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# SEBI Grade A- Expected Questions on Security Market

Q.1 Which of the following statement about OTC derivatives is/are **not** correct?

- a) OTC derivatives contract involve counterparty defaulting.
- b) Forward rate agreement is one of the products of OTC derivative market.
- c) The trading is done over telephone or any other means of communication.
- d) All are correct
- e) B and C

Q.2 An agreement between two parties to exchange cash on or before a specified future date based on underlying value of commodity, currency or stocks is termed as ?

- a) Options
- b) Futures
- c) Swaps
- d) Forwards
- e) None of these

Q.3 Which of the following are not G-security?

- a) State development loans
- b) Dated G-Secs
- c) Treasury bills
- d) Cash Management bills
- e) Promissory notes

Q.4 The presiding officer of Securities Appellate Tribunal is appointed by -

- a) Chief justice of India with consultation of SEBI Chief

b) Central government in consultation with SEBI chief

c) A board formed by SEBI with SEBI chief as head

d) Central government in consultation with Chief justice of India

e) Chief Justice of India in consultation with finance minister

Q.5 When the interest paid to the seller by buyer for carrying over a transaction from one settlement period to another the charge is referred as -

- a) Backwardation
- b) AAGR
- c) Contango
- d) Balance charge
- e) None of these

Q.6 Asia's first stock exchange is -

- a) NSE
- b) BSE
- c) NSDL
- d) SENSEX
- e) None of these

Q.7 Which of the following sentence/s is/are correct?

- a) Hedging is important function of commodity future market as it manage price risk.
- b) Hedger don't use future markets as it contains risk factor.
- c) Hedging does not allow transfer of price risk to other who are willing to bear such risk





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- d) Both a) and b)  
e) Both a) and c)

Q.8 SEBI is established under which act?

- a) SEBI Act 1992  
b) SEBI Act 1956  
c) SEBI Act 1996  
d) Depositories act 1996  
e) None of these

Q.9 National Stock Exchange was recognised as stock exchange under SCR act 1956 in which year?

- a) 1990  
b) 1993  
c) 1994  
d) 1956  
e) 1992

Q.10 SEBI appellate tribunal is established under which section of SEBI act 1992?

- a) Section 30  
b) Section 20K  
c) Section 10K  
d) Section 15K  
e) Section 30K

Q.11 The strategy followed to fool traders by signalling that the rising trend of stock has been reversed but in actual it has not, the situation is termed as -

- a) Bear Hug  
b) Bear Trap  
c) Market maker  
d) Maple leaf  
e) None of these

Q.12 Which of the following is not a factor affecting issuers for choosing any instruments?

- a) Servicing  
b) Cost  
c) Risk reward ratio  
d) Debt equity ratio  
e) SEBI regulations

Q.13 Which of the following is/are incorrect statement/s about instruments?

- a) Derivative instruments are the instruments which derive their value from other assets.  
b) Future , options and swaps are types of derivative instruments.  
c) Instruments created by combining preferences and equity are hybrid instruments.  
d) Both a) and d)  
e) All are correct

Q.14 The trader who either buys or sells contracts and hold the contracts for longer period of time are called -

- a) Hedger  
b) Aggregator  
c) Position Trader  
d) Speculator  
e) None of these

Q.15 The oldest stock exchange of India is -

- a) National stock exchange  
b) Madras stock exchange  
c) Native share and stock broker association  
d) Ahmedabad share and stock broker association  
e) Calcutta stock exchange association



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Q.16 When there is fixed rate issue and its conditions are accepted as being conventional to a particular securities market is termed as -

- a) Venture issue
- b) Value investing rate
- c) Junk bond
- d) Jitney
- e) Vanilla issue

Q.17 Which of the following is not the function of commodity derivative exchange?

- a) Ensure transparency in trading
- b) Design the standardized contract for trading.
- c) For the fair trading it provide rules and regulations
- d) All of these
- e) None of these

Q.18 Which of the following is correct about Foreign Currency Convertible Bond?

- a) It is issued in currency which is different from issuers domestic currency.
- b) It pays interest at nominal rate
- c) They are not tradable on stock exchange
- d) Both a) and b)
- e) All are correct

Q.19 Which of the following is the registry or depository of government securities in India?

- a) Finance commission
- b) Public debt office
- c) Monetary policy department
- d) Department of government and bank accounts
- e) Department of currency management

Q.20 When the difference between spot contract and future contract declined continuously and become zero on the date of maturity it is termed as -

- a) Convergence
- b) Settlement price
- c) Offset
- d) Backwardation
- e) None of these

Q.21 Equity share capital is defined under which act?

- a) SEBI Act 1956
- b) Companies act 1956
- c) Companies act 2013
- d) SCR act 1992
- e) RBI act 1934

Q.22 Consider the following statements about Exchange traded funds.

1. Only those institutions can deal with ETF who are financially sound.
2. ETF can be traded throughout the trading day.
3. Traders can short or buy ETFs on margin.

Which of the above is/are correct?

- a) 1 only
- b) 2 and 3
- c) 1 and 2
- d) 1 and 3
- e) All are correct

Q.23 Which of the following is not India's credit rating agency?

- a) ONICRA
- b) FITCH
- c) CRISIL
- d) ICRA
- e) All are India's credit rating agencies





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Q.24 The term of the presiding officer of Securities appellate tribunal is -

- a) 3 years or 60 years of age whichever is earlier
- b) 5 years or 62 years of age whichever is earlier
- c) 5 years 68 years of age whichever is earlier
- d) No such term is mentioned
- e) 3 years 62 years of age whichever is earlier

Q.25 Who chaired a 24- member panel constituted by SEBI for the issues related to regulations and development of IPOs?

- a) Vinod Rai
- b) Ajay Tyagi
- c) S K Mohanty
- d) Vijay Kelkar
- e) T V Mohandas Pai

Q.26 Which of the following statement about Initial public offer is correct?

- a) Promoter or director or selling shareholder are eligible for IPO.
- b) In special cases if the director is fugitive economic offender is eligible to make IPO.
- c) Wilful defaulters are not eligible for IPO.
- d) Both b) and c)
- e) None of these

Q.27 The penalty for the person entering into agreement with his client and registered as an intermediary under SEBI act and he fails to fulfil the requirements of agreement is -

- a) 5 Lakh each day
- b) 50 thousands each day
- c) 25 thousands each day
- d) 75 thousands each day

e) 1 lakh each day

Q.28 SEBI increased the minimum net worth requirement for registration of debenture trustees from 2 crore to-

- a) 5 crore
- b) 4 crores
- c) 10 crores
- d) 15 crores
- e) 6.5 crores

Q.29 The reports of the accounts of board is prepared by Comptroller and auditor general of India is presented to central government -

- a) half yearly
- b) Quarterly
- c) Annually
- d) Bi - monthly
- e) No tenure defined in act

Q.30 INX, India's first international exchange of India established by -

- a) South Asian stock exchange
- b) AMFI
- c) NSE
- d) BSE
- e) Government of India

Q.31 Who coined the term SENSEX?

- a) Deepak Mohoni
- b) V Balasubramaniam
- c) Vikram Limaye
- d) Rajiv Lall
- e) Vinod Rai

Q.32 Which of the following is correct statement?

- a) Defence of India act 1939 act as legislation for the regulation of stock exchanges.





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- b) Securities contract act 1956 was enacted on the recommendation of L M Sanghvi committee.
- c) In the native share and stock brokers association, natives of India as well as foreigners could be the brokers of the exchange.
- d) Both a and c
- e) None of these are correct

Q.33 Which of the following is true about recent measures by SEBI to improve transparency in investment expenses.

- a) Upfront commission charges are increased for regulators.
- b) Front loading commission is abolished in case of SIP
- c) All schemes related expenses shall be paid from scheme only not from books of Asset Management Company.
- d) Both a and c
- e) All are correct

Q.34 Who is the chairman of the committee formed by SEBI to advice on matters related to development of alternative investment and startup ecosystem in country?

- a) N R Narayan Murthy
- b) Ajay Tyagi
- c) V Balasubramaniam
- d) Ajay Kumar
- e) Gopal Jain

Q.35 What is the minimum paid up capital requirement for listing of companies on BSE through IPO?

- a) 5 crore
- b) No minimum requirement
- c) 1 crore

- d) 10 crore
- e) Other than these options

Q.36 Hang Seng, RTSI and FTSE 100 are -

- a) Stocks
- b) Indexes
- c) Risks
- d) Schemes
- e) Not related to Stocks

Q.37 Who has the power to remove member of SEBI board?

- a) Finance minister
- b) Prime Minister
- c) Central government
- d) Chief justice of India
- e) None of these

Q.38 What does 'O' stands for in LODR?

- a) Objects
- b) Opinion
- c) Obligations
- d) Open
- e) None of these

Q.39 Who are debenture trustees?

- a) A person on entity, holding debenture stock for benefit of another party
- b) A organisation who trade as a individual entity in stock exchange.
- c) A fund which is formed for debentures
- d) All can be definition of debenture trustee
- e) None of these

Q.40 An option used at the time of IPO or listing of any stock to ensure a successful opening price is termed as -

- a) Call
- b) Put





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- c) Green shoe
- d) Over the counter
- e) None of these

Q.41 Which of the following is an online platform for grievance redressal system of SEBI?

- a) PENCIL
- b) SCORES
- c) SEBI
- d) SCRA
- e) No such platform available.

Q.42 Which of the following statement about new KYC norms of FPI is correct?

- a) NRIs, OCIs and RIs are allowed to be the part of FPIs if their holding is less than 25%.
- b) According to the new KYC rules, Custodians should maintain records in original for at least 5 years.
- c) NRIs is now permitted to hold non controlling stake in FPI
- d) Both b) and c)
- e) All are correct

Q.43 Which of the following is not money market instrument?

- a) Commercial bills
- b) Certificate of deposits
- c) Treasury bills
- d) Commercial paper
- e) All of these

Q.44 Consider the statements about Securities appellate tribunal?

1. Civil courts have the power to take decision on the proceedings on the matter dealt by SAT.
2. The SAT can accept the appeal after the expiry of 45 days period only if there is sufficient reason for not filing appeal within the period.

Which of the above are correct statement/s?

- a) 1 only
- b) 2 only
- c) Both 1) and 2)
- d) Either 1) or 2)
- e) None of these

Q.45 What is QIP?

- a) It is scheme which allow to trade with foreign trader.
- b) A method which uses available information and forecasting techniques for better performance than a portfolio.
- c) The method of raising resources available for listed companies from domestic market.
- d) A method of representing difference between advances and declines of security prices.
- e) None of these

Q.46 Who is the head of Secondary market advisory committee?

- a) Jayanth R Verma
- b) Anup Bagachi
- c) Dipak Gupta
- d) Vinod Rai
- e) Uday Kotak

Q.47 When a commodity or security is purchased at underpriced rate and sold at overpriced rate than it is termed as -

- a) Appreciations
- b) Arbitrage
- c) Bond valuation
- d) Asset stripper
- e) None of these

Q.48 Which of the following is referred as pulse of Indian domestic stock market?

- a) Nifty





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- b) SEBI
- c) NSE
- d) Mutual funds
- e) S&P BSE Sensex

Q.49 When a listed issuer issued shares or convertible securities to a selected group of investors the mechanism termed as -

- a) Resource mobilisation
- b) Preferential allotment
- c) Qualified institutional placement
- d) Arbitration
- e) None of these

Q.50 Who is the CEO of India International Exchange?

- a) Ashish Kumar Chauhan
- b) Ajit Ranade
- c) Anand Sinha
- d) V Balasubramaniam
- e) None of these

Q.51 Who is a stabilising agent?

- a) A merchant banker responsible for stabilising price of equity shares under a green shoe options.
- b) A banker to an issue registered with the board offers facility of ASBA.
- c) An institution registered with RBI to stabilize prices.
- d) A specialized bank to deal with the intermediaries for price stabilisation.
- e) None of these

Q.52 When a company take over the control of another company it is termed as -

- a) Bear Hug
- b) Acquisition
- c) Amalgamation
- d) Takeover

e) Other than given options

Q.53 When the scheme got approval for corporatisation or demutualisation from SEBI, the stock exchange must ensure how much percent of equity shares should be held by public other than shareholders?

- a) 25%
- b) 20%
- c) 50%
- d) 51%
- e) 45%

Q.54 Which of the following is incorrect about the power of recognised stock exchange?

- a) They can make rules for restricting voting rights to members only.
- b) Rules made by them are final and cannot be amended by central government.
- c) They can restrict the right of member to appoint another person as his proxy to attend and vote in meetings.
- d) Both a) and c)
- e) All are correct

Q.55 ISIN stands for -

- a) Institutional securities identification Number
- b) Indian securities identification Number
- c) International securities identification Number
- d) Industrial securities identification Number
- e) Indian Stock Identification Number

Q.56 When stock exchange delist the securities, the aggrieved investor or company may file an appeal before -



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- a) SEBI
- b) SAT
- c) Supreme Court
- d) Central government
- e) None of these

Q.57 Which of the following is not one of the step of rematerialization process?

- a) Fill Remat request form.
- b) Depository participant intimate depository about the request through system.
- c) Depository participant submit the request to registrar.
- d) Registrar updates accounts and dispatches certificate to investors.
- e) All are the steps

Q.58 According to the Securities contracts rules 1957, public sector company whose public shareholding below 25% on the commencement of Securities contract regulation (second amendment) 2018 can increase its public shareholding to at least 25% within-

- a) 4 years
- b) 1 year
- c) 6 months
- d) 2 years
- e) 3 years

Q.59 Horizontal, Vertical, conglomerate and Market extension are the type of -

- a) Acquisition
- b) Merger
- c) Takeover
- d) Substantial Acquisition
- e) None of these

Q.60 Which of the following is not the type of takeover?

- a) Bail out

- b) Hostile
- c) Negotiated
- d) Backflip
- e) All are the types of takeover

Q.61 Finance commission was established under which article of Indian constitution?

- a) Article 350
- b) Article 270
- c) Article 290
- d) Article 280
- e) Article 120

Q.62 Which of the following is correct about Secondary market?

- a) It is known as existing securities market.
- b) It is a volatile market.
- c) Bonus shares and Government securities are the instruments of secondary market.
- d) Both a) and c)
- e) All are correct

Q.63 Which of the following factor determine interest rates?

- a) Supply of money
- b) RBI policies
- c) Demand for money
- d) Inflation rate
- e) All

Q.64 Future contract on Oman crude oil is launched by -

- a) NASDAQ
- b) BSE
- c) NSE
- d) FTSE
- e) None of these

Q.65 An individual investor holding maximum number of futures and





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options contract at a given time is termed as -

- a) Put option
- b) Position limit
- c) Trading limit
- d) Limit order
- e) Odd Lot

Q.66 Consider the following statement about Finance commission?

- 1. Finance commission is a statutory body.
  - 2. Finance commission recommends Presidents on the distribution of taxes between centre and state.
  - 3. Recommendation of Finance commission is binding to President.
- Which of the above is/are correct statement/s?

- a) 1 and 3
- b) 2 and 3
- c) 2 only
- d) 3 only
- e) All 1, 2 and 3

Q.67 Country's first Real estate investment trust offer with SEBI is filed by -

- a) Blackstone and NASDAQ
- b) Blackstone and Embassy Group
- c) Aditya Birla and Adani transmission
- d) AIA engineering and embassy group
- e) Other than given options

Q.68 SEBI has lifted ban on which of following commodities?

- a) Gold
- b) Oil
- c) Tur and Urad Dal
- d) Silver
- e) None of these

Q.69 Confirmation of trades done on a particular day on behalf of client by trading members is termed as -

- a) Confirm trade
- b) Contract note
- c) Final deal
- d) Deal confirmed
- e) None of these

Q.70 Order entry, modification and cancellation of stocks took place -

- a) In trading session
- b) Pre- opening session
- c) Second Thursday of each month
- d) Any time in a day
- e) None of these

Q.71 Who is not the member of composition of finance commission?

- a) Chairman having experience in public affairs
- b) A person having special knowledge of economics.
- c) A judge of Supreme Court
- d) A person with knowledge of finance and accounts
- e) All are the members of commission

Q.72 An order to buy or sell a stock once the price of stock reaches a specified price is known as -

- a) Stop order
- b) Short term order
- c) Stop limit order
- d) Good till cancelled order
- e) None of these

Q.73 Who are called as the Remisiers of BSE?

- a) Jobbers
- b) Sub brokers
- c) Authorized clerks





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- d) Commission brokers
- e) None of these

Q.74 The designated depository participants will have to provide number of foreign portfolio investors to SEBI by-

- a) End of the month
- b) 15th working day of each month
- c) Regularly
- d) Last Thursday of month
- e) 5th working day of each month

Q.75 Which of the following statement is incorrect about 15th Finance commission?

- a) 15th finance commission takes 1971 census as the base for devolution of funds.
- b) The recommendations of 15th finance commission will come in effect from 1st April 2020.
- c) It is headed by N K Singh.
- d) All are correct
- e) All are incorrect

Q.76 Who are authorized clerks?

- a) He does trading on behalf of stock broker.
- b) He gets client to the broker.
- c) He is independent and professional brokers.
- d) All of these
- e) None of these

Q.77 Which of the following section of Securities contract (Regulation) Act, 1956 deals with Public issue and listing of securities?

- a) Section 31
- b) Section 2
- c) Section 21
- d) Section 17 A
- e) None of these

Q.78 Forensic audit is defined as -

- a) Audit is done to examine company's financial information for evidence.
- b) A forensic test is followed by audit of company.
- c) Narco test of Director of company followed by audit of company accounts.
- d) All are correct
- e) None of these

Q.79 Who has the authority to determine qualification of members of finance commission?

- a) President
- b) Parliament
- c) Finance minister
- d) Supreme Court
- e) None of these

Q.80 Minimum investment period for bank fixed deposits is-

- a) 1 month
- b) 6 months
- c) 30 days
- d) 15 days
- e) 60 days

Q.81 Which of the following is correct about venture capital funds?

1. It offers networking opportunities
2. It helps in developing new products.
3. They have the authority to influence decisions of investors.

Choose the correct statement/s.

- a) 1 and 2
- b) 1 and 3
- c) Only 2
- d) All 1, 2 and 3
- e) None of these

Q.82 Which of the following statement is correct?





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- a) Foreign central bank cannot purchase or sell dated government securities in secondary market.
- b) A multilateral development bank permitted by government of India to float rupee bonds in India can purchase government dated securities.
- c) Both a) and b)
- d) Either a) or b)
- e) None of these

Q.83 Which committee was constituted for Capital account convertibility?

- a) Kelkar committee
- b) T S Vijayan committee
- c) Tarapore committee
- d) N Balakrishnan committee
- e) None of these

Q.84 Who is authorised to regulate transfer or Issue of any security by resident outside the India under FEMA act?

- a) Ministry of Home Affairs
- b) PMO
- c) SEBI
- d) RBI
- e) None of these

Q.85 According to unpublished price sensitive information, information related to which of the following may affect price of securities?

- a) Dividends
- b) Changing in capital structure
- c) Mergers
- d) Financial results
- e) All

Q.86 The process by which investors or traders buy or sell shares and later

reverse their trade to complete a transaction is called as

- a) Crash
- b) Squaring off
- c) Bear
- d) Limit trading
- e) None of these

Q.87 The term used to measure relation between stock price and movement of whole market is -

- a) Beta
- b) Bid
- c) Bear
- d) Bull
- e) None of these

Q.88 Who is the chairman of Financial stability and development council?

- a) R Balasubramaniam
- b) P Radhakrishnan
- c) Arun Jaitley
- d) Ajay Tyagi
- e) Urjit Patel

Q.89 Venture capital funds are registered under -

- a) Depositories act 1996
- b) SEBI Act (venture capital fund) 1956
- c) Securities Contract Act 1956
- d) SEBI (venture capital fund) 1996
- e) None of these

Q.90 Consider the following statements about Issue of Indian depository receipts.

1. IDR shall be denominated in Indian rupees only.
2. The issue of IDR should comply with the companies rule 2014 and SEBI ICDR regulations 2009.
3. An OCI cannot sell IDRs





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Choose the correct sentence/s

- a) 1 only
- b) 3 only
- c) All 1, 2 and 3
- d) 1 and 2
- e) 2 and 3

Q.91 What is Blue chip?

- a) A security offering
- b) Name of the index
- c) Best rated share
- d) A method to earn profit
- e) None of these

Q.92 When the dividend does not accumulate in case of preference shares than this shares are -

- a) Cumulative preference shares
- b) Non cumulative preference shares
- c) Convertible preference shares
- d) Participating preference shares
- e) None of these

Q.93 The securities which are easily interchangeable with another in same class is termed as -

- a) Fungible securities
- b) Transferable securities
- c) Future
- d) Options
- e) None of these

Q.94 which of the following is not correct about debentures?

- a) Debentures include bonds and debenture stocks.
- b) It is defined in Section 2(30) of Companies Act 2013
- c) Debenture holders have no voting rights
- d) Both a and c
- e) All are correct

Q.95 Which of the following best describes Stepped coupon bonds

- a) The interest rates of bond fluctuate during tenure of bond.
- b) These bonds are shared to share the risk of future commodity price.
- c) This bonds are convertible.
- d) Principal and coupon portion of bond issue is split and two separate coupon instruments are sold to investors.
- e) None of these

Q.96 Bill of exchange is defined under -

- a) RBI act 1934
- b) SEBI act 1956
- c) The negotiable instruments act 1881
- d) SCR act 1996
- e) None of these

Q.97 When underwriter agrees to buy his commitment of shares before issue opens is termed as

- a) Hard underwriting
- b) Soft underwriting
- c) Green shoe option
- d) Differential pricing
- e) Safety net

Q.98 Where is the Headquarter of NASDAQ?

- a) London
- b) Mumbai
- c) Singapore
- d) Japan
- e) New York

Q.99 Which of the following functions are performed by company secretary in SEBI?

- a) Notify closure and re open of trading windows.
- b) Maintain records for a period of 5 years



- c) Monitor the trading by employees and connected persons
- d) All these functions are performed by Stock exchange
- e) All are correct

Q.100 When the issue of shares by a listed issuer on public right basis, where the allotment to both public issue and right issue is simultaneously made is called -

- a) Right Issue
- b) Bonus issue
- c) Composite issue
- d) Public issue
- e) Preferential issue

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