

Roots Institute of Financial Markets

RIFM



Practice Book

Capital Market (Dealers) Module



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Forward

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Capital Market (Dealers) Module

Distribution of weights of the Capital Market (Dealers) Module Curriculum

Chapter No.	Title	Weights (%)
1	Trading	30
2	Clearing and Settlement	25
3	Trading Membership	20
4	Legal Framework	15
5	An Overview of the Indian Securities Market	5
6	Fundamental Valuation Concepts	5

Exam Pattern

Test Duration	105 Min.
No. of Questions	60
Maximum Marks	100
Pass %	50
Negative Marking	25%



Capital Market (Dealers) Module

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Chapter 1

Trading

1. The first ticker window, by default, displays all the _____ traded in the future & option segment.
 - A. Derivatives contract.
 - B. Nifty securities.
 - C. Mid cap Securities.
 - D. Nifty junior stocks.

2. The ticker selection facility is confined to the securities of _____ segment only.
 - A. Derivative market.
 - B. Capital market.
 - C. Commodity market.
 - D. Auction market.

3. The message window enables the user to view messages broadcast by the _____ such as corporate actions, any market news etc.
 - A. Exchange.
 - B. RBI.
 - C. GOVT.
 - D. CRISIL

4. The one line market information displayed in the market watch screen is for current best price orders available in the _____ .
 - A. Odd lot book.
 - B. RETDEBT book.
 - C. Regular lot book.
 - D. Auction order book

5. One of the best features of NEAT software is that the user has the facility to set up _____ securities in the market watch.
 - A. 100
 - B. 150
 - C. 500
 - D. 400



6. The purpose of market by price is to enable the user to view _____ in the market aggregated at each price & is displayed in order of best prices.
- A. Outstanding orders.
 - B. Outstanding auctions.
 - C. Outstanding buyers.
 - D. Outstanding sellers.
7. The status of a security is indicated in the screen market by price. 'P' indicates that the security is in the _____ & 'S' indicates that the security is _____.
- A. Pre-open phase, suspended.
 - B. Purchased, sold.
 - C. Profit, special.
 - D. Purchased, special term order.

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Answers Sheet Chapter 1																	
1	A	16	B	31	A	46	C	61	D	76	A	91	C	106	B	121	B
2	B	17	A	32	B	47	C	62	C	77	B	92	A	107	B	122	D
3	A	18	C	33	B	48	D	63	A	78	A	93	B	108	C	123	B
4	C	19	D	34	B	49	A	64	B	79	B	94	A	109	A	124	B
5	C	20	D	35	B	50	B	65	D	80	A	95	C	110	B	125	C
6	A	21	B	36	B	51	A	66	A	81	A	96	D	111	B	126	C
7	A	22	D	37	C	52	D	67	B	82	A	97	D	112	C	127	C
8	A	23	D	38	A	53	D	68	C	83	C	98	D	113	C	128	D
9	A	24	A	39	D	54	B	69	D	84	D	99	A	114	C	129	C
10	B	25	B	40	B	55	B	70	C	85	B	100	C	115	A	130	C
11	D	26	B	41	C	56	B	71	A	86	A	101	A	116	D	131	D
12	C	27	B	42	A	57	B	72	C	87	D	102	B	117	D	132	D
13	D	28	A	43	C	58	B	73	C	88	D	103	D	118	C	133	B
14	B	29	C	44	D	59	D	74	A	89	C	104	A	119	A	134	A
15	C	30	B	45	B	60	C	75	B	90	D	105	C	120	D	135	B



Chapter 1

Solutions

Solution 51:

Explanation

Working:

Maximum price applicable in auction=Previous day's close price*price band

= Rs. 160*1.20

= Rs. 192

Solution 92:

Maximum Allowable price = Previous day close price * Price band

= 264*20%

= 52.8

=264 +52.8

Rs. 316.80

Solution 195:

Maximum Allowable price = Previous day close price * Price band

= 254*20%

= 50.8

=264 +50.8

Rs. 304.80



Chapter 2

Clearing and Settlement

1. Who settles the trades executed at NSE?
 - A. NSDL
 - B. Clearing members
 - C. SEBI
 - D. NSCCL

2. In the current scenario, which system is followed for settlement of cash market transaction?
 - A. T+1
 - B. T+5
 - C. T+2
 - D. T day

3. Who provides for electronic transfer of securities in the stock market?
 - A. RBI
 - B. Depositories
 - C. Clearing Agencies
 - D. SEBI

4. Name the depository from the list given below.
 - A. NSE
 - B. NSCCL
 - C. NSDL
 - D. RBI

5. Who moves the securities available in the account of the members to the NSCCL?
 - A. Clearing banks
 - B. Custodians
 - C. Clearing members
 - D. Depositories

6. Which agency links Clearing Members & NSCCL for funds settlement?
 - A. Clearing Banks
 - B. Depositories



- C. Clearing members
- D. NSE

7. Name the special category of members admitted by NSCCL as clearing members.

- A. Supporting clearing member
- B. Custodians
- C. Registered clearing member
- D. Professional clearing member

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Answer Sheet Chapter 2

1	D	31	B	61	B	91	d	121	C
2	C	32	B	62	C	92	C	122	A
3	B	33	C	63	D	93	A	123	A
4	C	34	C	64	C	94	D	124	A
5	D	35	D	65	C	95	C	125	A
6	A	36	C	66	A	96	C	126	A
7	D	37	D	67	B	97	C	127	D
8	C	38	A	68	A	98	B	128	B
9	A	39	D	69	D	99	A	129	D
10	A	40	A	70	C	100	C	130	C
11	B	41	B	71	A	101	C	131	C
12	D	42	C	72	A	102	A	132	A
13	A	43	B	73	A	103	A	133	C
14	C	44	A	74	D	104	A	134	A
15	A	45	A	75	B	105	A	135	d
16	A	46	A	76	D	106	B	136	A
17	C	47	A	77	C	107	A	137	A
18	A	48	C	78	B	108	B	138	B
19	C	49	C	79	A	109	D	139	A
20	A	50	A	80	B	110	D	140	A
21	A	51	D	81	C	111	A		
22	A	52	A	82	D	112	A		
23	A	53	A	83	C	113	A		
24	A	54	B	84	A	114	B		
25	C	55	D	85	B	115	A		
26	D	56	C	86	D	116	A		
27	D	57	C	87	C	117	A		
28	B	58	B	88	C	118	A		
29	B	59	D	89	B	119	A		
30	B	60	C	90	A	120	A		



Chapter 3

Trading Membership

15. The Board shall take into account for considering the grant of a certificate for all matters relating /dealing in securities & in particular the following , namely, whether the stock broker:
- A. Is eligible to be admitted as a member of a stock exchange
 - B. Has the necessary infrastructure like adequate office space, manpower etc.
 - C. Is subjected to disciplinary proceedings under the rules, regulations & bye-laws of a stock exchange with respect to his business as a stock-broker
 - D. All of the above
16. An applicant, whose registration certificate has been refused by the Board, may reapply within a period of _____ from the date of receipt of such intimation, to the board for reconsideration of its decision.
- A. 30 days
 - B. one month
 - C. 15 days
 - D. 6 months
17. A stock broker, whose application for grant of a certificate has been refused by the board-
- A. shall not, on& from the date of the receipt of the communication buy ,sell, or deal in securities as a stock broker
 - B. can start his normal trading as a stock broker after 2 months
 - C. only A
 - D. Both A & B
18. When a stock broker fails to pay the fees as provided in regulation, the board may suspend the _____.
- A. Driving license
 - B. Ration card
 - C. Registration certificate
 - D. Pan card
19. The eligible criteria for registration as a sub broker (an individual) shall be as follows:
- A. The applicant is not less than 21 years of age & has not been convicted of any offence involving fraud or default



- B. He has at least passed 12th standard
- C. He is a fit & proper person
- D. All of the above

20. Which of the following can apply to SEBI for registration?

- A. Stock-broker
- B. Sub-broker
- C. Both a & b
- D. None of the above

21. An applicant who desires to act as a clearing member, in addition to complying with the requirements of the regulation, shall have a minimum net worth of Rs _____lacs & shall deposit at least a sum of Rs _____ lacs of higher amount with the clearing house of the derivative exchange or derivative segment in the form specified from time to time

- A. 200, 150
- B. 100, 50
- C. 150, 300
- D. 400, 500

27. _____ handles the complaints received by the investors against the trading members.

- A. Investor Grievance cell
- B. Investor Appeal court
- C. Investor Dispute Court
- D. Consumer Law Court

28. Which type of arbitrator is appointed if the claim amount is up to Rs. 25 lakhs?

- A. A panel of Arbitrator
- B. A sole Arbitrator
- C. Depends on the client
- D. None of the above



Answer Sheet Chapter 3

1	D	31	D	61	C	91	C	121	A
2	C	32	C	62	D	92	A	122	A
3	C	33	A	63	C	93	A	123	D
4	D	34	D	64	D	94	A	124	B
5	A	35	D	65	D	95	D	125	B
6	C	36	B	66	C	96	B	126	B
7	C	37	A	67	B	97	B	127	C
8	D	38	D	68	C	98	D	128	A
9	D	39	D	69	A	99	A	129	B
10	B	40	D	70	C	100	A	130	C
11	A	41	D	71	D	101	A	131	A
12	C	42	D	72	D	102	A	132	C
13	B	43	A	73	B	103	C	133	C
14	A	44	A	74	B	104	A	134	A
15	D	45	B	75	D	105	C	135	D
16	A	46	D	76	C	106	C	136	A
17	C	47	C	77	D	107	A	137	A
18	C	48	A	78	C	108	A	138	A
19	D	49	A	79	D	109	D	139	A
20	C	50	B	80	C	110	A	140	A
21	B	51	B	81	A	111	B	141	A
22	A	52	A	82	D	112	B	142	A
23	B	53	C	83	D	113	D	143	B
24	B	54	A	84	A	114	A	144	B
25	A	55	D	85	D	115	A	145	C
26	C	56	D	86	A	116	A	146	C
27	A	57	B	87	D	117	B	147	C
28	B	58	D	88	B	118	A		
29	C	59	C	89	B	119	A		
30	A	60	C	90	D	120	B		



Chapter 3

Solutions

Solution 36:

Client sells his 10,000 shares @ Rs. 100 = 10,00,000

Maximum Brokerage of sub-broker is 1.50%

Maximum Brokerage of Broker is 2.5%

= Rs. 12500 (Rs. 5,00,000*2.50%)

Solution 47:

Total Order Value for Mumbai Branch = Rs. 950 lakhs

Mumbai Branch has two users

User "X" has order value = Rs. 300 lacs

User "Y" has order value = Rs. 400 lacs

Remaining Order Value = 950 – (300 + 400)

= 250 lacs

Thus, the maximum user order value that can be set for new user is Rs. 250 lacs

Solution 49:

Brokerage on buying shares = 525000*2.50%

= Rs. 13125

Brokerage on selling shares = 475000*2.50%

= Rs. 11875

Total Brokerage payable to broker is = 13125 + 11875 = Rs. 25000

Solution 55

Total Order Value for Kolkata Branch = Rs. 800 lakhs

Kolkata Branch has one user

User "Z" has order value = Rs. 500 lacs

Remaining Order Value = 800 – 500

= 300 lacs

Thus, the maximum user order value that can be set for new user is Rs. 300 lacs

Solution 57

Brokerage on buying shares = 100000*2.50%

= Rs. 2500

Brokerage on selling shares = 100000*2.50%

= Rs. 2500

Total Brokerage payable to broker is = 2500 + 2500 = Rs. 5000

Solution 49:

Total Order Value for Mumbai Branch = Rs. 750 lakhs

Mumbai Branch has two users

User "X" has order value = Rs. 200 lacs

User "Y" has order value = Rs. 200 lacs

Remaining Order Value = 750 – (200 + 200)

= 350 lacs

Thus, the maximum user order value that can be set for new user is Rs. 350 lacs



Solution 63:

Maximum Brokerage of broker = 2.50%

Brokerage on buying shares = $125000 \times 2.50\%$
= Rs1875

Brokerage on selling shares = $75000 \times 2.50\%$
= Rs. 1125

Total Brokerage payable to broker is = $1875 + 1125 = \text{Rs. } 3000$

Solution 66:

Expected Return = Probability*Return

Security A = $.4 \times 30 = 12$

Security B = $.2 \times 30 = 6$

Security C = $.4 \times 50 = 20$

Total = 38

Solution 71:

Total Order Value for Kolkata Branch = Rs. 950 lakhs

Kolkata Branch has one user

User "Z" has order value = Rs. 350 lacs

Remaining Order Value = $950 - 350$
= 600 lacs

Thus, the maximum user order value that can be set for new user is Rs. 600 lacs

Solution 74:

Brokerage on buying shares = $90000 \times 2.50\%$
= Rs. 2250

Brokerage on selling shares = $110000 \times 2.50\%$
= Rs. 2750

Total Brokerage payable to broker is = $2250 + 2750 = \text{Rs. } 5000$

Solution 78:

Total Order Value for Mumbai Branch = Rs.850 lakhs

Mumbai Branch has two users

User "X" has order value = Rs. 300 lacs

User "Y" has order value = Rs. 400 lacs

Remaining Order Value = $850 - (300 + 400)$
= 150 lacs

Thus, the maximum user order value that can be set for new user is Rs. 150 lacs

Solution 80:

Brokerage on buying shares = $225000 \times 2.50\%$
= Rs. 5625

Brokerage on selling shares = $175000 \times 2.50\%$
= Rs. 4375

Total Brokerage payable to broker is = $5625 + 4375 = \text{Rs. } 10000$

Solution 87:

Total Order Value for Kolkata Branch = Rs. 1000 lakhs

Kolkata Branch has one user



User "Z" has order value = Rs. 550 lacs

Remaining Order Value = $1000 - 550$
= 450 lacs

Thus, the maximum user order value that can be set for new user is Rs. 450 lacs

Solution 89:

Brokerage on buying shares = $190000 * 2.50\%$
= Rs. 4750

Brokerage on selling shares = $10000 * 2.50\%$
= Rs. 250

Total Brokerage payable to broker is = $4750 + 250 = \text{Rs. } 5000$

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Chapter 5

An Overview of the Indian Securities Market

1. Which Act deal with Issue, Allotment and transfer of securities and various aspects relating to company management?
 - A. The Companies Act, 1956
 - B. SC(R) Act 1956
 - C. SEBI(Stock Broker and Sub-brokers) Regulations 1992
 - D. All of the above

2. Which of the following are the most preferred assets of the household sector?
 - A. Stocks
 - B. Bank Deposits
 - C. Mutual Funds
 - D. ULIPS

3. Which country has the highest number of companies listed on stock exchange?
 - A. Chicago
 - B. Nasdaq
 - C. China
 - D. India

4. In the securities market, the risk of investment in securities are borne by _____
 - A. SEBI
 - B. Investors
 - C. Depository
 - D. Stock exchange

5. Central Govt. finances about _____% of its fiscal deficit by market borrowings.
 - A. 60-70
 - B. 70-80
 - C. 50-60
 - D. 80-90

6. _____% of financial savings of households is cancelled through securities market?
 - A. less than 20
 - B. Less than 5



- C. Less than 10
- D. Less than 15

7. Which of the following states has largest number of Investors?

- A. Haryana
- B. Kerala
- C. Maharashtra
- D. Karnataka

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Chapter 6

Fundamental Valuation Concepts

1. How much would we pay for Rs. 121.67, to be received five years in future, if our opportunity cost were 4% ?
 - A. 100
 - B. 121.67
 - C. 112
 - D. 105

2. Rahul is supposed to receive Rs. 90000 from Chandra after 3 years. If the interest rate is 8%, what is the present value of the amount due from Chandra?
 - A. 81444.9
 - B. 71444.9
 - C. 86444.9
 - D. 9144.9

3. Mr. Desai has decided to deposit Rs. 100,000 in the bank annually. If the bank has a Policy of continuous compounding and the prevailing interest rate is 11.5% how much would his deposit grow up to in 2 years?
 - A. 166,141.11
 - B. 171,507.54
 - C. 125,860
 - D. 224,871.26

4. What is the present value of Rs. 6000 receivable after two years at a discount rate of 5% under continuous discounting?
 - A. Rs. 5429.02
 - B. Rs. 6000
 - C. Rs. 5700
 - D. Rs. 6300

5. What is the present value of Rs. 10000 receivable after 1 years discounting at 10% p.a.
 - A. 11000
 - B. 10000
 - C. 9000
 - D. 9048.37



6. The Future value of Rs. 10000 investment done today, which gives an annual rate of return of 20% per annum, after one year should be_____.
- A. Rs. 12200
 - B. Rs. 12500
 - C. Rs. 12000
 - D. Rs. 12640
7. The Future value of Rs. 10000 investment, which gives an annual rate of return of 20% per annum, after two years would grow to _____ (assume continuous compounding)
- A. Rs. 14,918
 - B. Rs. 14,000
 - C. Rs. 14,250
 - D. Rs. 14500



Answer Sheet Chapter 6			
1	A	27	B
2	B	28	D
3	D	29	B
4	A	30	C
5	D	31	A
6	C	32	A
7	A	33	B
8	B	34	A
9	C	35	C
10	B	36	B
11	D	37	A
12	B	38	B
13	D	39	B
14	D	40	A
15	A	41	C
16	C	42	B
17	B	43	D
18	B	44	C
19	A	45	B
20	B	46	D
21	A	47	D
22	A	48	B
23	B	49	C
24	A	50	D
25	C	51	B
26	C	52	A



Chapter 6

Solutions

Solution 1:

FV = Rs. 121.67

R = 4%

N = 5

$$PV = \frac{FV}{(1+r)^n} = \frac{121.67}{(1+4)^5} = 99.7 \text{ (approx Rs. 100)}$$

Solution 2:

Future Value = Rs. 90000

No of years (n) = 3

Interest Rate (r) = 8%

$$\text{Present Value} = \frac{FV}{(1+r)^n} = \frac{90000}{(1+8)^3} = \frac{90000}{1.2597} = \text{Rs. 71444.90}$$

Solution 3:

$$\begin{aligned} A &= Pe^{rt} \\ &= 100000 \times 2.7183^{(0.115 \times 2)} \\ &= 100000 \times 1.25860 \\ &= \text{Rs 125860} \end{aligned}$$

Solution 4:

$$\begin{aligned} A &= Pe^{rt} \\ &= 6000 \times 2.7183^{(-0.05 \times 2)} \\ &= 6000 \times 0.904837 \\ &= \text{Rs 5429.02} \end{aligned}$$

Solution 5:

$$\begin{aligned} A &= Pe^{rt} \\ &= 10000 \times 2.183^{(-0.10 \times 1)} \\ &= 10000 \times 0.904837 \\ &= 9048.37 \end{aligned}$$

Solution 6:

Present value = 10000

Interest rate (r) = 20%

No of years (n) = 1

$$\begin{aligned} \text{Future value} &= PV (1+r)^n \\ &= 10000 (1+0.20)^1 \\ &= \text{Rs 12000} \end{aligned}$$

Solution 7:

$$A = Pe^{rt}$$



$$\begin{aligned}
&= 10000 \times 2.7183^{(0.20 \times 2)} \\
&= 10000 \times 1.49182 \\
&= \text{Rs } 14918.2 \text{ (approx 14918)}
\end{aligned}$$

Solution 8:

$$\begin{aligned}
A &= Pe^{rt} \\
&= 3000 \times 2.7183^{(-0.05 \times 2)} \\
&= 10000 \times 0.904837 \\
&= \text{Rs } 2714.51
\end{aligned}$$

Solution 9:

$$\begin{aligned}
\text{Present value} &= 12000 \\
\text{Interest rate (r)} &= 10\% \\
\text{No of years (n)} &= 1 \\
\text{Future value} &= PV (1+r)^n \\
&= 12000 (1+0.10)^1 \\
&= \text{Rs } 13200
\end{aligned}$$

Solution 10:

$$\begin{aligned}
\text{Future Value} &= \text{Rs. } 28000 \\
\text{No of years (n)} &= 5 \\
\text{Interest Rate (r)} &= 8\% \\
\text{Present Value} &= \frac{FV}{(1+r)^n} = \frac{28000}{(1+8\%)^5} = \frac{28000}{1.4693} = \text{Rs. } 19056.32
\end{aligned}$$

$$\begin{aligned}
\text{Solution 22: } SD_{AB} &= \sqrt{w_A^2 SD_A^2 + w_B^2 SD_B^2 + 2 w_A w_B SD_A SD_B r} \\
&= \sqrt{.5 \times .5 \times 15 \times 15 + .5 \times .5 \times 20 \times 20 + 2 \times .5 \times .5 \times 15 \times 20 \times .5} \\
&= \sqrt{56.25 + 100 + 75} \\
&= \sqrt{231.25} \\
&= 15.21
\end{aligned}$$

$$\text{Solution: } 26 \text{ Variance} = COV./\text{Beta} = 14/.5 = 28$$

Solution 27:

$$\begin{aligned}
\text{Amount} &= P (1+r)^n \\
P &= \text{Principal} \\
R &= \text{Rate of interest} \\
N &= \text{no of years} \\
&= 1000(1+0.08)^5 \\
&= 1000 \times 1.4693 \\
&= \text{Rs. } 1469.3 \text{ (1469 approx)}
\end{aligned}$$



Solution 28:

$$PV = \frac{FV}{(1+r)^n} = \frac{1000}{(1+0.09)^3} = 772.2 \text{ (approx Rs. 772)}$$

Solution 29:

$$\begin{aligned} \text{Average Rate of return} &= \frac{10+15+20}{3} \\ &= 45/3 = 15\% \end{aligned}$$

Solution 30:

Expected Return = Probability x Return

$$\begin{aligned} \text{Security A} &= .20 \times 10 = 2 \\ \text{Security B} &= .30 \times 12 = 3.60 \\ \text{Security C} &= .50 \times 15 = \underline{7.50} \\ &\underline{13.10} \end{aligned}$$

Solution 37:

Present value = 2000

Interest rate (r) = 10%

No of years (n) = 3

$$\begin{aligned} \text{Future value} &= PV (1+r)^n \\ &= 2000 (1+0.10)^3 \\ &= 2000 (1.331) \\ &= \text{Rs } 2662 \end{aligned}$$

Solution 39:

$$PV = \frac{FV}{(1+r)^n} = \frac{5000}{(1+0.10)^3} = \text{Rs } 3756.57$$

Solution 40:

$$\begin{aligned} A &= Pe^{rt} \\ &= 2000 \times 2.7183^{(0.10 \times 3)} \\ &= 2000 \times 1.34986 \\ &= \text{Rs } 2699.72 \end{aligned}$$

Solution 41:

Expected Return = Probability x Return

$$\begin{aligned} \text{Security A} &= .20 \times 10 = 2 \\ \text{Security B} &= .30 \times 12 = 3.60 \\ \text{Security C} &= .50 \times 15 = \underline{7.50} \\ &\underline{13.10} \end{aligned}$$

Solution 42:

$$\begin{aligned} PV &= \frac{FV}{(1+r)^n} = \frac{90000}{(1+0.08)^3} = \frac{90000}{1.2597} \\ &= \text{Rs. } 71444.9 \text{ (approx 71445)} \end{aligned}$$



Solution 43:

$$\begin{aligned} A &= Pe^{rt} \\ &= 200000 \times 2.7183^{(0.10 \times 2)} \\ &= 200000 \times 1.22140 \\ &= \text{Rs } 244280 \end{aligned}$$

Solution 44:

Expected Return = Probability x Return

$$\begin{aligned} \text{Security A} &= .30 \times 10 = 3 \\ \text{Security B} &= .40 \times 12 = 4.80 \\ \text{Security C} &= .30 \times 15 = \underline{4.50} \\ &\quad \underline{12.30} \end{aligned}$$

Solution 45:

$$\begin{aligned} PV &= \frac{FV}{(1+r)^n} = \frac{100000}{(1+0.08)^3} = \frac{100000}{1.2597} \\ &= \text{Rs. } 79383.98 \end{aligned}$$

Solution 46:

$$\begin{aligned} A &= Pe^{rt} \\ &= 200000 \times 2.7183^{(0.08 \times 2)} \\ &= 200000 \times 1.17351 \\ &= \text{Rs } 234702 \end{aligned}$$

Solution 49:

Expected Return = Probability x Return

$$\begin{aligned} \text{Security A} &= .40 \times 30 = 12 \\ \text{Security B} &= .20 \times 30 = 6 \\ \text{Security C} &= .40 \times 50 = \underline{20} \\ &\quad \underline{38} \end{aligned}$$



Sample Question Paper 1

1. A trading member shall be deemed guilty of misconduct if he fails to _____ .
 - A. Submit its audited accounts to the Exchange
 - B. Pay its subscription, fees, arbitration charges or any other money which may be due to the exchange
 - C. to submit or makes any false or misleading statement in its clearing forms
 - D. All of the above

2. The Message Window in the NEAT system allows a user to view messages broadcast by the Exchange such as, _____ .
 - A. corporate actions
 - B. market news
 - C. auctions related information
 - D. All of the above

3. 100 share of Reliance Ltd. are purchased on Monday. Provided there are no holidays in between, settlement should take place on _____ ?
 - A. Wednesday (T+2)
 - B. Tuesday (T+1)
 - C. Thursday (T+3)
 - D. Friday (T+4)

4. _____ is a volume related order condition.
 - A. An order with a limit price condition only
 - B. An order with a stop loss only
 - C. An order with a Disclosed Quantity (DQ)
 - D. None of the above

5. The branch manager receives End of Day reports for _____ .
 - A. his own orders only
 - B. all dealers under the trading member
 - C. all the dealers under that branch
 - D. any authorized user

6. The following facility allows the user to have a drop down list of client codes at the account field:



- A. Client List Master
- B. Client Database Master
- C. Client Code Master
- D. Client Master Maintenance

7. When the user invokes the order entry screen, the field(s) that is (is) taken as default is (is) _____.

- A. Symbol
- B. Series
- C. Book Type
- D. All of the above

8. In case the security has not been traded on a particular day, _____ at the NSE is to be considered as the closing price.

- A. the average closing price for the last one week
- B. the theoretical closing price
- C. the latest available closing price
- D. none of the above



Sample Questions Paper 2

1. An application for arbitration can be filed within _____ from the date of dispute
 - A. 45 days
 - B. 3 months
 - C. 1 year
 - D. 6 months

2. Which of the following is FALSE about trade cancellation in the NEAT system?
 - A. The counterparty to the trade makes similar request on the same trading day.
 - B. Identity of the users is disclosed to keep transparency.
 - C. The user can use trade cancellation screen for cancelling trades done during the day.
 - D. The user can request for trade cancellation from the previous trades screen.

3. Which is the settlement system followed by NSCCL with effect from April 1, 2003?
 - A. Daily Settlement
 - B. T+2 rolling settlement
 - C. Account Period Settlement
 - D. T+3 rolling settlement.

4. Which of the following statement/s is TRUE on the NEAT system?

(A) Disclosed quantity orders cannot be modified to such a quantity where the disclosed quantity is greater than the order quantity.

(B) Except for the Limited Physical market, a user cannot modify an order to a quantity less than the specified Regular Lot and multiples of Regular Lot.

(C) Orders cannot be modified to a quantity greater than the issued capital for the security.

 - A. Only statements (A) and (C)
 - B. Only statements (B) and (C)
 - C. Statements (A), (B) and (C)
 - D. Only statement (C)

5. Which of the following functions a branch manager can perform on the NEAT system
 - A. The branch manager can receive the End of Day reports for the trading firm.
 - B. The branch manager can view and perform order and trade related activities for



the trading firm.

- C. The branch manager can view and perform order and trade related activities and receive the End of Day reports for all dealers under that branch.
- D. The branch manager can receive the End of Day reports of all the branches of the trading firm.

6. The daily margin in T+2 rolling settlement comprises of _____.

- A. Mark to Market Margin and Gross Exposure Margin
- B. Mark to Market Margin, Gross Exposure Margin and Value at Risk-based Margin
- C. Mark to Market Margin and Value at Risk-based Margin
- D. Gross Exposure Margin and Value at Risk-based Margin

7. Q7 Which of the following statement/s is TRUE on the NEAT system?

(A) Circulars, as and when issued by NSEIL, are available to members on the intranet in their respective trading member directory identified by their trading member id.

(B) A message is flashed on the NEAT screen when the circular is downloaded.

(C) The circular file is *****.wri where ***** indicates the department and Circular No.

- A. Only statements (B) and (C)
- B. Only statements (A) and (B)
- C. Statements (A), (B) and (C)
- D. Only statements (A) and (C)



Sample Questions Paper 3

55. _____ is printed on the contract note issued by the trading member to the client?
- A. User ID
 - B. Terminal ID
 - C. Name of the Dealer who executed the trade
 - D. Settlement number
56. Mr. Desai has decided to deposit Rs. 200,000 in the bank annually. If the bank has a policy of continuous compounding and the prevailing interest rate is 10% how much would his deposit grow up to in 2 years?
- A. 466,141.11
 - B. 471,507.54
 - C. 485,570.70
 - D. 442,859.90
57. The following intermediaries and persons associated with securities market shall buy, sell or deal in securities after obtaining a certificate of registration from SEBI, as required by Section 12.
- A. Stock Broker
 - B. Merchant Banker
 - C. Portfolio Manager
 - D. All of the above
58. What does 'F' indicate as a status in the 'Auction Inquiry' screen in the NEAT system?
- A. Auction is pending and yet to begin.
 - B. Auction is deleted.
 - C. There is no such status indicator as 'P' in the Auction Inquiry screen.
 - D. Auction is over.
59. Stock-broker shall not create false market either singly or in concert with others or indulge in any act detrimental to the investors' interest or which leads to interference with the fair and smooth functioning of the market. True or False.
- A. False
 - B. Partially true
 - C. True
 - D. Only if he is a large stock broker



60. The _____ feature allows a trading member to get instantaneous market information on any desired security
- A. ticker
 - B. snap quote
 - C. inquiry window
 - D. All of the above

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Sample Paper 1			
1	D	31	A
2	D	32	A
3	A	33	A
4	C	34	C
5	C	35	A
6	D	36	B
7	D	37	D
8	C	38	A
9	A	39	D
10	C	40	D
11	C	41	B
12	B	42	D
13	A	43	B
14	A	44	C
15	C	45	B
16	D	46	D
17	A	47	A
18	B	48	B
19	B	49	C
20	A	50	C
21	C	51	B
22	D	52	B
23	D	53	A
24	A	54	A
25	C	55	D
26	D	56	D
27	A	57	D
28	C	58	A
29	A	59	A
30	A	60	B

Sample Paper 2			
1	D	31	D
2	B	32	C
3	B	33	A
4	C	34	A
5	C	35	C
6	C	36	B
7	C	37	B
8	D	38	D
9	A	39	D
10	C	40	D
11	C	41	D
12	D	42	B
13	D	43	B
14	D	44	D
15	C	45	C
16	C	46	B
17	C	47	A
18	A	48	B
19	D	49	A
20	D	50	C
21	C	51	B
22	B	52	B
23	A	53	B
24	A	54	C
25	A	55	D
26	D	56	D
27	B	57	A
28	D	58	A
29	C	59	C
30	C	60	B

Sample Paper 3			
1	D	31	D
2	B	32	D
3	B	33	A
4	C	34	B
5	C	35	C
6	C	36	B
7	C	37	B
8	D	38	C
9	A	39	D
10	C	40	D
11	C	41	D
12	D	42	B
13	D	43	B
14	D	44	D
15	C	45	C
16	C	46	B
17	C	47	A
18	A	48	B
19	D	49	A
20	D	50	C
21	C	51	B
22	B	52	B
23	A	53	D
24	A	54	C
25	A	55	D
26	D	56	D
27	B	57	D
28	D	58	D
29	C	59	C
30	C	60	B



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