

PRACTICE QUESTIONS

NSDL – DEPOSITORY OPERATIONS MODULE

1. Amendments to NSDL Bye-Laws require _____ [2 Marks]
 - (a) no approvals.
 - (b) the approval of both, the Board of Directors of NSDL and that of SEBI.
 - (c) the approval of the Board of Directors of NSDL only.
 - (d) the approval of SEBI only.
 - (e) I am not attempting the question

2. Fungible means, as shares would not have distinguishing features such as distinctive nos., certificate nos. etc., and _____ [1 Mark]
 - (a) they are freely transferable.
 - (b) different securities of same company are interchangeable
 - (c) same securities of a company are interchangeable.
 - (d) similar securities of different companies are interchangeable.
 - (e) I am not attempting the question

3. For a NBFC to undertake Depository business for beneficiaries other than itself, the networth requirement is at least _____ [2 Marks]
 - (a) Rs. 50 crore.
 - (b) Rs. 25 crore.
 - (c) Rs. 10 crore.
 - (d) Rs. 5 crore.
 - (e) I am not attempting the question

4. Does NSDL system permit an investor to maintain zero balance account with a DP? [1 Mark]
 - (a) No, the minimum balance required is securities of market value Rs. 1,000 in all accounts in the same name taken together.
 - (b) No, the minimum balance required per account is securities of market value Rs. 1,000.
 - (c) No, the minimum balance required per account is securities of market value Rs. 500.
 - (d) Yes.
 - (e) I am not attempting the question

5. Can clearing members and all categories of investors give a standing instruction to receive all subsequent credits of securities in their Depository account? [2 Marks]
 - (a) No, this facility is not available.
 - (b) No, this facility is available only to institutional investors.
 - (c) Yes, this facility is available to all category of investors.
 - (d) No, this facility is available to clearing members pool account only.
 - (e) I am not attempting the question

6. Mr. Gupta having beneficiary account with DP1 sells 100 shares of ABC company through broker XYZ who has his clearing member account with DP2. Broker XYZ delivers the same in demat form to the clearing corporation/ house in settlement no. 1999052. Mr. Sharma having beneficiary account with DP3 buys the same through broker PQR who has his clearing member account with DP4. The market value of ABC company is Rs. 50/-. What are the transaction charges levied by NSDL to DP3? [2 Marks]
- (a) Rs. 0.50 ($100 \times 50 \times 0.01 / 100$) i. e. 1 basis point of market value of securities credited to Mr. Sharma's account.
 - (b) Re. 1/- ($100 \times 50 \times 0.02 / 100$) i. e. 2 basis points of market value of securities credited to Mr. Sharma's account.
 - (c) Rs. 10/-.
 - (d) No charges.
 - (e) I am not attempting the question
7. The operations of private mutual funds are regulated by _____. [2 Marks]
- (a) SEBI
 - (b) Ministry of Finance
 - (c) NSCCL
 - (d) AMFI
 - (e) I am not attempting the question
8. Which of the following statements regarding nomination is false? [2 Marks]
- (a) Beneficial account holder cannot change the nominee.
 - (b) Individual beneficial account holder can nominate.
 - (c) Joint holders can nominate.
 - (d) Only individuals can be nominees.
 - (e) I am not attempting the question
9. The Delivery Instruction Slip is to be submitted by the investor to his DP in _____. [1 Mark]
- (a) duplicate, one extra for acknowledgement
 - (b) no such requirement.
 - (c) single copy
 - (d) triplicate, one for acknowledgement and other for sending to NSDL
 - (e) I am not attempting the question
10. Which of the following statement is false? [1 Mark]
- (a) NSDL charges the DPs and not the investors directly.
 - (b) NSDL charges the DPs - custody and transaction charges.
 - (c) DPs charge structure to investors is laid down in the Bye Laws of NSDL.
 - (d) The charge structure in NSDL system is two- tier.
 - (e) I am not attempting the question

11. Which of the following statements regarding dematerialisation is true?
[1 Mark]
- (a) Transfer deed is required for dematerialising the physical shares.
 - (b) Investor can demat only those securities whose ISIN has been activated by NSDL
 - (c) Odd lot shares can't be dematerialised.
 - (d) Shares not registered in the name of the concerned account holder (street name shares) can be dematerialised.
 - (e) I am not attempting the question
12. For a company accessing the capital market for the first time _____ [2 Marks]
- (a) there are no restrictions.
 - (b) there are norms prescribed by the Department of Company Affairs.
 - (c) there are RBI stipulated restrictions.
 - (d) there are eligibility requirements prescribed by SEBI.
 - (e) I am not attempting the question
13. As per the standard SEBI approved agreement to be entered into between the DP and the client, in case the client defaults on payment of charges within the stipulated time, the DP can charge a maximum of ___% p.a. interest on such default.
[2 Marks]
- (a) 24
 - (b) 15
 - (c) 18
 - (d) None of the above as interest rate is not specified in the DP client agreement.
 - (e) I am not attempting the question
14. In the context of dividend distribution, what is the full form of ECS?
[2 Marks]
- (a) Electronic Credit System.
 - (b) Extended Clearing System.
 - (c) Electronic Clearing System.
 - (d) Extended Credit System.
 - (e) I am not attempting the question
15. The custody fee is payable by Issuer to NSDL on a _____ basis. [2 Marks]
- (a) monthly
 - (b) quarterly
 - (c) yearly (calendar year)
 - (d) yearly (financial year)
 - (e) I am not attempting the question

16. In the International Securities Identification Number (ISIN), the first two letters stand for which of the following? [2 Marks]
- (a) The country code.
 - (b) Name of the company.
 - (c) The term of the security.
 - (d) The type of the security.
 - (e) I am not attempting the question
17. If an investor requests for demat securities in case of rights/ bonus issue without having a Depository account, then _____ [1 Mark]
- (a) Issuer/ R&T Agent will open the account on behalf of the investor and credit it with rights/ bonus shares.
 - (b) rights/ bonus shares will be issued in physical form.
 - (c) NSDL will open the account on behalf of the investor and credit it with rights/ bonus shares.
 - (d) DP will open the account on behalf of the investor and credit it with rights/ bonus shares.
 - (e) I am not attempting the question
18. To provide legal counter-party guarantee and eliminate the risk, _____ is created. [2 Marks]
- (a) Disclosure and Risk Management cell
 - (b) a Settlement Guarantee Fund
 - (c) a Market Regulation Committee
 - (d) an Investor Protection Fund
 - (e) I am not attempting the question
19. Existing securities are traded in _____. [2 Marks]
- (a) primary market
 - (b) secondary market
 - (c) money market
 - (d) barter exchange
 - (e) I am not attempting the question
20. The account opening form should be signed by _____ in case of minor. [1 Mark]
- (a) the guardian
 - (b) the minor
 - (c) both of the above
 - (d) None of the above
 - (e) I am not attempting the question
21. Tick the true statement: [1 Mark]
- (a) A SEBI registered stock broker having a minimum networth of Rs. One crore is eligible to join NSDL as a DP.
 - (b) A stock broker having a minimum networth of Rs. 50 lakh is eligible to join NSDL as a DP irrespective of whether it is registered with SEBI.
 - (c) A SEBI registered stock broker is eligible to join NSDL as a DP. There is no

minimum networth requirement.

- (d) A SEBI registered stock broker having a minimum networth of Rs. 50 lakh is eligible to join NSDL as a DP.
- (e) I am not attempting the question

22. Which are the different levels of back-up that NSDL has put in place?

1. Machine Level 2. Data Level 3. Disaster Back-up site [2 Marks]

- (a) Only 1 and 2.
- (b) 1, 2 and 3.
- (c) Only 3.
- (d) Only 1.
- (e) I am not attempting the question

23. Can an investor holding dematerialised securities, apply for ECS facility in case of cash corporate benefits? [2 Marks]

- (a) No, this facility is not available in case of dematerialised securities.
- (b) Yes, however investor has to provide MICR code to the DP.
- (c) Yes, but only for sensex scrips and by a written request to the Issuing Co.
- (d) Yes, by a written request to NSDL, provided the Issuing Co. is providing this facility.
- (e) I am not attempting the question

24. Mr. Gupta having beneficiary account with DP1 sells 100 shares of ABC company through broker XYZ who has his clearing member account with DP2. Broker XYZ delivers the same in demat form to the clearing corporation/ house in settlement no. 1999052. The market value of ABC company is Rs. 50/-. What are the transaction charges levied by NSDL to DP2? [2 Marks]

- (a) Rs. 2.50 ($100 \times 50 \times 0.05 / 100$) i. e. 5 basis points of market value of securities debited from broker XYZ clearing member account to clearing corporation/ house.
- (b) Rs. 0.50 ($100 \times 50 \times 0.01 / 100$) i. e. 1 basis point of market value of securities debited from broker XYZ clearing member account to clearing corporation/ house.
- (c) Re. 1/- ($100 \times 50 \times 0.02 / 100$) i. e. 2 basis points of market value of securities debited from broker XYZ clearing member account to clearing corporation/ house.
- (d) No charges.
- (e) I am not attempting the question

25. What does SP stand for?

[1 Mark]

- (a) Securities Provider.
- (b) Secure Provision.
- (c) Service Provider.
- (d) Services of Post.
- (e) I am not attempting the question

26. Which of the following Government Securities are available for demat and transfer? [2 Marks]
- (a) Only securities issued by the Central Government.
 - (b) Only securities issued by the State Governments.
 - (c) All securities issued by the Central and State Governments. DP has to merely write to NSDL G-Sec cell and complete some formalities to activate the new security in the Depository system.
 - (d) Only securities issued by the Central and State Governments after April 1987.
 - (e) I am not attempting the question
27. An investor submits 10 share certificates of RPL, all in market lot of 50 shares for dematerialisation to his DP. The face value of the share is Rs. 10/- . Assuming that DP charges 0.2 % of the face value of securities for dematerialisation, calculate dematerialisation charges by NSDL to the DP: [1 Mark]
- (a) No charges.
 - (b) Rs. 1.
 - (c) Rs. 100.
 - (d) Rs. 10.
 - (e) I am not attempting the question
28. The registered owner of securities held in demat form is: [2 Marks]
- (a) The Depository participant
 - (b) The Depository
 - (c) SEBI
 - (d) The R&T Agent
 - (e) I am not attempting the question
29. What is 'shut period'? [2 Marks]
- (a) It is the period during which a company shall stop registering transfer of the securities
 - (b) It is the period during which the Stock Exchanges will not operate
 - (c) It is the period when NSDL shuts its operations
 - (d) It is the period applicable to government securities, during which RBI will not register transfer of securities.
 - (e) I am not attempting the question
30. SEBI, the capital market regulator, _____ [1 Mark]
- (a) is a division of the Ministry of Finance.
 - (b) has been set-up by self-regulatory bodies like AMFI, AMBI, stock exchanges etc., to police the capital market.
 - (c) is an autonomous body set-up under an act of parliament.
 - (d) was set up by the Government of India to meet the requirements stipulated by IOSCO.
 - (e) I am not attempting the question

31. For which of the following securities partial dematerialisation request can be accepted? [2 Marks]
- (a) NSC/ KVP.
 - (b) Only those government securities which are permitted for the purpose by RBI.
 - (c) Any securities, provided they are permitted to be held so by the Issuing Authority.
 - (d) None of the above, no security can be partially dematerialised.
 - (e) I am not attempting the question
32. To dematerialise government securities, the investor needs to have its Depository account with _____ [2 Marks]
- (a) RBI only.
 - (b) any DP of its choice.
 - (c) NSDL only.
 - (d) institutional DPs only.
 - (e) I am not attempting the question
33. The Depository account that an Approved Intermediary opens for the purpose of carrying on the business of securities lending and borrowing is called _____ [1 Mark]
- (a) Lending and Borrowing account.
 - (b) Intermediary account.
 - (c) Clearing Member account.
 - (d) Beneficial owner account.
 - (e) I am not attempting the question
34. The DP-Client Agreement _____ [2 Marks]
- (a) is uniform across DPs but, does not form a part of NSDL Bye-Laws.
 - (b) is uniform across DPs, forms a part of NSDL Bye-Laws and has been approved by SEBI.
 - (c) is optional and may or may not be signed depending on the rapport between DP and client.
 - (d) varies from DP to DP.
 - (e) I am not attempting the question
35. If an investor holds NSC/KVP in demat form, which of the following entities should be approached for effecting change in address, change in bank details, account number etc.? [2 Marks]
- (a) SP
 - (b) NSDL
 - (c) The same post office where the units were dematerialised.
 - (d) Any of the designated post offices by DOP.
 - (e) I am not attempting the question

36. The pay-in and pay-out dates for the settlement calendar is declared: [1 Mark]

- (a) by SEBI.
- (b) as per the Securities Contract Regulation Act, 1957.
- (c) by NSDL.
- (d) by the respective Stock Exchanges.
- (e) I am not attempting the question

37. In case an investor opts for allotment in demat form in case of bonus/ rights issue without opening a Depository a/c, _____ [2 Marks]

- (a) the issuing co. will maintain holdings in their suspense account till investor opens account.
- (b) his entitlements will be issued in demat form and NSDL will open an a/c for the investor.
- (c) his entitlements will be issued in demat form and credited to suspense a/c maintained by the DP.
- (d) his entitlements will be issued in physical form.
- (e) I am not attempting the question

38. In case of government securities sent for dematerialisation, the DP will endorse the certificates _____ [2 Marks]

- (a) by writing 'Surrendered to RBI for dematerialisation' on the reverse of the certificate.
- (b) by writing 'Surrendered for Dematerialisation' on the front of the certificate.
- (c) by writing 'Tendered for Cancellation and credit to SGL A/c No. BYSL0838 of NSDL, Mumbai' on the reverse of the certificate.
- (d) by writing 'Surrendered for Dematerialisation' on the reverse of the certificate.
- (e) I am not attempting the question

39. The custody fees (for unlisted securities of Issuers which have not paid one time custody fees) payable by a DP to NSDL is paid _____ [2 Marks]

- (a) on a semi-annual basis.
- (b) on an annual basis.
- (c) on a quarterly basis.
- (d) on a monthly basis.
- (e) I am not attempting the question

40. What is the annual fee charged to a Depository Participant subscribing for SPEED-e facility, for first setup of its DP operations? [2 Marks]

- (a) Rs. 1 crore.
- (b) Rs. 10 lakh.
- (c) Rs. 1 lakh.
- (d) Rs. 50 lakh.
- (e) I am not attempting the question

NOTE : THIS IS A SAMPLE TEST. THE ACTUAL TEST WILL CONTAIN 60 QUESTIONS.

Answers :

1	(b)	17	(b)	33	(b)
2	(c)	18	(b)	34	(b)
3	(a)	19	(b)	35	(d)
4	(d)	20	(a)	36	(d)
5	(c)	21	(a)	37	(d)
6	(d)	22	(b)	38	(c)
7	(a)	23	(b)	39	(c)
8	(a)	24	(d)	40	(c)
9	(a)	25	(c)		
10	(c)	26	(c)		
11	(b)	27	(a)		
12	(d)	28	(b)		
13	(a)	29	(d)		
14	(c)	30	(c)		
15	(d)	31	(d)		
16	(a)	32	(b)		