# SEBI- GRADE A

## GLOBAL FINANCIAL INSTRUMENTS PRACTICE QUESTIONS

**Q 1.) Which of the following are not the features of Foreign currency convertible bonds-**

**1.A foreign currency convertible bond (FCCB) is a type of convertible bond issued in a currency of the issuer's domestic currency.**

**2.The money being raised by the issuing company is in the form of a foreign currency.**

**3.A convertible bond is a mix between a debt and equity instrument.**

**4.It acts like a bond by making regular coupon and principal payments, but these bonds also give the bondholder the option to convert the bond into stock.**

**Codes:**

**[a] All of the above**

**[b] 2,3 & 4**

**[c] 1 only**

**[d] 1,2,& 3**

**[e] 2 only**

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**Q.2) Which of the below mentioned statements are not one of the advantages of FCCB to the Issuer of FCCB-**

**[a]The local Debt markets of the issuing company might be saturated and FCCB would act as a good measure to raise funds.**

**[b]Straight equity may cause a dilution in earnings and certainly a dilution in control hence FCCB.**

**[c]Low coupon security which defers Shareholder‘s dilution for several years.**

**[d]The arbitrage opportunities presented by conversion of the FCCBs into equity at a discount on prevailing Indian market price.**

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**Q.3) A depository receipt issued to the American investor by a bank representing shares in a foreign company traded on a local stock exchange is known as-**

**[a]ADR**

**[b]GDR**

**[c]FCCB**

**[d]IDR**

**Q.4) Which of the following  is the process by which a client can get his electronic holdings converted into physical certificates-**

**[a]Dematerialisation**

**[b]Rematerialisation**

**[c]Immobilsation**

**[d] Any of the above**

Q.5) Which of the below mentioned Intermediaries acts as an agent and holds physical possession of equity shares-

[a] Depository

[b] Depository participants

[c] Custodian

[d] Beneficial owner