

SEBI Circulars – May Practice Quiz

1. InvIT Borrowing Beyond 49%

Under SEBI regulations, InvITs are permitted to borrow beyond 49% of their net assets. What is the primary purpose of allowing such excess borrowing?

- A. To distribute higher dividends to unit holders
- B. To increase management fees of fund managers
- C. For capital expenditure, major repairs, or refinancing of debt
- D. To purchase equity shares of listed companies

2. Normal Borrowing Limit for InvITs

What is the standard borrowing limit prescribed for InvITs under SEBI regulations?

- A. 25% of net assets
- B. 49% of net assets
- C. 35% of net assets
- D. 74% of net assets

3. Refinancing Restriction in InvITs

SEBI permits InvITs to refinance existing debt. However, which part of the debt is strictly not allowed to be refinanced?

- A. Interest component only
- B. Principal component only
- C. Both principal and interest equally
- D. Penalty charges on the loan

4. Classification of Major Repairs

If an InvIT manager undertakes significant repairs on a toll expressway asset, under SEBI's excess borrowing provisions, this would be classified as:

- A. Working capital financing
- B. Speculative investment
- C. Major repair and maintenance
- D. Dividend distribution funding

5. Market Data Usage Restrictions (Effective July 1, 2026)

Which of the following uses of market data is explicitly prohibited under SEBI's new rules for educational purposes?

- A. Using data for classroom training modules
- B. Developing NISM training programs

- C. Making buy or sell recommendations on specific securities
- D. Explaining index composition to students

6. Minimum Data Lag for Educational Use

As per SEBI's rules effective July 2026, what is the minimum data lag required for general users accessing market data for educational purposes?

- A. 7 days
- B. 30 days
- C. 15 days
- D. 60 days

7. NISM Use of Market Data

NISM is allowed to use market data that is only 1 day old. What is the permitted purpose for this usage?

- A. Issuing daily market newsletters
- B. Publishing equity research reports
- C. Development of training programs
- D. Advising institutional clients

8. Purpose of IRRA Platform

What was the primary objective of the Investor Risk Reduction Access (IRRA) platform?

- A. Provide backup trading access when a broker's platform fails
- B. Facilitate IPO applications during peak demand
- C. Enable direct mutual fund purchases by retail investors
- D. Monitor insider trading activities in real-time

9. Discontinuation of IRRA

Why was the IRRA platform discontinued by SEBI?

- A. Due to lack of investor usage
- B. Because cybersecurity frameworks and exchange redundancies improved
- C. Due to incompatibility with NSE systems
- D. Because it was merged with BSE trading platform

10. Security Operations Center (SOC)

Which two entities jointly operate the Security Operations Center (SOC) for Indian securities markets?

- A. SEBI and RBI
- B. NSE and BSE
- C. NISM and SEBI
- D. IRDAI and NSE

11. Meaning of ZTNA

In SEBI's cybersecurity framework, ZTNA stands for:

- A. Zero Trust Network Access
- B. Zero Tolerance Network Authority
- C. Zone-Tracked Network Assessment
- D. Zonal Transfer of Network Administration

12. Threshold for Significant Index

Under SEBI's significant index framework, an index is classified as "significant" when the AUM it tracks exceeds:

- A. ₹5,000 crore
- B. ₹10,000 crore
- C. ₹20,000 crore
- D. ₹15,000 crore

13. Review Frequency of Significant Indices

How often does SEBI review the list of significant indices, and on what schedule?

- A. Once a year on 31 March
- B. Twice a year on 30 June and 31 December
- C. Quarterly on March, June, September, December
- D. Monthly on the last working day

14. Removal from Significant Index Category

An index is removed from the "significant" category if it fails to meet the AUM threshold for:

- A. 1 year across 2 half-yearly reviews
- B. 2 years across 4 reviews
- C. 18 months across 3 reviews
- D. 3 years across 6 half-yearly reviews

15. Registration Timeline for Index Providers

Within how many months must a significant index provider register with SEBI?

- A. 3 months
- B. 12 months
- C. 18 months
- D. 6 months

16. Separate Legal Entity Requirement

After being classified as a significant index provider, within what time period must a separate legal entity be created?

- A. 6 months
- B. 1 year
- C. 2 years
- D. 3 years

17. Prohibited Practice for Index Providers

Which of the following practices is explicitly prohibited by SEBI for index providers?

- A. Licensing indices to mutual funds
- B. Creating indices within internal departments without a separate legal entity
- C. Publishing index methodology documents
- D. Providing data to passive fund managers

18. Meaning of Refinancing in InvITs

When an InvIT takes a new loan to repay an existing loan, this is known as:

- A. Refinancing
- B. Asset monetization
- C. Subordinated funding
- D. Debt restructuring

19. Demat Account Nomination Requirement

In which scenario is nomination mandatory under SEBI demat account rules?

- A. Joint account with two holders
- B. Joint account with three holders
- C. Single-holder demat account
- D. Corporate demat account

20. Maximum Number of Nominees

What is the maximum number of nominees allowed in a demat account under SEBI's updated rules?

- A. 1
- B. 2
- C. 3
- D. 5