

**LAWAS RELATING TO FINANCIAL SERVICES – STAGE
ISQ Examination (Summer-2010)**

- Q.1** Study the following statements and complete the blank spaces with appropriate term(s)/phrase(s)/information.
- Q.2** Please write the alphabet of selected answer in the given space:
- Q.3** Consider the following situations and give your answers with appropriate explanation.
- A)** A partnership firm approached for opening of an account. While reviewing the contents of the partnership deed, you noticed that one of the partners is a minor. Can the bank safely open the account of that entity? Also discuss whether minor can sign cheques, bills and notes on behalf of the firm?
 - B)** A bank receives notice that one of the two persons having a joint account with the bank is involved in bankruptcy proceedings. Can the bank safely honour cheques drawn by the other party if the mandate held for operation of the account states that either party can operate the account singly.
 - C)** A private limited company has only two directors. The Articles provide that there should be not less than two directors on the Board. The resolution of the board authorizing the signature of cheques requires them to be signed by both the directors. On the death of one of the director, how can the survivor provide for the valid signature of cheques on the company's account.
 - D)** On the death of the treasurer, secretary or other official of a society or club, who has had authority to draw cheques on the society's or club's account, should cheques signed by him and are presented after his death be honoured?
 - E)** On depositing money in his personal name, 'A' wishes to give the bank an authority to pay the entire balance to his wife on his death. Should such authority of 'A' be accepted and complied with.
- Q.4** **A)** Opening of Customer's Account is stated to be a contractual relationship. Please elaborate the same highlighting the basic requirement of a valid contract.
- Q.4** **B)** List all the mandatory documents for opening of accounts of the undernoted entities:
- i.** Partnership firm
 - ii.** Joint Stock Company
 - iii.** Club, Society/Association

- Q.5 A) What are the basic rules for appropriation of payment which a banker is required to follow?**
- Q.5 B) What is the banker's right of set off and what preconditions must be fulfilled for exercising this right?**
- Q.5 C) How does the banker's right of set off differ from the banker's right of lien?**
- Q.6 List the core differences between a Banking and Non-Banking Financial Institution. Also briefly discuss the scope of work of at least two Non-Banking Financial Institutions.**
- Q.7 Write short notes on the following:**
- A) Special crossing**
 - B) Bills in Set**
