocated to a client is used towards the margin obligation of that client only.

NEW QUESTION: 16
Clearing Members perform three core functions: Clearing, Settlement, and Risk Management. Which of the following activities correctly falls under the 'Risk Management' function of a Clearing Member?
A. Computing obligations of all trading members to determine positions to settle.
B. Performing the actual transfer of funds and securities to the Clearing Corporation.

C. Setting limits based on upfront deposits/margins for each trading member/client and monitoring positions on a continuous basis.
D. Confirming the genuineness of transaction details provided by the Clearing Corporation.
E. Opening demat accounts for retail clients.
Answer: C (LEAVE A REPLY)
The source explicitly lists the functions of Clearing Members. Under Risk Management, it lists: 'Setting limits based on upfront deposits / margins for each trading member/client and monitoring positions on a continuous basis.' Option A is the 'Clearing' function. Option B isthe 'Settlement' function.

NEW QUESTION: 17
SEBI has issued guidelines regarding the discontinuation of usage of pool accounts for transactions in units of Mutual Funds on Stock Exchange Platforms. Under this framework, which of the following practices is explicitly **PERMITTED** as an exception to the general rule against routing units through pool accounts?
A. Crediting subscription units to the broker's pool account for reconciliation before transferring to the client.
B. Routing funds for subscription through the broker's clearing bank account for clients availing margin trading facilities.
C. Issuance of Delivery Instruction Slip (DIS) to the Depository Participant to debit units held in dematerialized mode for delivery to the Clearing Corporation during redemption.
D. Pooling of redemption proceeds in the broker's settlement account for deduction of statutory levies before payout to the client.
E. Holding non-demat units in a 'Client Unpaid Securities Account' if the client defaults on the subscription payment.
Answer: (SHOW ANSWER)
SEBI has advised that pooling of funds/units by stock brokers shall be discontinued. However, for redemption of units held in dematerialized mode, the practice of issuance of Delivery Instruction Slip ('DIS') (physical or electronic) to the Depository Participant to debit the units for delivery to clearing corporation may continue.

NEW QUESTION: 18
In the event of a default by a clearing member, the 'Default Waterfall' prescribes the specific order in which resources are utilized. Which of the following resources is utilized immediately after the monies of the defaulting member and Insurance (if any) are exhausted, but before the Core SGF is accessed?
A. Capped additional contribution by non-defaulting members.
B. Clearing Corporation resources equal to 5% of the segment MRC.
C. Stock Exchange contribution to the Core SGF.
D. Penalties credited to the Core SGF.
E. The entire Core SGF corpus on a pro-rata basis.
Answer: B (LEAVE A REPLY)
According to the Default Waterfall specified in the source, the order is: 1. Monies of defaulting member, 2. Insurance, if any, 3. CC resources (equal to 5% of the segment MRC), and then 4. Core SGF of the segment (starting with Penalties, then CC contribution of at least 25%, etc.).

NEW QUESTION: 19
According to the regulations governing institutional investors in the Indian Cash Market, which of the following combinations of trading activities is strictly PROHIBITED?
A. Short selling with mandatory delivery obligation
B. Algorithmic trading using Direct Market Access
C. Day trading (squaring off transactions intra-day)
D. Trading in the Block Deal window
E. Using the 'INST' code for order entry
Answer: (SHOW ANSWER)
No institutional investor shall be allowed to do day trading, i.e., square off their transaction intra-day. All transactions would be grossed for institutional investors at the custodian level, and they are required to fulfill their obligation on a gross basis. Naked short selling is also prohibited.

NEW QUESTION: 20
If the conciliation process fails and the **Market Participant** decides to pursue online arbitration, what specific financial requirement must they satisfy prior to the initiation of the online arbitration?
A. They must pay a non-refundable arbitration fee of Rs. 25,000.
B. They must deposit 75% of the claim value with the Investor Protection Fund (IPF).
C. They must deposit 100% of the admissible claim value with the relevant Market Infrastructure Institution (MII).
D. They must provide a Bank Guarantee equivalent to 50% of the claim value.
E. They must obtain an indemnity bond from the investor for the full claim amount.
Answer: C (LEAVE A REPLY)

As per the guidelines, 'In case the Market Participant wishes to pursue online arbitration, then the Market Participant must deposit 100% of the admissible claim value with the relevant MII prior to initiation of the online arbitration'.

NEW QUESTION: 21

In the context of the Indian Money Market, issuers must adhere to specific credit rating requirements to issue Commercial Paper (CP).
What is the minimum credit rating required from a Credit Rating Agency (CRA) for the issuance of CPs?

A. A3
B. BBB
C. A2
D. AAA
E. A1

Answer: A (LEAVE A REPLY)

A Commercial Paper (CP) is used by Indian corporates to raise short-term unsecured funds. According to RBI regulations, the minimum credit rating assigned by a Credit Rating Agency (CRA) for the issuance of CPs shall be 'A3' as per the rating symbol and definition prescribed by SEBI.

NEW QUESTION: 22

Clearing Members are required to open specific demat accounts known as 'Clearing Member Settlement Pool Accounts' with depositories. Which of the following statements is legally and operationally ** TRUE** regarding these accounts?

A. The clearing member acquires full beneficiary ownership rights over the securities transferred into this account.
B. These accounts are strictly used for holding the member's long-term proprietary investments to separate them from client assets.
C. The clearing member does not get any ownership or beneficiary rights over the shares held in these accounts.
D. Clients are prohibited from transferring shares directly into the member's pool account; all transfers must route through the Exchange.
E. Credits to this account are not permitted; it is used solely for delivering securities to the Clearing Corporation.

Answer: C (LEAVE A REPLY)

It should be noted that unlike the usual demat accounts, the clearing member does not get any ownership or beneficiary rights over the shares held in these accounts (Clearing member settlement pool accounts). A pool account is a settlement account from where broker deliver securities to exchange's clearing corporation against pay-in obligation.

NEW QUESTION: 23

Regarding the methodology for adjusting Rights Issues in the Equity F&O segment, how are the Market Lot and Position of the existing contracts modified using the Adjustment Factor?
A. The new market lot and position are arrived at by multiplying the old market lot and position by the adjustment factor.
B. The new market lot and position are arrived at by dividing the old market lot and position by the adjustment factor.
C. The new market lot is multiplied, while the position is divided by the adjustment factor.
D. The new market lot and position remain unchanged; only the strike price is adjusted.
E. The new market lot is arrived at by adding the Rights Entitlement ratio to the old lot.
Answer: B (LEAVE A REPLY)
For Rights Issues, the new market lot/multiplier is arrived at by dividing the old market lot by the adjustment faction Similarly, the new position is arrived at by dividing the old position by the adjustment factor. Note that for Rights, the adjustment factor is typically less than 1, resulting in an increase in lot size and position.

NEW QUESTION: 24
For stock brokers providing Algorithmic Trading facilities, SEBI has mandated specific controls and audit requirements. Which of the following combinations correctly specifies the server location requirement and the frequency of system audits?
A. Server Location: Any global location; Audit Frequency: Annually
B. Server Location: India; Audit Frequency: Every six months
C. Server Location: Broker's registered office only; Audit Frequency: Every two years
D. Server Location: Co-location facility only; Audit Frequency: Quarterly
E. Server Location: India; Audit Frequency: Once at the time of approval
Answer: (SHOW ANSWER)
SEBI has advised stock exchanges to ensure that 'all algorithmic orders are necessarily routed through broker servers located in India'. Furthermore, 'The stock brokers that provide the facility of algorithmic trading shall subject their algorithmic trading system to a system audit every six months'.

NEW QUESTION: 25
In the event of a failure by a selling broker to deliver securities in the normal T+1 rolling settlement, the Clearing Corporation initiates a
'Close Out' procedure if the auction fails or is not applicable. Consider a scenario where a trade was executed on Monday (T) at Rs. 500.
The auction was scheduled for Tuesday (T+1) but no shares were offered. The highest price prevailing across the Exchange from Monday to Tuesday was Rs. 540. The official closing price on Tuesday (Close-out day) was Rs. 550. At what price will the transaction be closed out?
A. Rs. 540 (Highest price from T to Close-out day)

B. Rs. 550 (Official closing price on Close-out day)
C. Rs. 600 (Highest price + 20% penalty)
D. Rs. 660 (20% above the official closing price on the close out day)
E. Rs. 648 (20% above the highest prevailing price)
Answer: D (LEAVE A REPLY)
According to the Close Out Procedure, the deal will be closed out at the highest price prevailing across the Exchange from the day on which the trade was originally executed till the day of closing out OR 20 percent over the official closing price on the close out day, whichever is HIGHER. Calculation: Highest Price = Rs. 540.20% over Closing Price on Close out day = 550 + (20% of 550) = 550 + 110 = Rs. 660. Since 660 > 540, the close out price is Rs. 660.

NEW QUESTION: 26
To bring transparency to the Investor Grievance Redressal Mechanism, stock brokers are mandated to disclose data on complaints received and redressed on their respective websites. What is the specific deadline for this disclosure?
A. By the 10th of the succeeding month
B. By the 15th of the succeeding month
C. By the last day of the succeeding month
D. By the 7th of the succeeding month
E. Within 21 days of the end of the quarter
Answer: D (LEAVE A REPLY)
All Stock Brokers shall disclose on their respective websites, the data on complaints received against them or against issues dealt by them and redressal thereof, latest by the seventh of the succeeding month, as per the SEBI provided format.

NEW QUESTION: 27
In the context of 'Settlement of Account of Clients who have not traded in the last 30 days', how must a Trading Member (TM) handle a client's credit balance if the client has not executed any transaction for 30 calendar days?
A. The TM can continue to hold the funds until the next quarterly settlement date preferred by the client.
B. The TM must return the entire credit balance to the client on the upcoming settlement dates of the monthly running account settlement cycle, irrespective of the client's preference.
C. The TM must transfer the funds to the Investor Protection Fund (IPF) after 30 days of inactivity.
D. The TM is allowed to retain funds up to Rs. 50,000 for administrative charges and return the rest.
E. The TM must obtain a fresh Running Account Authorization from the client to continue holding the funds.

Answer: B ([LEAVE A REPLY](#))
For clients having a credit balance who have not done any transaction in 30 calendar days, 'the entire credit balance of client shall be returned to the client by TM, on the upcoming settlement dates of monthly running account settlement cycle (irrespective of settlement cycle preferred by the client) as stipulated by stock exchanges'.

NEW QUESTION: 28
Regarding participation in the International Financial Services Centres (IFSC), which of the following categories of resident investors is eligible to deal in securities listed in IFSC?
A. Any resident individual irrespective of investment limit.
B. A person resident in India eligible under FEMA to invest funds offshore, to the extent allowed under the Liberalized Remittance Scheme (LRS).
C. Only resident Qualified Institutional Buyers (QIBs).
D. Only resident corporate entities with a net worth exceeding Rs. 100 Crore.
E. Residents are strictly prohibited from dealing in securities listed in IFSC.
Answer: B ([LEAVE A REPLY](#))
As per SEBI (International Financial Services Centres) Guidelines, 2015, a person resident in India who is eligible under FEMA to invest funds offshore, to the extent allowed under the Liberalized Remittance Scheme (LRS) of the Reserve Bank of India, is permitted to deal in securities listed in IFSC.

NEW QUESTION: 29
Which of the following statements accurately reflect the regulatory framework and exposure limits for Margin Trading Facility (MTF)?
(Select all that apply)
A. Only corporate brokers with a net worth of at least Rs. 3 crore are eligible to provide MTF.
B. Exposure to any single client at any point of time shall not exceed 20% of the broker's maximum allowable exposure.
C. Stock brokers must obtain prior permission from the exchange before offering MTF.
D. Collateral and Funded stocks need not be marked to market daily if they are Group 1 securities.
E. Stock brokers shall disclose gross exposure towards MTF to the Stock Exchanges on or before 6:00 PM on T+1 day.
Answer: A,C,E ([LEAVE A REPLY](#))
Statement A is correct (Net worth min Rs. 3 Cr). Statement C is correct (Prior permission required). Statement E is correct (Disclosure by 6 PM on T+1 day). Statement B is incorrect because the single client exposure limit is 10%, not 20%. Statement D is incorrect because Collateral and Funded stocks shall be marked to market on a daily basis.

NEW QUESTION: 30

SEBI introduced the 'Demat Debit and Pledge Instruction' (DDPI) to replace the Power of Attorney (POA) for certain functions. For which of the following specific purposes does the DDPI authorize the stock broker/stock broker and depository participant to access the client's beneficial owner (BO) account?

A. Executing off-market trades between parties other than related parties.

B. Transferring funds from the client's bank account to the broker's proprietary account.

C. Meeting pay-in obligations for the settlement of trades executed by the client.

D. Opening a new demat account with another depository participant on behalf of the client.

E. Updating the client's address and contact details in the KRA system.

Answer: (SHOW ANSWER)

Under DDPI, the clients shall explicitly agree to authorize the stock broker/stock broker and depository participant to access their BO account for the limited purpose of meeting pay-in obligations for settlement of trades executed by them. The DDPI shall serve the same purpose of POA and significantly mitigate the misuse of POA.

NEW QUESTION: 31

Under the framework for validation of instructions for Pay-In of securities, which of the following scenarios results in the immediate rejection of the transfer instruction by the Depositories?

A. When the quantity in the instruction is less than the obligation provided by the Clearing Corporation.

B. When the instruction is initiated by a Power of Attorney (POA) holder instead of the client directly.

C. When there are discrepancies in details like UCC, TM ID, CM ID, or ISIN between the instruction and the obligation data.

D. When the instruction is received on T+1 day instead of T day.

E. When the quantity in the instruction is exactly equal to the obligation provided by the Clearing Corporation.

Answer: C (LEAVE A REPLY)

The source states that under 'Unmatched Instruction': 'In case of discrepancies in details like UCC, TM ID, CM ID, ISIN etc., between instruction and obligation, such transfer instructions will be rejected by the depositories.'

NEW QUESTION: 32
An 'Accreditation Agency' issues an accreditation certificate to an investor. Under what specific condition regarding the investor's financial history is this certificate valid for a period of three years from the date of issuance?
A. If the applicant meets the eligibility criteria for the preceding one financial year
B. If the applicant is a newly incorporated entity meeting the net-worth criteria as on the date of application
C. If the applicant meets the eligibility criteria in each of the preceding two financial years
D. If the applicant submits a bank guarantee equivalent to the net worth requirement
E. If the applicant is a Body Corporate with a Net Worth INR 50 Crore
Answer: C (LEAVE A REPLY)
The validity of the accreditation certificate depends on the financial history: If the applicant meets the eligibility criteria for the preceding one financial year, the validity is two years. If the applicant meets the eligibility criteria in each of the preceding two financial years, the validity is three years. Newly incorporated entities meeting net-worth criteria get a two-year validity.

NEW QUESTION: 33
Clearing Corporations are required to conduct various tests to ensure the adequacy of the Core SGF. What is the specific purpose of the 'Reverse Stress Test' as defined in the risk management framework?
A. To validate the accuracy of the software used for margin calculation.
B. To identify under which market conditions and scenarios the combination of margins, Core SGF, and other financial resources would prove insufficient.
C. To determine the daily settlement price of illiquid futures contracts.
D. To test the operational capability of the backup disaster recovery site.
E. To calculate the historical volatility of the most liquid securities over the past 5 years.
Answer: B (LEAVE A REPLY)
The source defines Reverse stress test as: 'CC shall periodically carry out reverse stress tests designed to identify under which market conditions and under what scenarios the combination of its margins, Core SGF and other financial resources prove insufficient to meet its obligations'.

NEW QUESTION: 34
With the validation of instructions for Pay-In of securities from Client demat account to Member Pool Account, what action do Depositories take if the quantity in the transfer instruction is more than the obligation provided by the Clearing Corporation (CC)?
A. The instruction is completely rejected.

B. The instruction is processed for the full quantity, and excess is returned by the Member.
C. The instruction is partially processed by the depositories up to the matching obligation quantity.
D. The instruction is held in pending status until the Member confirms the additional quantity.
E. The instruction is processed only if the client provides a specific indemnity bond.
Answer: C (LEAVE A REPLY)
If the quantity in instruction is more than the obligation provided by CC, then the instruction will be partially processed by the depositories (i.e., upto the matching obligation quantity).

NEW QUESTION: 35
In the context of the Indian Money Market, which of the following instruments represents an extension of the interbank call market for uncollateralized lending and borrowing of funds for a period specifically defined as between 15 days and 1 year?
A. Notice Money
B. Term Money
C. Cash Management Bills
D. Commercial Paper
E. Market Repo
Answer: B (LEAVE A REPLY)
Term Money is defined as an extension of the interbank call market for uncollateralized lending and borrowing of funds for a period between 15 days and 1 year. Call money is predominantly overnight, and Notice money is for a period beyond overnight and up to 14 days,.

NEW QUESTION: 36
If a clearing member fails to fulfill the margin obligations, the clearing agency has the authority to initiate disciplinary actions without further notice. Which of the following is explicitly listed as a potential action in such a scenario?
A. Permanent cancellation of the certificate of registration.
B. Transfer of client positions to the Investor Protection Fund.
C. Withdrawal of trading facilities and/or clearing facility and close out of outstanding positions.
D. Mandatory conversion of the clearing member to a trading-only member.
E. Seizure of the member's personal assets outside the clearing system.
Answer: C (LEAVE A REPLY)
Non-fulfilment of margin obligations allows the clearing agency to, at its discretion and without further notice, initiate disciplinary action inter-alia including withdrawal of trading facilities and/or clearing facility, close out of outstanding positions, imposing penalties, collecting appropriate deposits, and invoking bank guarantees/fixed deposit receipts.

NEW QUESTION: 37

SEBI has introduced the mechanism of Net Settlement of cash segment and F&O segment upon expiry of stock derivatives. Under which of the following conditions is this benefit of netting (merged settlements) specifically available to an investor?

A. When the investor is an Institutional Investor (including FPIs) whose transactions are backed by delivery.

B. When the investor trades and clears through the same Trading Member (TM) - Clearing Member (CM) combination in both Cash and F&O segments.

C. When the investor uses different Clearing Members for Cash and F&O segments but they are interoperable.

D. When the investor is a Portfolio Manager (PMS) directed to enter into delivery backed transactions only.

E. When the investor trades in highly correlated indices across different exchanges.

Answer: B (LEAVE A REPLY)

The benefit of netting (merged settlements) shall be available to investors whose trading member (TM) clears trades in F&O segment and cash segment through the same clearing member (CM). It is not available for institutional investors or PMS directed to do delivery backed transactions.

NEW QUESTION: 38

To participate in the trading of mutual fund units through the stock exchange trading platform, a trading member must fulfill specific criteri a. Which of the following combinations accurately represents the mandatory requirements for a trading member to place orders for a specific Mutual Fund Company?

A. Hold a valid SEBI Registration as a Portfolio Manager, pass the NISM Series-V-A examination, and register with the Association of Mutual Funds in India (AMFI).

B. Hold an AMFI Registration Number (ARN), pass the relevant NISM certification examination, and register as a distributor with the specific Mutual Fund Company.

C. Obtain a specific 'MF-Trading' license from the Stock Exchange, maintain a minimum net worth of Rs. 50 Lakhs, and hold a valid ARN.

D. Be a registered Depository Participant, hold a valid ARN, and have a dedicated Mutual Fund desk with at least two certified employees.

E. Register directly with SEBI as an Investment Adviser, hold a valid ARN, and execute a Service Level Agreement with the Clearing Corporation.

Answer: B (LEAVE A REPLY)

The trading members who are AMFI Registration Number (ARN) holders and have passed the NISM certification examination are permitted to participate in the trading of the mutual funds units through the exchange trading platform. Further, eligible members would have to register as distributor with the mutual fund company. Hence, eligible members would be able to place orders only in respect of Mutual Fund Companies where they have registered as distributor.

NEW QUESTION: 39
SEBI has mandated the Direct Pay-out of securities to client demat accounts. What is the specific operational consequence of this mandate regarding the revision of the securities pay-out timing in the T+1 settlement cycle?
A. The pay-out timing is advanced from 1:30 PM to 11 AM.
B. The pay-out timing remains unchanged at 1 :30 PM.
C. The pay-out timing is revised from 1:30 PM to 3:30 PM.
D. The pay-out timing is deferred to T+2 day at 9:00 AM.
E. The pay-out timing is synchronized with the funds pay-out at 10:30 AM.
Answer: C (LEAVE A REPLY)
As a consequence of the mandate for securities for pay-out to be credited directly to the respective client's demat account by the Clearing Corporations, the timing of the payout of securities shall be revised from 1:30 PM to 3:30 PM. This ensures securities are credited on the same settlement day.

NEW QUESTION: 40
Which SEBI regulation lays down the general conditions for capital market issuances including Initial Public Offers (IPO), Rights Issues, and Qualified Institutional Placements (QIP)?
A. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
B. SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
C. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
D. SEBI (Prohibition of Insider Trading) Regulations, 2015
E. Securities Contracts (Regulation) Act, 1956
Answer: B (LEAVE A REPLY)
The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) lays down general conditions for capital market issuances like public and rights issuances, preferential issues, and qualified institutional placements.

NEW QUESTION: 41
Under the SCORES 2.0 framework, if a complainant is dissatisfied with the resolution provided by the entity and requests a first review, the Designated Body (DB) may seek clarification from the entity. What is the specific timeline mandated for the Designated Body to submit the revised Action Taken Report (ATR) to the complainant after seeking such clarification?
A. Within 15 calendar days of the review sought
B. Within 21 calendar days of the review sought
C. Within 10 calendar days of the review sought
D. Within 7 calendar days of the review sought
E. Within 30 calendar days of the review sought

Answer: ([SHOW ANSWER](#))
According to the SCORES 2.0 framework, the Designated Body shall stipulate the timeline in such a manner to ensure that the Designated Body submits the revised ATR to the complainant on SCORES within 10 calendar days of the review sought.

NEW QUESTION: 42
Which of the following statements accurately reflect the operational requirements and functions of Clearing Members and Custodians in the Clearing Process? (Select all that apply)
A. It is mandatory for clearing members to open demat accounts with both depositories (CDSL and NSDL) known as clearing member settlement pool accounts.
B. Custodians are required to confirm whether they will settle a trade assigned to them; if they fail to confirm, the onus of settlement falls on the executing trading member.
C. Clearing Members can withdraw funds from their designated clearing bank account in favor of third-party vendors for operational expenses.
D. Clearing Members act as the legal counterparty to all trades through the process of novation, replacing the Clearing Corporation.
E. Clearing Members must maintain a separate and distinct clearing bank account with a designated clearing bank.
Answer: ([SHOW ANSWER](#))
Statement A is correct ('mandatory for clearing members to open demat accounts with both the depositories'). Statement B is correct ('The custodian is required to confirm... In case the custodian fails to confirm then the onus of settling the trade falls on the trading member'). Statement E is correct ('mandatory for clearing member to open separate and distinct clearing bank account'). Statement C is incorrect because withdrawals are only allowed in 'self-name'. Statement D is incorrect because the *Clearing Corporation* acts as the legal counterparty through novation, not the Clearing Member.

NEW QUESTION: 43
Regarding the netting of settlement obligations for a member trading in both T+1 and T+0 cycles, which of the following statements is operationally correct?
A. Obligations are netted across both cycles to reduce liquidity stress.
B. Netting is permitted only for funds, while securities obligations are kept separate.
C. There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycles.
D. Netting is allowed only if the member opts for the 'Unified Settlement' facility provided by the Clearing Corporation.
E. Securities delivered in T+0 pay-out can be immediately netted against T+1 pay-in obligations for the same day.
Answer: C ([LEAVE A REPLY](#))

The operational guidelines for the T+0 rolling settlement cycle explicitly state: 'There shall be no netting in pay-in and pay-out obligations between T+1 and T+0 settlement cycle.'

NEW QUESTION: 44
Under the cross-margining facility, if a client holds a long position in Index Futures and a corresponding short position in the constituent stock futures (in the ratio specified to replicate the index) with the **same expiry month**, what is the applicable * *spread margin* * levied on the eligible offsetting positions?
A. 100% of the higher margin of the two positions.
B. 40% of the total applicable margin.
C. 30% of the applicable upfront margin.
D. 25% of the total applicable margin on the eligible offsetting positions.
E. 0% (Total margin exemption).
Answer: D (LEAVE A REPLY)
In cases where positions in derivatives segment for stock futures and index futures are in the same expiry month, a **spread margin of 25%" of the total applicable margin on the eligible offsetting positions shall be levied. (30% is for eligible equity indices pairs).

NEW QUESTION: 45
Under the SCORES 2.0 mechanism, complaints are monitored by a 'Designated Body' to ensure timely redressal. Who acts as the Designated Body for complaints lodged against a Stock Broker?
A. Securities and Exchange Board of India (SEBI)
B. The Depository (NSDL or CDSL)
C. The Association of Mutual Funds in India (AMFI)
D. The Stock Exchange
E. The Investor Protection Fund Trust
Answer: D (LEAVE A REPLY)
For a Stock Broker, the Stock Exchange is the Designated Body. The Designated Body ensures that the concerned Entity submits the Action Taken Reports (ATRs) within the stipulated time.

NEW QUESTION: 46
Under the regulatory framework defined in Section 24 of the Companies Act, 2013, the administration of specific provisions for listed companies (or those proposed to be listed) is delegated to the Securities and Exchange Board of India (SEBI). Which of the following matters is EXCLUSIVELY administered by SEBI under this delegation, while remaining otherwise under the Central Government's administration?
A. Conduct of Annual General Meetings
B. Appointment of key managerial personnel
C. Non-payment of dividend

D. Incorporation of the company
E. Registration of the company's memorandum of association
Answer: C (LEAVE A REPLY)
Section 24 of the Companies Act, 2013, delegates the power to regulate the issue and transfer of securities and the non-payment of dividend by listed companies (or those intending to get listed) to SEBI. All other provisions of the Companies Act are administered by the Central Government (Ministry of Corporate Affairs).

NEW QUESTION: 47
In the context of handling settlements during holidays, specific provisions are made regarding the utilization of assets received from a prior settlement. How is the pay-out from the first settlement treated in relation to subsequent obligations?
A. It is locked in the member's pool account for 24 hours to prevent misuse.
B. It must be transferred to the client's beneficiary account immediately and cannot be used for subsequent proprietary obligations.
C. The cash or securities pay out from the first settlement shall be made available to the member for meeting his pay-in obligations for the subsequent settlement(s).
D. It is automatically converted into liquid assets and pledged to the Core Settlement Guarantee Fund.
E. It is returned to the Clearing Corporation to cover potential shortfalls in the subsequent settlement's auction.
Answer: C (LEAVE A REPLY)
The source states: 'The cash or securities pay out from the first settlement shall be made available to the member for meeting his pay-in obligations for the subsequent settlement(s).'

NEW QUESTION: 48
In the context of the T+1 rolling settlement cycle for the Cash Segment, by what specific time must the custodial confirmation of trades be completed on the T+1 day to ensure the timely determination of final obligations by the Clearing Corporation?
A. By 4:15 PM on T Day

B. By 7:30 AM on T+1 Day
C. By 9:00 AM on T+1 Day
D. By 11:00 AM on T+1 Day
E. By 1:30 PM on T+1 Day
Answer: B (LEAVE A REPLY)
According to the general clearing process for T+1 rolling settlement, the clearing members/custodians must confirm back institutional/Custodian Participant trades by 7:30 a.m. on T+1 day. Following this, the Clearing Corporation performs multilateral netting and downloads final obligations by 9:00 a.m.

NEW QUESTION: 49
The secondary market operates through different mediums with distinct settlement mechanisms. Which of the following statements accurately differentiates the Over-The-Counter (OTC) market from the Exchange Traded Market?
A. OTC markets use a centralized Clearing Corporation to guarantee all trades.
B. OTC markets consist of standardized contracts traded on a screen-based system.
C. OTC markets are informal markets where trades are negotiated and settled bilaterally.
D. Exchange Traded Markets allow buyers and sellers to know each other's identity directly.
E. Exchange Traded Markets do not adhere to a fixed time schedule for settlement.
Answer: (SHOW ANSWER)
The source states that OTC markets are informal markets where trades are negotiated, traded over the counter, and settled bilaterally. In contrast, the Exchange Traded Market uses a Clearing Corporation which acts as a counterparty and guarantees settlement, and buyers and sellers do not know each other.

NEW QUESTION: 50
Which of the following statements accurately describe the principles and methodology for Corporate Actions Adjustment in the Equity F&O segment? (Select all that apply)
A. The basis for adjustment is that the value of the position on the cum-date and ex-date shall continue to remain the same as far as possible.
B. Adjustments for corporate actions are carried out only on positions that are In-The-Money (ITM); OTM positions are left unadjusted.
C. Adjustments may entail modifications to Strike Price, Position, and Market Lot I Multiplier.
D. For Bonus issues, the new strike price is arrived at by multiplying the old strike price by the adjustment factor.
E. The adjustments for corporate actions would be carried out on all open positions.
Answer: (SHOW ANSWER)
Statement A is correct regarding the basic premise of value continuity. Statement C is correct regarding the variables adjusted. Statement E is correct that it applies to open

positions. Statement B is incorrect because adjustments apply to all positions, not just ITM. Statement D is incorrect because for Bonus issues, the new strike price is arrived at by *dividing* (not multiplying) the old strike price by the adjustment factor.

NEW QUESTION: 51

Which of the following statements accurately describe the operational mechanisms and participants of the Indian Money Market segments? (Select all that apply)

A. Call money market transactions are restricted to Scheduled Commercial Banks (SCBs) and Primary Dealers (PDs).

B. Notice Money transactions refer to borrowing for a period specifically between 15 days and 1 year.

C. Repo transactions against Government Securities are traded/reported on the Clearcorp Repo Order Matching System (CROMS).

D. All India Financial Institutions can issue Certificates of Deposit (CDs) for a period not exceeding 1 year.

E. Treasury Bills (T-bills) are zero coupon securities issued at a discount and traded on the NDS-OM platform.

Answer: A,C,E (LEAVE A REPLY)

Statement A is correct as the call money market is restricted to SCBs and PDs. Statement C is correct as Repo transactions against G-secs are traded/reported on CROMS. Statement E is correct as T-bills are zero coupon securities traded on NDS-OM. Statement B is incorrect because Notice Money is for up to 14 days, whereas 15 days to 1 year is Term Money. Statement D is incorrect because All India Financial Institutions can issue CDs for a period not less than 1 year and not exceeding 3 years.

NEW QUESTION: 52

Regarding the utilization of proceeds generated from an Auction or Close-out procedure, what is the regulatory requirement for handling any residual amount remaining after settling the claim of the aggrieved party?

A. It must be credited to the Investor Protection Fund (IPF) of the Exchange.

B. It is returned to the defaulting member after deducting a 1% processing fee.

C. It should be credited to the Core Settlement Guarantee Fund (Core SGF).

D. It is distributed equally among all non-defaulting clearing members.

E. It is transferred to the SEBI General Fund.

Answer: C (LEAVE A REPLY)

The proceeds from Auction or Close-out should be used to settle the claim of the aggrieved party. Any amount remaining thereof should be credited to the Core Settlement Guarantee Fund ('Core SGF') instead of crediting it to the defaulting party's account.

NEW QUESTION: 53

Under the regulatory framework defined in Section 24 of the Companies Act, 2013, the administration of specific provisions for listed companies (or those proposed to be listed) is delegated to the Securities and Exchange Board of India (SEBI). Which of the following matters is EXCLUSIVELY administered by SEBI under this delegation, while remaining otherwise under the Central Government's administration?

A. Registration of the company's memorandum of association

B. Appointment of key managerial personnel

C. Non-payment of dividend

D. Conduct of Annual General Meetings

E. Incorporation of the company

Answer: (SHOW ANSWER)

Section 24 of the Companies Act, 2013, delegates the power to regulate the issue and transfer of securities and the non-payment of dividend by listed companies (or those intending to get listed) to SEBI. All other provisions of the Companies Act are administered by the Central Government (Ministry of Corporate Affairs).

NEW QUESTION: 54

Regarding the execution of a 'Delivery Instruction Slip' (DIS) for debiting a beneficiary account in a depository, which of the following conditions is **MANDATORY** for the instruction to be processed?

A. The DIS must be signed only by the primary holder in case of joint accounts.

B. The DIS must clearly indicate whether the trade is an 'off-market' trade or a 'market' trade.

C. The execution date on the DIS cannot be a future date; it must be the same as the submission date.

D. The DIS must be physically submitted even if the client has enabled electronic DIS facilities.

E. The DIS must be counter-signed by a SEBI registered official.

Answer: B (LEAVE A REPLY)

A beneficiary account can be debited only if the beneficial owner has given 'Delivery Instruction Slip' (DIS) in the prescribed form. The DIS for an off-market trade or for a market trade has to be clearly indicated in the form by marking appropriately.

NEW QUESTION: 55

According to the SEBI (International Financial Services Centres) Guidelines, 2015, which of the following criteria must a 'Person resident in India' satisfy to deal in securities listed in the IFSC?

A. They must be a High Net-worth Individual (HNI) with a minimum net worth of INR 5 Crore.

B. They must invest only through a Foreign Portfolio Investor (FPI) registered in the IFSC.

C. They are eligible under FEMA to invest funds offshore, to the extent allowed under the Liberalized Remittance Scheme (LRS).
D. They must represent a corporate body incorporated in India with a minimum turnover of INR 100 Crore.
E. They are restricted to investing solely in Debt Securities issued by eligible issuers.
Answer: C (LEAVE A REPLY)
As per the SEBI (International Financial Services Centres) Guidelines, 2015, one of the categories of persons eligible to deal in securities listed in IFSC is a 'person resident in India who is eligible under FEMA, to invest funds offshore, to the extent allowed under the Liberalized Remittance Scheme of Reserve Bank of India, subject to a minimum investment as specified by the Board from time to time'.

NEW QUESTION: 56
In the context of stock brokers providing mutual fund services, what specific compliance obligation is imposed by Regulation 4(g) of the SEBI (Investment Advisers) Regulations, 2013?
A. Stock brokers must maintain a minimum net worth of Rs. 1 Crore to offer investment advice.
B. Stock brokers must ensure client level segregation of advisory and distribution activities at the entity and group level.
C. Stock brokers are prohibited from charging any commission on mutual fund distribution if they are registered as InvestmentAdvisers.
D. Stock brokers must obtain a separate license from AMFI for providing advisory services.
E. Stock brokers must route all mutual fund advisory transactions through a separate subsidiary company.
Answer: B (LEAVE A REPLY)
Regulation 4(g) of SEBI (Investment Advisers) Regulations, 2013 requires stock brokers to comply with general obligations... which, inter-alia, provide that client level segregation of advisory and distribution activities needs to be ensured at the entity and group level.

NEW QUESTION: 57
What are the specific trading hours for the continuous trading session under the beta version of the T+0 rolling settlement cycle?
A. 09:00 AM to 3:30 PM
B. 09:15 AM to 3:30 PM
C. 09:15AM to 1:30 PM
D. 10:00 AM to 2:00 PM
E. 09:15AM to 12:30 PM
Answer: C (LEAVE A REPLY)
The Trade Timings for the T+0 rolling settlement cycle are defined as one continuous trading session from 09:15 AM to 1:30 PM.

NEW QUESTION: 58

In the General Clearing Process for the Cash Segment under the T+1 rolling settlement cycle, by what specific time must the custodial confirmation of trades be completed on the T+1 day?

A. By 4:15 PM on T Day
B. By 7:30 AM on T+1 Day
C. By 9:00 AM on T+1 Day
D. By 11:00 AM on T+1 Day
E. By 1:30 PM on T+1 Day

Answer: B (LEAVE A REPLY)

According to the General Clearing process in Cash Segment for T+1 rolling settlement, the clearing members/custodians must confirm back institutional/Custodian Participant trades by 7:30 a.m. on T+1 day. Subsequently, the final obligations are downloaded by 9:00 a.m.

NEW QUESTION: 59

To calculate the Adjustment Factor for a **Rights Issue** in the Equity F&O segment, the 'Benefits per share (E)' must first be determined. Which formula correctly represents the calculation of 'E'?

A. E = (P - S) / (A + B)
B. E = (P � A) + (S � B) / (A + B)
C. E = (P - S) � A / (A + B)
D. E = (P + S) � A / B
E. E = (P - S) � B / (A + B)

Answer: C (LEAVE A REPLY)

In the context of Rights Issue adjustment, Benefits per share (E) is calculated using the formula: E = (P - S) * A1 (A + B), where P is the underlying close price on the last cum date, S is the issue price of the rights, A is the Rights Entitlement, and B is the Number of Existing shares.

NEW QUESTION: 60

Which of the following statements accurately reflect the roles and functions of a Clearing Corporation as a central counterparty (COP)?
(Select all that apply)

A. It guarantees settlement of trades through the process of novation.
B. It reduces the number of payments due by netting transactions.
C. It provides independent legal enforcement of contracts, reducing the need for buyers and sellers to take legal action against one another.
D. It executes client orders on the stock exchange platform on behalf of the trading members.

E. It calculates and controls the margining mechanism.
Answer: A,B,C,E (LEAVE A REPLY)
The Clearing Corporation guarantees settlement (novation), reduces payments via netting, provides dispute resolution/legal enforcement (buyers/sellers don't sue each other), and calculates/controls margining. Option D is incorrect because the Clearing Corporation does not execute orders; execution is the function of the Stock Exchange/Trading Members.

NEW QUESTION: 61
Identify the financial instrument described by the following features: It is a rupee-denominated bond issued outside India by Indian entities to raise money in local currency from foreign investors.
A. American Depository Receipt (ADR)
B. Global Depository Receipt (GDR)
C. Foreign Currency Convertible Bond (FCCB)
D. Masala Bond
E. External Commercial Borrowing (ECB)
Answer: (SHOW ANSWER)
Masala Bonds are rupee-denominated bonds issued outside India by Indian entities. They are debt instruments which help to raise money in local currency from foreign investors,.

NEW QUESTION: 62
Under the framework for 'Demat Debit and Pledge Instruction' (DDPI), which replaces the Power of Attorney (POA) for specific purposes, for which of the following activities is the use of DDPI strictly limited to?
A. Transfer of funds from the bank account of the client to the stock broker's settlement account for meeting margin requirements.
B. Transfer of securities held in the beneficial owner accounts of the client towards Stock Exchange related deliveries or settlement obligations.
C. Execution of off-market trades between parties other than the related parties.
D. Opening a new beneficial owner account or a broking facility with another stock broker.

E. Transfer of securities to the demat account of the Trading Member for margin purposes (title transfer).

Answer: (SHOW ANSWER)

According to the source, the use of DDPI shall be limited only for specific purposes: 1) Transfer of securities held in the beneficial owner accounts of the client towards Stock Exchange related deliveries / settlement obligations; 2) Pledging / re-pledging of securities in favour of TMI CM for meeting margin requirements; 3) Mutual Fund transactions on stock exchange platforms; 4) Tendering shares in open offers. Conditions like transfer of funds or off-market trades are not covered under the limited purpose DDPI.

NEW QUESTION: 63

According to the Securities Contracts (Regulation) Act, 1956 (SCRA), the definition of 'Securities' has been expanded to include various instruments. Which of the following specific instruments is explicitly included in this definition as per the Act?

A. Fixed Deposit Receipts issued by Scheduled Commercial Banks

B. Electronic Gold Receipts issued on the basis of deposit of underlying physical gold

C. Insurance Policies linked to Unit Linked Insurance Plans (ULIPs)

D. Promissory Notes issued by private individuals for personal loans

E. Real Estate Sale Deeds registered under the Registration Act

Answer: B (LEAVE A REPLY)

As per the definition of 'Securities' in the Securities Contract Regulation Act (SCRA), 1956, the term includes 'Electronic Gold Receipt', which means an electronic receipt issued on the basis of deposit of underlying physical gold in accordance with regulations made by SEBI. It also includes Zero Coupon Zero Principal Instruments, among others like shares, bonds, and derivatives.

NEW QUESTION: 64

While Equity Derivatives generally follow a T+1 settlement cycle for daily and final settlement, which specific segment has a Final Settlement cycle of T+2 basis?

A. Index Futures

B. Stock Options (Physical Settlement)

C. Currency Derivatives

D. Interest Rate Futures

E. Index Options

Answer: C (LEAVE A REPLY)

The daily and final settlement of derivative trades is generally done on T+1 working day basis, except for final settlement of currency derivatives segment, where final settlement takes place on a T+2 basis.

NEW QUESTION: 65

Which of the following statements accurately reflect the nature and regulation of 'Research Reports' provided by stock brokers? (Select all that apply)

A. Research reports normally educate investors about industry trends and which company scrips to buy, sell, or hold.

B. Brokers are exempt from SEBI regulations when providing research reports if they are also registered as Merchant Bankers.

C. Brokerage houses must comply with SEBI (Research Analysts) Regulation, 2014.

D. Sector reports focus solely on the financial statements of a single company without considering industry policies.

E. Research advice and recommendations can be delivered online or via SMS.

Answer: A,C,E (LEAVE A REPLY)

Statement A is correct ('educate investors about the industry trends... which company scrips to buy, sell or hold'). Statement C is correct ('comply with... SEBI (Research Analysts) Regulation, 2014'). Statement E is correct ('can be obtained as SMS... more online now'). Statement B is incorrect (strict rules apply). Statement D is incorrect (Sector reports cover how an industry is faring and policies).

NEW QUESTION: 66

According to SEBI guidelines regarding the corpus of the Investor Protection Fund (IPF), specific penalties collected by Stock Exchanges contribute to the fund. What is the prescribed quantum of penalty collected from Trading Members (TMs) for default in pay-in by an investor in an Offer For Sale (OFS) transaction that must be credited to the IPF?

A. 1% of the trade value

B. 2% of the order value

C. 5% of the trade value

D. 10% of the order value

E. 20% of the shortage amount

Answer: (SHOW ANSWER)

The source explicitly lists the contributions to the IPF. One such contribution is: 'Penalty collected from TMs for default in pay-in by an investor in an Offer For Sale (OFS) transaction - 10% of the order value.'

NEW QUESTION: 67

Which of the following services can a Depository Participant (DP) engage in, as explicitly listed in the NISM workbook? (Select all that apply)

A. Receiving electronic credit in respect of securities allotted by issuers under IPO

B. Pledging of dematerialized securities & facilitating loans against shares

C. Issuing equity research reports for the depository

D. Freezing of the demat account for debits, credits, or both

E. Underwriting of Initial Public Offers (IPOs)

Answer: (SHOW ANSWER)

The services a DP can engage into include: Receiving electronic credit in respect of securities allotted by issuers under IPO; Pledging of dematerialized securities & facilitating loans against shares; Freezing of the demat account for debits, credits, or both. Research reports and Underwriting are not listed as DP services in this section.

NEW QUESTION: 68

What is the primary benefit of 'Interoperability' among Clearing Corporations for a Clearing Member (CM)?

A. It allows the CM to execute trades on the Exchange without maintaining a Base Minimum Capital.

B. It enables the CM to select a single Clearing Corporation to clear and settle trades executed on multiple stock exchanges.

C. It guarantees that the CM will receive interest on the cash component of the Core Settlement Guarantee Fund.

D. It allows the CM to act as a Custodian for institutional clients without separate registration.

E. It mandates the CM to maintain separate settlement accounts for each Exchange, thereby segregating risk.

Answer: ([SHOW ANSWER])

Inter-operability among Clearing Corporations enables a Clearing Member to select the Clearing Corporation of its choice to clear and settle trades executed in multiple exchanges. This allows market participants to consolidate their clearing and settlement functions at a single Clearing Corporation.

NEW QUESTION: 69

Which of the following statements accurately describe the process and components of 'Delivery Settlement' in the equity F&O segment?

(Select all that apply)

A. It applies to Index Futures and Index Options.

B. It considers all open futures positions after the close of trading on the expiry day.

C. It considers all in-the-money option contracts which are exercised and assigned.

D. The final deliverable/receivable positions at a clearing member are arrived at after netting the obligations of all clients/constituents clearing through them.

E. Delivery settlement is optional and can be cash settled if the client chooses.

Answer: ([SHOW ANSWER])

Delivery Settlement applies to individual stock derivatives (not Index, which are cash settled). It considers all open futures positions after close of trading on expiry day and all in-the-money option contracts which are exercised and assigned. The final position at a clearing member is arrived at after netting the obligations of all clients/constituents/trading members clearing through the respective clearing member.

NEW QUESTION: 70
The Clearing Corporation performs three main functions: clearing, settlement, and risk management. Which of the following statements accurately defines the specific scope of the 'clearing' function?
A. It is the two-way process which involves the actual transfer of funds and securities on the settlement date.
B. It is the process of collecting margins and maintaining the Core Settlement Guarantee Fund.
C. It is the process designed to work out what members are due to deliver and what members are due to receive on the settlement date.
D. It involves the handling of exceptional situations like auction settlement and bad delivery.
E. It is the mechanism of linking multiple depositories to facilitate inter-depository transfers.
Answer: (SHOW ANSWER)
The clearing function of the clearing corporation is specifically designed to work out (a) what members are due to deliver and (b) what members are due to receive on the settlement date. This determination of obligations is distinct from 'settlement', which involves the actual transfer of funds and securities.

NEW QUESTION: 71
In the context of primary market issuance, which of the following correctly defines a 'Retail Individual Investor'?
A. Any investor who applies for specified securities for a value of not more than five lakhs rupees
B. An individual investor (Resident Indians, NRIs, HUF) who applies for specified securities for a value of not more than two lakhs rupees
C. An individual investor whose total annual income is less than two lakhs rupees
D. Any non-institutional investor applying for securities up to ten lakhs rupees
E. An investor who trades strictly in the cash segment with a turnover less than two lakhs rupees
Answer: B (LEAVE A REPLY)
Retail Individual Investors are defined as an individual investor (Resident Indians, non-resident Indians, HUF) who applies or bids for specified securities for a value of not more than two lakhs rupees.

NEW QUESTION: 72
In the context of the beta version of the T+0 rolling settlement cycle, how is the applicable price band for a security determined and managed relative to the regular T+1 market?
A. It operates with a fixed price band of +/- 5% irrespective of the movement in the T+1 market.

B. It operates with a price band of +100 basis points from the price in the regular T+1 market, re-calibrated after every 50 basis points movement in the underlying T+1 market.
C. It mirrors the dynamic price band of the T+1 market exactly, flexing only when the T+1 market hits its circuit limit.
D. It operates with a price band of +50 basis points from the opening price of the T+0 market, without any re-calibration during the session.
E. It is set at +1- 1% of the previous day's closing price and remains static throughout the trading session 09:15 AM to 3:30 PM.
Answer: B (LEAVE A REPLY)
According to the operational details for T+0 settlement, the price in the T+0 segment will operate with a price band of +100 basis points from the price in the regular T+1 market. This band will be re-calibrated after every 50 basis points movement in the underlying T+1 market.

NEW QUESTION: 73
In the context of a stock broker's Middle Office operations, which of the following scenarios best illustrates the manifestation of Credit Risk as defined in the risk management framework?
A. Loss resulting from the breakdown of internal controls leading to unauthorized trading.
B. Loss arising from the concentration of client collateral in a specific sector that experiences a sharp price decline.
C. Risk arising from loans extended to group companies or debit balances of clients.
D. The possibility that a counterparty contract cannot be enforced due to lack of proper authority.
E. Disruption in settlement systems causing a crisis of confidence among investors.
Answer: C (LEAVE A REPLY)
According to the source, Credit risk is the risk of default on a debt. For a broker, credit risk can arise on account of 'Loans to Group Companies/ Related Parties, debit balance of clients, funding of clients, short collection of margins, Non-confirmation of DVP trade by custodian etc.' Option A describes Operational Risk. Option B describes Market Risk. Option D describes Legal Risk. Option E describes Systemic Risk.

NEW QUESTION: 74
Certain types of complaints fall outside the purview of the SEBI Complaints Redress System (SCORES). Which of the following is explicitly NOT dealt with through SCORES?
A. Complaints against registered stock brokers regarding non-receipt of funds.
B. Complaints against listed companies regarding non-receipt of dividends.
C. Complaints against companies where a moratorium order is passed in insolvency proceedings.
D. Complaints regarding unauthorized trading by a sub-broker.
E. Complaints regarding dematerialization delays by a Depository Participant.

Answer: C (LEAVE A REPLY)
At present, complaints against a sick company or a company where a moratorium order is passed in winding up / insolvency proceedings are not dealt with through SCORES. Other exclusions include complaints against unlisted/delisted companies, sub-judice cases, and those under other regulators like RBI/IRDAI.,

NEW QUESTION: 75
According to the SEBI circular dated April 05, 2022, regarding the use of Unified Payment Interface (UPI) in public issues of equity shares, which specific category of investors is mandated to use UPI and provide their UPI ID in the bid-cum-application form?
A. All Retail Individual Investors applying for any amount.
B. Qualified Institutional Buyers (QIBs) applying up to Rs. 2 Lakhs.
C. All Individual Investors applying in Public issues where the application amount is up to 5 Lakhs.
D. Non-Institutional Investors (NIIs) applying above Rs. 2 Lakhs.
E. Anchor Investors applying during the anchor book period.
Answer: C (LEAVE A REPLY)
SEBI vide circular dated April 05, 2022, decided that 'all Individual Investors applying in Public issues where the application amount is upto 5 Lakhs shall use UPI and shall also provide their UPI ID in the bid-cum-application form'.

NEW QUESTION: 76
If the Core SGF is utilized during a calendar month due to a default, specific rules apply to the replenishment of contributions by members. Which of the following is the correct restriction on such replenishment?
A. Members must replenish the fund immediately after every default without any limit on the number of times in a month.
B. Replenishment is voluntary and depends on the profitability of the non-defaulting members.
C. Contribution towards replenishment by members is restricted to only once during a period of 30 calendar days, regardless of the number of defaults during the period.
D. Members are liable to replenish the fund only if the default amount exceeds Rs. 100 Crore.
E. Replenishment is deferred to the next financial quarter to avoid liquidity stress on members.
Answer: C (LEAVE A REPLY)
The source states: 'However, such contribution towards replenishment of Core SGF by the members would be restricted to only once during a period of 30 calendar days regardless of the number of defaults during the period. The period of 30 calendar days shall commence from the date of notice of default...'

NEW QUESTION: 77
In the context of Settlement Dues, the clearing agency pays moneys payable to clearing members and custodians for every settlement. What is the specific basis for determining these payable amounts?
A. Information provided by the Exchange or Clearing Agency
B. The daily margin statement generated by the Clearing Member
C. The contract notes issued by the broker to the client
D. The bank statement of the Clearing Bank
E. The net worth certificate submitted by the member
Answer: A (LEAVE A REPLY)
The text mentions: 'In turn, the clearing agency shall pay to the clearing members and custodians moneys payable to them for every settlement for their transactions / positions. This is based on the information provided by the Exchange or Clearing Agency.'

NEW QUESTION: 78
Regarding the issuance of Contract Notes by stock brokers, which of the following statements are legally and operationally correct as per regulations? (Select all that apply)
A. Contract notes must be issued within 24 hours of the execution of the trade.
B. A contract note is valid even if it does not explicitly state the brokerage and statutory levies separately.
C. Electronic Contract Notes (ECNs) sent via email must be digitally signed, encrypted, and non-tamperable.
D. Contract notes should have a unique running serial number starting from the beginning of the financial year.
E. If an ECN bounces, the broker is not required to take further action if the client has opted for electronic delivery.
Answer: A,C,D (LEAVE A REPLY)
Option A is correct: 'Contract note should be issued within 24 hours of execution'. Option C is correct: 'All ECNs sent through the e-mail shall be digitally signed, encrypted, non-tamperable'. Option D is correct: 'The contract notes should be unique running serially numbered starting from the beginning of the financial year.' Option B is incorrect because a

contract note without consideration is null and void and charges must be mentioned. Option E is incorrect because if an ECN bounces, the member 'should send the physical copy of the contract note'.

NEW QUESTION: 79

When a delivery shortage is identified before the auction is conducted, the Clearing Corporation debits the clearing member by an amount equivalent to the securities not delivered, valued at a specific price. What is this pre-auction debit transaction formally called?

A. Provisional Margin Call

B. Close-out Penalty

C. Valuation Debit

D. Auction Entry Fee

E. Shortage Collateral Block

Answer: C (LEAVE A REPLY)

Once shortages are identified, the members are debited by an amount equivalent to the securities not delivered and valued at a valuation price. This is known as 'valuation debit'.

NEW QUESTION: 80

Regarding 'Market Makers' in the Indian securities market, which of the following statements regarding their mandatory obligations is correct?

A. Market making is voluntary for all scrips listed on Small and Medium Enterprise (SME) Exchanges

B. Market makers are required to provide only buy quotes to ensure exit options for investors

C. Market making has been made mandatory in respect of all scrips listed and traded on SME Exchanges

D. Market makers are appointed solely by SEBI and not by the Exchanges

E. Market making is restricted to the derivatives segment only

Answer: (SHOW ANSWER)

While market making operates under guidelines, for Small and Medium Enterprise (SME) Exchanges, market making has been made mandatory in respect of all scrips listed and traded on the SME Exchange. Their main responsibility is to provide two-way (buy and sell) quotes.

NEW QUESTION: 81

Entities operating in the IFSC at GIFT City are recognized as non-resident entities under FEMA regulations. Which combination of fiscal incentives is explicitly available to these entities?

A. Exemption from GST only.

B. Exemption from Security Transaction Tax (STT), Commodity Transaction Tax (CT T), Dividend Distribution Tax (DDT), and Capital Gains waiver.
C. Waiver of Import Duty on Gold and Silver only.
D. Exemption from Stamp Duty and Registration Fees only.
E. Rebate on Corporate Tax for the first 2 years only.
Answer: B (LEAVE A REPLY)
The IFSC at GIFT, Gandhinagar is a deemed foreign territory where entities are recognized as non-resident entities under FEMA regulations. The benefits provided include exemptions from security transaction tax (STT), commodity transaction tax, dividend distribution tax, capital gains waiver, and no income tax.

NEW QUESTION: 82
Regarding the operational timeline for the auction of securities by the Clearing Corporation under the compulsory rolling settlement, which of the following statements is accurate?
A. Auctions are conducted on the T+2 day to allow members extra time to arrange securities.
B. The auction for undelivered quantities is conducted on the settlement day itself, typically after the completion of the pay-out process.
C. Auctions are held exclusively during the pre-open session of the next trading day.
D. If an auction is not successful in the first attempt, it is automatically rescheduled for the next three consecutive days.
E. Members participating in the auction must deliver the shares immediately within 1 hour of acceptance of their offer.
Answer: B (LEAVE A REPLY)
The auction for the undelivered quantities is conducted on the settlement day after completion of payout (e.g., between 2:00 p.m. and 2.45 p.m. for BSE and 2:30 pm onwards for NSE). The members participating in the auction are required to deliver the shares on the subsequent day (auction pay-in day),.

NEW QUESTION: 83
Direct Market Access (DMA) allows specific clients to access the exchange trading system through the broker's infrastructure. Which of the following is a specific characteristic or requirement of the DMA facility as per SEBI guidelines?
A. It requires manual intervention by the broker for every order to ensure risk compliance.
B. It is available to all retail investors without specific authorization.
C. It allows execution of client orders without manual intervention by the broker, offering advantages like faster execution and reduced risk of errors.
D. Investment managers acting on behalf of institutional clients are prohibited from using DMA.
E. Brokers provide DMA to clients using the broker's proprietary trading codes instead of client codes.

Answer: C (LEAVE A REPLY)
Direct Market Access (DMA) is a facility which allows brokers to offer clients direct access to the exchange trading system through the broker's infrastructure 'without manual intervention by the broker'. Advantages include 'faster execution of client orders, reduced risk of errors associated with manual order entry'. Brokers must specifically authorize clients or investment managers after fulfilling KYC and due diligence.

NEW QUESTION: 84
Regarding the 'Block Mechanism in demat account of clients undertaking sale transactions', what happens if the sale transaction is not executed or is unmatched?
A. The shares remain blocked until the payout date of the next settlement cycle.
B. The shares are transferred to the Clearing Member's pool account and then returned to the client.
C. The Clearing Corporation uploads cancellation of Block instruction on T day, and securities are unblocked and become free in the client's demat account on T day itself.
D. The client must manually submit an unblocking request to the Depository Participant on T+1 day.
E. The shares are auctioned by the Clearing Corporation to recover the blockage fees.
Answer: (SHOW ANSWER)
In case of unmatched orders, CCs shall upload cancellation of Block instruction on T day so that securities are unblocked and become free in client's demat account on T day itself. If the sale is not executed, shares shall continue to remain in the client's demat account and will be unblocked at the end of the T day.

NEW QUESTION: 85
A stock broker intends to expand their business scope by offering Portfolio Management Services (PMS) and functioning as a Depository Participant. According to the regulatory framework for 'Other Services Provided by Brokers', which of the following statements accurately reflects the registration requirement for these additional services?
A. The existing stock broker registration with SEBI is comprehensive and covers all financial services including PMS and Depository services.
B. The broker must obtain separate registration/licenses from SEBI for each of the specific services like PMS and Depository services.
C. Registration is only required with the Stock Exchange for PMS, while Depository services require SEBI registration.
D. The broker needs to convert into a Non-Banking Financial Company (NBFC) to offer these services, but no separate SEBI registration is needed.
E. These services can be offered under a general 'Investment Advisory' license without specific product registration.
Answer: B (LEAVE A REPLY)

According to the Introduction section of 'Other Services Provided by Brokers', while brokers provide services like PMS, IPO applications, etc., 'for all the other services, the brokers need to be separately registered with SEBI.' Licenses and certifications have to be obtained for each of the services offered.

NEW QUESTION: 86

Which of the following statements accurately describe the application of the 'Close Out' procedure by the Clearing Corporation? (Select all that apply)

A. Close out is conducted if an auction for short delivery finds no sellers.

B. Securities under 'Trade for Trade' category are subject to direct close out without an auction.

C. Any surplus proceeds from a close out are credited to the defaulting party's settlement account.

D. Delivery shortages in securities undergoing corporate action are directly closed out.

E. The close out price is strictly fixed at the closing price of the trade day for all scenarios.

Answer: A,B,D (LEAVE A REPLY)

Option A is correct: Close out happens if auction finds no sellers. Option B is correct: Securities in trade for trade are directly closed out. Option D is correct: Securities under corporate action are directly closed out. Option C is incorrect because surplus is credited to Core SGF. Option E is incorrect because the price formula involves highest price or 20% mark-up.

NEW QUESTION: 87

In the context of the Cash Market segment, how is the role of a 'Custodian' distinct from that of a standard Trading Member regarding the settlement of trades?

A. Custodians execute trades on the exchange floor but outsource the clearing function to Professional Clearing Members.

B. Custodians act as Clearing Members but not Trading Members; they settle trades on behalf of institutional clients executed through other Trading Members.

C. Custodians are primarily responsible for the proprietary trading of the Clearing Corporation.

D. Custodians settle trades only for retail clients who do not have a valid PAN.

E. Custodians automatically guarantee all trades executed by any Trading Member without the need for trade confirmation.

Answer: B (LEAVE A REPLY)

The text defines Custodians as: 'Custodians are also clearing members like PCMs but not trading members. They settle trades on behalf of the clients of the trading members, when a particular trade is assigned to them for settlement.' This specifically applies to institutional clients.

NEW QUESTION: 88

Which of the following statements accurately describe the rules and procedures for **Dividend Adjustment** in the Equity F&O segment?
(Select all that apply)
A. Dividends below 2% of the market value of the underlying stock are deemed ordinary dividends and no adjustment is made.
B. In case of extra-ordinary dividend, the total dividend amount is reduced from all strike prices of option contracts.
C. The revised strike prices due to extra-ordinary dividend are applicable from the record date.
D. If shareholders in the AGM change the rate declared by the Board, the market price reference changes to the closing price on the day previous to the AGM.
E. Adjustment for extra-ordinary dividend is carried out only on futures contracts, not options.
Answer: (SHOW ANSWER)
StatementA is correct: Dividends below 2% are ordinary and not adjusted. Statement B is correct: Total dividend amount is reduced from strike prices. Statement D is correct: If AGM changes the rate, the reference is the closing price previous to the date of the AGM. Statement C is incorrect because revised prices are applicable from the ex.dividend date. Statement E is incorrect as adjustments apply to strike prices of options as well.

NEW QUESTION: 89
In the context of the SEBI Complaints Redress System (SCORES), certain types of complaints are explicitly excluded from its purview Which of the following scenarios represents a complaint that is NOT dealt with through SCORES?
A. Complaint regarding non-receipt of dividend from a listed company
B. Complaint against a company where a moratorium order is passed in insolvency proceedings
C. Complaint regarding unauthorized trading by a registered stock broker
D. Complaint regarding non-receipt of refund in an Initial Public Offer (IPO)
E. Complaint regarding discrepancy in the demat account holding statement
Answer: B (LEAVE A REPLY)
Complaints against a sick company or a company where a moratorium order is passed in winding up / insolvency proceedings are not dealt through SCORES. The other options represent valid grievances against active intermediaries or listed companies.

NEW QUESTION: 90
A Clearing Member (CM) maintains a designated clearing account with a Clearing Bank. While the CM is permitted to deposit funds into this account in any form, which of the following specific restrictions is imposed on the withdrawal of funds from this account to ensure regulatory compliance?

A. Funds can be withdrawn only after obtaining a 'No Objection Certificate' from the Stock Exchange.
B. Funds can be withdrawn only in 'self-name' of the Clearing Member.
C. Funds can be withdrawn directly to the client's beneficiary bank account to facilitate faster payout.
D. Withdrawals are restricted to 50% of the account balance on any given trading day.
E. Funds can be withdrawn only via physical Demand Drafts and not through electronic transfer.
Answer: (SHOW ANSWER)
According to the regulations governing Clearing Members and Custodians, while a Clearing Member can deposit funds into the clearing accounts in any form, they can withdraw funds from these accounts only in self-name. This restriction helps in maintaining a clear audit trail and preventing third-party risks.

NEW QUESTION: 91
Under the 'Framework for Adoption of Cloud Services by SEBI Regulated Entities (REs)', which of the following statements correctly describes the permissibility of different cloud deployment models?
A. Public cloud is strictly prohibited for all SEBI Regulated Entities due to data localization concerns.
B. Private cloud is considered an on-premise deployment and is governed by general SEBI circulars (cyber security, outsourcing) rather than the specific cloud framework.
C. Hybrid cloud deployments are prohibited as they combine public and private clouds, creating security vulnerabilities.
D. Community cloud models are treated as 'other cloud models' and are currently prohibited unless explicitly permitted.
E. RES are mandated to use only Community Cloud models hosted within the International Financial Services Centres (IFSC).
Answer: (SHOW ANSWER)
The framework clarifies that a Private Cloud shall be considered as an on-premise deployment and consequently, private cloud deployments shall be governed by SEBI circulars (e.g., cyber security, outsourcing, BCP-DR) issued from time to time, and may not be governed by the specific cloud framework. Public, Community, and Hybrid clouds are permitted subject to conditions.

NEW QUESTION: 92
A financial services firm applies for registration as a Portfolio Manager. They nominate Mr. X as the Principal Officer. Mr. X holds a professional qualification in finance from a recognized university. Regarding his experience, which of the following conditions MUST he satisfy to meet the eligibility criteria?
A. Experience of at least 3 years in related activities in the securities market, with at least 1 year in portfolio management.
B. Experience of at least 5 years in related activities in the securities market, including at least 2 years in portfolio management or investment advisory services or fund management.
C. Experience of at least 7 years in related activities in the securities market, with no specific requirement for portfolio management experience.
D. Experience of at least 5 years strictly as a stock broker or dealer in the equity derivatives segment.
E. Experience of at least 2 years in related activities in the securities market if he holds a CFA charter.
Answer: (SHOW ANSWER)
The Principal Officer must have a professional qualification and experience of at least five years in related activities in the securities market including in a portfolio manager, stock broker, investment advisor, research analyst or as a fund manager. Provided that at least 2 years of relevant experience is in portfolio management or investment advisory services or in the areas related to fund management.

NEW QUESTION: 93
A stock broker receives a request from a client to maintain a running account for funds to avoid frequent pay-ins and pay-outs. Regarding the authorization for this running account, which of the following conditions is **MANDATORY** for the broker to accept the request?
A. The authorization can be signed by the Power of Attorney (POA) holder if the client is traveling abroad.
B. The authorization must be signed by the client only and cannot be signed by any Authorized Person or POA holder.
C. The authorization is valid for a lifetime unless the broker decides to revoke it due to risk management concerns.
D. The actual settlement of funds must be done at least once in a financial year.
E. The authorization automatically allows the broker to transfer funds between different clients to manage temporary shortages.
Answer: B (LEAVE A REPLY)

According to the guidelines for Mode of Payment and Delivery from Clients, the authorization for maintaining a running account shall be signed by the client only and not by any Authorized Person on his behalf or any holder of the Power of Attorney. The authorization must be dated and revocable, and actual settlement must happen at least once in a calendar quarter or month.

NEW QUESTION: 94

In the context of determining the 'venue and seat' of online proceedings for a dispute between an individual investor and a listed company/intermediary, which location is deemed to be the venue and seat?

A. The registered office of the ODR Institution administering the dispute.

B. The location where the Market Infrastructure Institution (MII) is headquartered.

C. The place where the investor resides permanently.

D. The High Court jurisdiction where the listed company is registered.

E. The location of the SEBI Regional Office nearest to the investor.

Answer: C (LEAVE A REPLY)

The venue and seat of the online proceedings shall be deemed to be the place: 'In case of disputes between investor/client and listed companies... where the investor resides permanently',.

NEW QUESTION: 95

Clearing Members are required to provide an irrevocable authorization to their Clearing Bank regarding the operation of their clearing accounts. What constitutes the specific scope of this authorization concerning the Clearing Corporation's access?

A. To audit the member's proprietary trading books and freeze accounts in case of high volatility.

B. To debit and credit the clearing accounts as per instructions and report balances/information to the Clearing Corporation.

C. To automatically convert funds into approved securities if the balance exceeds a specified threshold.

D. To transfer funds between the Cash and Derivatives segments without specific instructions from the Clearing Corporation.

E. To allow the Clearing Bank to use the idle funds in the clearing account for its own treasury operations.

Answer: (SHOW ANSWER)

Clearing members must irrevocably authorize the Clearing Bank to allow the Clearing Corporation to access their clearing accounts for debiting and crediting as per instructions, and for reporting of balances and other information as required by the Clearing Corporation.

NEW QUESTION: 96

For Futures Contracts on Individual Securities, which price is used as the 'Final Settlement Price' on the last trading day?
A. The closing price of the futures contract on the expiry day.
B. The weighted average price of the underlying security during the last 30 minutes of trading.
C. The closing price of the relevant underlying security in the Capital Market Segment across exchanges.
D. The last traded price (LTP) of the underlying security on the primary exchange.
E. The theoretical price calculated using the cost of carry model.
Answer: C (LEAVE A REPLY)
According to the Settlement Price table, the Final Settlement Price for Futures Contracts on Individual Securities is the Closing price of the relevant underlying security in the Capital Market Segment across exchanges on the last trading day of the futures contract.

NEW QUESTION: 97
Regarding 'Internal Shortages' within a broker's firm (where a selling client fails to deliver, but the broker has no net obligation to the Clearing Corporation due to an offsetting buy by another client), what is the specific regulatory advice concerning the handling of charges under the 'Direct Pay-out' of securities framework?
A. The broker must conduct a private auction among its own clients and can charge a facilitation fee not exceeding 1% of the trade value.
B. The broker must buy the shares from the open market on T+2 and can pass on the purchase cost plus a standard brokerage fee to the defaulting client.
C. The broker should handle such shortages through the process of auction as specified by CCs and is advised not to levy any charges on the client over and above the charges levied by the CCs.
D. The broker is mandated to close out the internal shortage at the highest price of the settlement cycle plus a 5% penalty credited to the Investor Protection Fund.
E. Internal shortages must be reported to the Exchange, and the trade should be annulled with mutual consent of both clients.
Answer: C (LEAVE A REPLY)
To handle shortages arising due to inter se netting of positions between clients with introduction of Direct Pay-out of securities in client account, SEBI has advised TM/CM to handle such shortages through the process of auction as specified by CCs. Further, SEBI advised TMICM in such cases not to levy any charges on the client over and above the charges levied by the CCs.

NEW QUESTION: 98
Under the 'Block Mechanism' in demat accounts for sale transactions, what is the specific operational protocol regarding the movement and unblocking of shares if the sale transaction is **not** executed on the trade day (T day)?

A. Shares are automatically transferred to the Trading Member's pool account and returned to the client on T+1 day.
B. Shares continue to remain in the client's demat account and will be unblocked at the end of the T day.
C. Shares are transferred to the Clearing Corporation's settlement pool and returned only after the auction session on T+1 .
D. Shares remain blocked until the client explicitly submits a cancellation instruction via the depository participant.
E. Shares are debited from the client's account and held in a suspense account by the Depository until the next trading session.
Answer: B (LEAVE A REPLY)
According to the block mechanism framework, if a sale transaction is not executed, the shares shall continue to remain in the client's demat account and will be unblocked at the end of the T day. This eliminates the movement of shares from the client's demat account for early pay- in and back if the trade is not executed.

NEW QUESTION: 99
Identify the category of Clearing Member that possesses both trading and clearing rights and is authorized to clear and settle trades for themselves, other trading members, and custodial participants.
A. Professional Clearing Member (PCM)
B. Trading cum Self-Clearing Member (SCM)
C. Trading Member-cum-Clearing Member (TCM)
D. Custodian
E. Authorized Person
Answer: (SHOW ANSWER)
A Trading Member.cum.Clearing Member (TCM) has trading as well as clearing rights. They can clear and settle their own trades as well as trades of other trading members and custodial participants. SCMs can only clear their own/client trades but not for custodian participants. PCMs do not have trading rights.

NEW QUESTION: 100
Economic efficiency in the securities market is often described by the 'decoupling' of activities. Which of the following best explains the economic impact of this decoupling as defined in the source?
A. It allows savers to directly manage the administrative operations of the issuer.
B. It ensures that savers and investors are constrained by the economy's abilities rather than their individual abilities.
C. It restricts the allocation of savings to government-backed securities only.
D. It mandates that investors must possess surplus funds equal to the issuer's total capital.
E. It eliminates the need for financial intermediaries in the transfer of resources.

Answer: B (LEAVE A REPLY)

The source explicitly states that securities markets provide channels for allocation of savings to investments and thereby decouple these two activities. As a result, the savers and investors are not constrained by their individual abilities, but by the economy's abilities to save and invest respectively.

NEW QUESTION: 101

Based on the Securities Contract Regulation Act (SCRA), 1956, select all the instruments that are explicitly included in the definition of 'Securities' from the list below.

A. Derivatives

B. Government Securities

C. Electronic Gold Receipts

D. Zero Coupon Zero Principal Instruments

E. Private Promissory Notes between individuals

Answer: A,B,C,D (LEAVE A REPLY)

The definition of 'Securities' in the SCRA 1956 includes:

* Derivatives
* Government Securities
* Electronic Gold Receipts (receipt issued on basis of deposit of underlying physical gold)
* Zero Coupon Zero Principal Instruments

It also includes shares, bonds, debentures, units of MF/CIS, and Security Receipts. Private promissory notes are not listed in this definition.

NEW QUESTION: 102

Large stock brokers have evolved from pure trading intermediaries into comprehensive 'Financial Services Companies'. In this capacity, which specific service is highlighted as being offered primarily to High Net Worth Individuals (HNIs)?

A. Micro-credit facilities

B. Wealth management services

C. Basic savings bank account services

D. Direct Benefit Transfer (DBT) facilitation

E. Public Provident Fund (PPF) management

Answer: B (LEAVE A REPLY)

The text states: 'They also offer wealth management services for high net worth individuals (HNIs).' This is a distinct service offered by big stock brokers who have converted into financial services companies.

NEW QUESTION: 103

In the T+1 rolling settlement cycle for institutional trades involving a Custodian, what is the specific deadline for the 'Obligation Transfer Request (OTR)' for trades where the 'INST' code was used?

A. 4:15 PM on T Day
B. 8:00 PM on T Day
C. 7:30 AM on T+1 Day
D. 9:00 AM on T+1 Day
E. 11:00 AM on T+1 Day
Answer: B (LEAVE A REPLY)
The general timeline for custodian-settled trades for institutional clients in T+1 rolling settlement specifies that the Obligation Transfer Request (OTR) for INST trades must be completed on T day up to 8:00 PM.

NEW QUESTION: 104
If a selling broker fails to deliver securities, the Clearing Corporation conducts an auction. If this auction remains unresolved because there are no sellers (Auction Fail), the transaction is subject to a 'Close out'. How is the close-out price calculated to compensate the buyer in such a scenario?
A. At the closing price of the securities on the auction day plus a fixed penalty of 5%.
B. At the highest price prevailing across the exchange from the day of trading up to the auction day OR 20% above the official closing price on the auction day, whichever is higher.
C. At the standard valuation price determined by the Clearing Corporation on the T+1 pay-in day.
D. At the average weighted trade price of the security during the last 5 trading sessions plus brokerage and statutory levies.
E. At the highest price recorded on the exchange on the trade day only, irrespective of subsequent price movements.
Answer: B (LEAVE A REPLY)
According to the close-out procedure, if on the auction day there are no sellers, the Clearing Corporation carries out a 'Close out'. In this process, the buyer is compensated by paying the value of the short delivered security at the 'highest price prevailing across the stock exchange from the day of trading till the auction/close out day or 20% above the official closing price on the auction day, whichever is higher'.

NEW QUESTION: 105
Indian Depository Receipts (IDRs) allow foreign companies to raise funds from the Indian securities markets. Which of the following statements accurately reflects the rules regarding the redemption or conversion of IDRs into underlying equity shares?
A. Redemption is permitted immediately upon listing of the IDRs.
B. Redemption is permitted only after 3 years from the date of listing.
C. Redemption/Conversion is permitted after 1 year from the date of listing of the IDRs.
D. Two-way fungibility is strictly prohibited for IDRs.
E. IDRs can only be converted into underlying shares if the issuer is a US-based company.

Answer: (SHOW ANSWER)
For IDRs, redemption/conversion into the underlying shares is permitted after 1 year from the date of listing of the IDRs. Two-way fungibility is permitted, allowing conversion between IDRs and underlying shares within available headroom.

NEW QUESTION: 106
Under the 'Beta version of T+0 rolling settlement cycle on optional basis', which of the following operational parameters regarding trading hours, price bands, and shortage handling is correctly defined?
A. The trading session operates continuously from 09:15 AM to 3:30 PM.
B. The price band is fixed at +1-5% of the closing price in the regular T+1 market.
C. Netting of pay-in and pay-out obligations is permitted between T+1 and T+0 settlement cycles.
D. Security shortages are handled through an auction session conducted on the same day.
E. Pay-in for T+0 sell obligations is allowed only by way of early pay-in using the block mechanism.
Answer: E (LEAVE A REPLY)
For T+0 settlement: Pay-in for T+0 sell obligations is allowed only by way of early pay-in using block mechanism. Trading timings are 09:15 AM to 1:30 PM. The price band is +1-100 basis points from the T+1 price. There is no netting between T+1 and T+0. Security shortages are directly closed out, not auctioned.

NEW QUESTION: 107
Select the correct statements regarding the regulations governing the modification of Client Codes and Custodial Participant (CP) Codes for trades executed on Indian Stock Exchanges. (Select all that apply)
A. Stock Exchanges may allow modifications of client codes of non-institutional trades only to rectify a genuine error in entry of client code.
B. Proprietary trades can be modified as client trades and vice versa if the request is made within 45 minutes of trade execution.

C. Modification between client codes of two unrelated institutional clients will be subject to penalty.
D. Members can modify the Custodial Participant (CP) Code on the T+1 day until 11 AM.
E. Shifting of trades to the 'error account' of the broker is not treated as modification of client code, provided the trades are subsequently liquidated.
Answer: A,C (LEAVE A REPLY)
Statement A is correct (Source: Section 3.2.4). Statement C is correct as modification between unrelated institutional clients attracts penalty. Statement B is incorrect; Proprietary trades cannot be modified as client trades. Statement D is incorrect; CP code modification is allowed on the trade day (T day) up to 4:15 pm (Source: Section 5.6.1 Statement E is incorrect in the context of 'not treated as modification' without conditions; the text says shifting to error account would not be treated as modification *provided* trades are liquidated and not shifted to another code.

NEW QUESTION: 108
To facilitate members in meeting their pay-in obligations for a subsequent settlement on a day with multiple settlements due to holidays, what specific requirement is imposed on Depositories regarding inter-depository transfers?
A. Depositories must process transfers instantly using the API-based immediate transfer mechanism.
B. Depositories shall facilitate inter-depository transfers within one hour and before pay-in for the subsequent settlement begins.
C. Depositories must suspend inter-depository transfers until all settlements for the day are concluded.
D. Depositories are required to waive the transaction charges for inter-depository transfers executed on such days.
E. Depositories must allow transfers only after the pay-out of the subsequent settlement is complete.
Answer: (SHOW ANSWER)
The guidelines specify: 'Further, in-order to meet their pay-in obligations for the subsequent settlement, members may need to move securities from one depository to another. The depositories shall, therefore, facilitate the inter-depository transfers within one hour and before pay- in for the subsequent settlement begins.'

NEW QUESTION: 109
Under the revised framework for redressal of investor grievances through SCORES 2.0, which of the following statements accurately describe the timelines and process flows? (Select all that apply)
A. Entities shall resolve the complaint and upload the Action Taken Report (ATR) on SCORES within 21 calendar days of receipt of the complaint.

B. If the complainant is not satisfied with the ATR, they may request a review within 15 calendar days from the date of the ATR.
C. The Designated Body must submit the revised ATR to the complainant on SCORES within 10 calendar days of the review sought.
D. Complaints are automatically forwarded to the Securities Appellate Tribunal if not resolved within 7 days.
E. The first level of review is conducted by SEBI officials immediately upon request by the investor.
Answer: A,B,C (LEAVE A REPLY)
Entities must resolve complaints within 21 calendar days,. Complainants can request a review within 15 calendar days of the ATR. The Designated Body must submit the revised ATR within 10 calendar days of the review sought. Option D is incorrect as auto-escalation is to the next level (Designated Body/SEBI), not SAT. Option E is incorrect as the first review is by the Designated Body.

NEW QUESTION: 110
For the purpose of corporate action adjustments in the Equity F&O segment, under what specific condition is a dividend deemed to be 'extra-ordinary', thereby necessitating an adjustment to the futures and options contracts?
A. If the dividend declared is more than 5% of the paid-up capital of the company.
B. If the dividend amount is at and above 2% of the market value of the underlying security.
C. If the dividend yield exceeds the risk-free interest rate (MIBOR) prevailing on the declaration date.
D. If the dividend is declared as an 'interim' dividend rather than a 'final' dividend.
E. If the dividend amount exceeds 10% of the closing price of the scrip on the record date.
Answer: B (LEAVE A REPLY)
According to the methodology for adjustment in Equity F&O, for extra-ordinary dividends i.e., at and above 2 percent of the market value of the underlying security, there would be an adjustment in Equity F&O. Dividends below this threshold are deemed ordinary and no adjustment is made.

NEW QUESTION: 111
In the context of the 'Application Supported by Blocked Amount' (ASBA) facility processed by intermediaries in public issues, what is the critical pre-condition explicitly mandated by SEBI before the ASBA applications can be processed?
A. The application must be uploaded to the Exchange bidding platform.
B. The physical form must be received by the Registrar.
C. The application monies must be blocked in the investor's bank account.
D. The General Index Register (GIR) number must be verified.
E. The syndicate member must issue a physical acknowledgement slip.

Answer: (SHOW ANSWER)
SEBI advised that 'the ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank account.' Intermediaries are advised to ensure appropriate systemic and procedural arrangements for this.

NEW QUESTION: 112
In the process of Auction of Securities, if the auction or close-out results in proceeds that exceed the claim of the aggrieved party (buyer), how is the remaining amount treated?
A. It is refunded to the defaulting selling member.
B. It is credited to the Core Settlement Guarantee Fund (Core SGF).
C. It is transferred to the Investor Protection Fund (IPF) of the Exchange.
D. It is shared equally between the Clearing Corporation and the aggrieved party.
E. It is retained by the Clearing Corporation as administrative charges.
Answer: (SHOW ANSWER)
The Proceeds from Auction or Close-out should be used to settle the claim of the aggrieved party. Any amount remaining thereof should be credited to the Core Settlement Guarantee Fund ('Core SGF') instead of crediting it to the defaulting party's account.

NEW QUESTION: 113
Regarding the premium settlement for option contracts, at what level is the premium payable or receivable value computed by the Clearing Corporation?
A. Gross at the individual client level without any netting.
B. Netting at the Clearing Member level across all segments.
C. After netting the premium payable or receivable positions at the Trading Member/Custodial Participant level for each option contract.
D. Gross at the Trading Member level but netted at the Clearing Member level.
E. Netting is done across all option contracts for a specific underlying security at the client level.
Answer: (SHOW ANSWER)
The source states that for premium settlement in respect of admitted deals in options contracts, the premium payable or receivable value of clearing members shall be computed after netting the premium payable or receivable positions at trading member/Custodial Participant level, for each option contract, at the end of each trading day.

NEW QUESTION: 114
Under the ODR framework, what is the specific monetary threshold regarding the aggregate claim/counter-claim amount that necessitates the reference of the matter to an **Arbitral Tribunal consisting of three Arbitrators**?
A. Exceeds Rs. 10,00,000 (Rupees Ten Lakhs)
B. Exceeds Rs. 20,00,000(Rupees Twenty Lakhs)

C. Exceeds Rs. 50,00,000(Rupees Fifty Lakhs)
D. Exceeds Rs. 30,00,000 (Rupees Thirty Lakhs)
E. Exceeds Rs. 1,00,00,000 (Rupees One Crore)
Answer: D (LEAVE A REPLY)
The source specifies: 'In the event that the aggregate of the claim and/or counter-claim amount exceeds Rs 30,00,000 (Rupees Thirty Lakhs) or such amount as specified from time to time, the matter shall be referred to an Arbitral Tribunal consisting of three Arbitrators'.

NEW QUESTION: 115
Straight Through Processing (STP) is mandated for institutional trades. Which of the following best describes the operational benefit and definition of STP in the securities trade life cycle?
A. It is a manual process of verifying contract notes against trade logs to ensure accuracy.
B. It involves electronically capturing and processing transactions in one pass, from the point of first 'deal' to final settlement, avoiding manual re-entry.
C. It is a risk management tool used exclusively by the Front Office to block erroneous orders before they reach the exchange.
D. It refers to the process of auctioning securities in case of delivery shortages.
E. It is a mechanism for retail clients to directly settle trades with the Clearing Corporation.
Answer: B (LEAVE A REPLY)
STP is defined as 'electronically capturing and processing transactions in one pass, from the point of first deal' to final settlement'. It involves the use of a single system to process elements of the workflow, streamlining trade execution and settlement and avoiding manual entry/re-entry.

NEW QUESTION: 116
A purchaser of securities wishes to streamline the process of receiving securities into their demat account. What are the permissible modes for a client to handle receipt instructions with their Depository Participant (DP)?
A. The client must mandatorily issue a separate physical receipt instruction for every single trade.
B. The client can give a one-time standing instruction to the DP for receiving securities, or choose to issue separate receipt instructions for each purchase.
C. Receipt instructions are not required at all as the Clearing Corporation has a unilateral right to credit any account.
D. The client must grant a Power of Attorney to the Clearing Corporation to auto-credit securities.
E. Standing instructions are only valid for government securities and not for equity shares.
Answer: B (LEAVE A REPLY)

A purchaser of securities can give a one-time standing instruction to his DP for receiving securities in his account. This standing instruction can be given at the time of opening of account or later. Alternatively, the client may choose to issue separate receipt instruction to his DP every time the client makes any purchase of securities.

NEW QUESTION: 117

The relationship between a Depository Participant (DP) and a Depository is governed by an agreement. According to the regulatory norms, where is the form of this agreement specified?

A. In the SEBI (Stock Brokers) Regulations, 1992

B. In the Articles of Association of the Depository Participant

C. In the bye-laws of the Depository

D. In the Securities Contracts (Regulation) Rules, 1957

E. In the Master Circular for Depositories issued by RBI

Answer: C (LEAVE A REPLY)

The relationship between the DPs and the depositories is governed by an agreement made between the two under the Depositories Act. The form of the agreement is specified in the bye-laws of the depository.

NEW QUESTION: 118

Which of the following statements accurately describe the features and conditions of the 'Net Settlement of Cash segment and Futures & Options (F&O) segment upon expiry of stock derivatives'? (Select all that apply)

A. The benefit of netting is available to non-institutional Custodial Participants (CPs) clearing through the same entity registered both as a custodian in cash and as a CM in F&O.

B. Investors whose Trading Member clears trades through different Clearing Corporations for Cash and F&O are eligible for netting.

C. Securities Transaction Tax (STT) is computed on the final netted obligation to avoid double taxation.

D. Netting of delivery obligations is strictly for the purpose of settlement.

E. Clearing Corporations continue to maintain segment-wise default waterfalls.

Answer: A,D,E (LEAVE A REPLY)

Statement A is correct: Netting is available for non-institutional CPs clearing through the same entity registered as custodian in cash and CM in F&O. Statement B is incorrect: Investors whose TM clears through different CM/CC will not be able to avail the benefit. Statement C is incorrect: STT/Stamp Duty continue to be computed on a segment-wise level. Statement D is correct: Netting is only for the purpose of settlement. Statement E is correct: CCs continue to maintain segment-wise default waterfalls.

NEW QUESTION: 119

According to the framework for the Core Settlement Guarantee Fund (Core SGF), how is the Minimum Required Corpus (MRC) for a segment determined for the upcoming month?

A. It is the simple average of the daily stress test losses of the preceding month, capped at 15% of the total open interest.

B. It is determined by the Risk Management Committee based on the highest single day loss observed in the last one year.

C. It is the higher of the average of all daily worst-case loss numbers determined from stress tests of the preceding month and the segment MRC as per the previous review.

D. It is fixed annually by SEBI based on the projected volume and turnover of the Clearing Corporation.

E. It is calculated as 25% of the liquid net worth of the Clearing Corporation plus the total Base Minimum Capital collected from members.

Answer: (SHOW ANSWER)

The source specifies that the MRC shall be fixed for a month. By the 15th of every month, the CC reviews/determines the MRC for the next month based on daily stress tests of the preceding month. Specifically, the MRC for the next month shall be the 'higher of the average arrived at as (v) above [Average of all the daily worst case loss numbers] and the segment MRC as per previous review.'