

X IFM Ans.Key of Oct. Assignment

Chapter 8

1 Ans. Growth in the value of the share , dividend

2 Ans. It makes it easy to see how much of the companies profits are being paid out and how much are being retained by the company to plough back into the business.

3 Ans. An offer for buyback should not remain open for more than 30 days then the verification of shares received in buyback has to be completed within 15 days of the closure of the offer. The payments for accepted securities has to be made within 7 days of the completion of verification and bought back shares have to be extinguished within 7 days of the day of the payment.

4 Ans. Clearing corporation is a part of an exchange or a separate entity that performs three functions. it clears and settles all transactions i.e.complete the process of receiving and delivering share to the buyers and sellers in the market. it provides financial guarantee for all transactions executed on the exchange. it also provides risk management functions.

5 Ans. Book closures refers to the closing of the register of the names of investors in the records of the company. The benefits of dividends, bonus issues,right issue are given to investors whose name appears on the company's records as on a given date which is known as the record date and is declared in advance by the companies so that buyers have enough time to buy the shares and get them registered in the books of the company.

6 Ans.Dividend yield give the relationship between the current price of a stock and the dividend paid by its issue in company during the last 12 months. It is calculated by aggregating past year's dividend and dividing it by the current stock price.

7 Ans. Corporate actions tend to have a bearing on the price of a security. when a company announces corporate action it will bring an actual change to its securities,a number of share increasing in the hands of the shareholders ,change in the face value of the security,receiving shares of a new company by the share holder in the case of merger or acquisition etc.These actions influence the companies share price and performance.

8 Ans. Stock split is a corporate action which splits the existing shares of a particular face value into smaller denominations so that the number of shares increase, but the market capitalisation or the value of shares held by the investors post split remains the same as that before the split.Example -----

9 Ans. Pay in is the day when the securities sold are delivered to the exchange by the sellers and funds for the securities purchased are made available to the exchange by the buyers.

The date on or after which a security begins trading without the dividend included in the price, i.e. the buyers of the shares will no longer be entitled for dividend which has been declared recently by the company.