

## Quadrant II – Notes

**Paper Code** : COC 110

**Module Name: Problem 1- Calculation of liability of underwriters when benefit of firm underwriting is given to the underwriters- Part 1**

**Module No** : 20

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### Notes:

- 1. Underwriting-** an underwriting agreement is an agreement between the company and certain party known as underwriter under which the underwriter agrees to take up the whole or part of the securities which may not be subscribed by the public for an agreed consideration known as underwriting commission.
- 2. Full underwriting-** when the entire issue is underwritten, such underwriting is called as full underwriting.
- 3. Firm underwriting-** it is definite commitment to take up a specified number of shares irrespective of the number of shares subscribed by the public. To find out total liability, firm underwriting should be added to the net liability.
- 4. Marked applications-** underwriters who have taken obligation, often refers their clients to subscribe the shares of company whose issue is underwritten by the underwriters. The forms of such clients are marked i.e. stamped with the underwriters name. such firms are known as marked applications.
- 5. Unmarked applications-** the application forms received by the company without any stamp of any of the underwriters are known as unmarked applications. They are filled by the people and directly sent to the company.