GL BAJAJ Institute of Management & Research Greater Noida
FIND YOUR SPARK

Roll No…………

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

POST GRADUATE DIPLOMA IN MANAGEMENT (2025-27)
MID TERM EXAMINATION (TERM -I)

Subject Name: **Security Analysis and Investment Management**	Time: **01.00 hrs**
Sub. Code: **PGF-32**	Max Marks: **20**

Note: All questions are compulsory. Read the case and answer the questions

Kindly write the all the course outcomes as per your TLEP in the box given below:

Course Name	**Security Analysis and Portfolio Management**	Bloom's Taxonomy
CO 1	To understand core concepts of various investment opportunities for the investor's decisions	Understand, L-2
CO 2	To apply the role of security markets for different investment options with the application of digital tools	Apply-L-3
CO 3	To apply and analyze the techniques for stocks valuation	Analyze, L-4
CO 4	To apply and analyze the techniques for bonds valuation	Analyze, L-4
CO5	To evaluate the various fundamental and technical analysis tools	Evaluate, L-5
CO6	To create and analyze portfolio including the stocks from various sectors	Create, L-6

Read the case and answer the questions

Case Study-1: The Portfolio Dilemma of Aarav Sharma **CO1**

Aarav Sharma, a 32-year-old software engineer, recently received a performance bonus of ₹10,00,000. He is keen on investing this amount to build a corpus for his daughter's higher education, which is 15 years away. Aarav describes himself as a "moderate risk-taker" who wants to beat inflation but is terrified of losing his principal capital entirely.

Currently, Aarav's friend, a day trader, has suggested he put the entire amount into **Financial Derivatives** (specifically Options) to "double the money in a month." However, Aarav is also considering a mix of **Equity Linked Saving Schemes (ELSS)** to save on taxes, and **Government Bonds** for stability.

While researching, Aarav learned that the **Securities and Exchange Board of India (SEBI)** has recently tightened norms for secondary market players to protect retail investors. He is confused between the "quick gains" promised by his friend and the long-term disciplined approach required for his actual financial goals.

Questions

1. Distinguish between Investment and Speculation in the context of Aarav's situation. Based on his financial goal, which approach should he adopt and why? (5 Marks)

2. Aarav is considering shifting a portion of his funds into Equity Shares and Mutual Funds. Analyse how the "Organisation and Mechanics of the Indian Security Market" and the "Role of SEBI" provide a secure environment for a retail investor like Aarav to make this transition. (5 Marks)

Case Study-2: SEBI Regulations and the Jane Street **CO2**

In 2025–2026, the Securities and Exchange Board of India (SEBI) intensified its regulatory oversight following a major market manipulation case involving the global trading firm Jane Street Capital. SEBI accused Jane Street of manipulating the **Bank Nifty index** through complex trading strategies involving cash and derivatives. As a result, SEBI **barred the firm from Indian securities markets** and **impounded approximately ₹4,800 crore** of alleged unlawful gains.

Also, SEBI initiated a broader investigation into trading data and strategies. This incident became one of SEBI's most significant enforcement actions, highlighting concerns over **high-frequency trading and derivative market manipulation**. New regulatory measures taken by the regulator now include stricter Monitoring of Derivatives Trading, strengthening risk management systems, improved investor protection mechanisms, and Regulatory Reforms in Mutual Funds and Intermediaries. This scenario reflects a **regulation–innovation trade-off**, where on one hand, **algorithmic and high-frequency trading firms** bring liquidity and efficiency on the other hand, **regulatory gaps** can lead to manipulation, impacting retail investors. SEBI's response in the given scenario demonstrates a shift toward r**eal-time surveillance, stricter compliance frameworks and investor-centric reforms.**

In light of the above incident, express your thoughts upon:

Q1: SEBI's regulatory response to the Jane Street case. (5 Marks)

Q2: Discuss the role of high-frequency trading firms in emerging markets like India. (5 Marks)

Kindly fill the total marks allocated to each CO's in the table below:

COs	**Blooms Taxonomy Levels**	**Marks Allocated**
CO1	L2	10 Marks
CO2	L3	10 Marks

Blooms Taxonomy Levels given below for your ready reference:

L1= Remembering
L2= Understanding
L3= Apply
L4= Analyze
L5= Evaluate
L6= Create