

This booklet is the property of the Examination Body. Any unauthorized and illegal circulation of its contents in part or in full in any manner whatsoever is strictly prohibited. Candidates involved in such unauthorized and illegal acts are liable to be prosecuted besides being disqualified to appear in any further examinations of the Examination Body.

- (1) After each MCQ, four options have been given. Choose the correct or most appropriate option and darken the corresponding circle against the MCQ number in the OMR answer sheet.*
- (2) Answer to MCQs, if written inside the descriptive answer book shall not be awarded any mark.*
- (3) Please ensure to write and darken correct MCQ booklet number in the OMR answer sheet. The correct MCQ booklet number must also be written in the attendance register.*
- (4) Please write your Roll No. and name on the topmost page of the MCQ booklet at the specified place without fail.*

Case Scenario-I :

Mr. Leping an Indian having knowledge of tea-farming went to China in the year 2006 and established his tea manufacturing business by the name of Sweet Leaf Ltd. The business has grown since then and he has been persistently trying to connect to his original roots in India. Kadak Chai Ltd. is an Indian public limited company established in Darjeeling owning two tea estates and engaged in the manufacture and sale of Darjeeling tea throughout the country. On 20.06.2024 Kadak Chai Ltd. was bought by the Sweet Leaf Ltd. for redesigning the existing production facility and expand the cultivation and processing of flavored tea by Mr. Leping. CHARTERED STUDIES

Thus, the above production facility earlier owned by Kadak Chai Ltd. gained the status of foreign company and filed Form FC-1 declaring the details of its incorporation and the information as laid therein the above-mentioned form with Registrar of Companies situated at New-Delhi. As a result of the acquisition, the details of the company including new name and address of the head office were updated outside the office of the acquired company at Darjeeling. The details were mentioned in English, Mandarin and in local language Assamese. The Indian Subsidiary (formerly Kadak Chai Ltd.) updated the above details in other documents including business letters, billheads, and letter paper in English language only and neither local language nor Mandarin was used. The Legal team made an objection on such non-usage of local language and Mandarin. It further suggested that other than the provisions of Chapter XXII of the Companies Act, 2013 no other provision in the aforesaid act would be applicable to such newly registered foreign company situated at Darjeeling.



JKL1

The foreign company has recently entered a contract with Speed Robotics Ltd. engaged in the manufacture of robotic machinery and other facilities, to be installed in tea processing plant to enhance the pace of production. The foreign company has planned to raise money in India through the issue of Indian Depository Receipts (IDR). The IDR are thus planned to be issued by DDL Bank to act as a depository bank to such instrument. As the IDR is a new issue, the same must be accompanied with a prospectus as well. The prospectus contained details of the company, its board of directors and other annexures including the comments of Mr. Jack an expert in the field of finance on the current financial matters affecting the company. Mr. Renzo one of the members in the legal team at the Darjeeling production facility have suggested that the prospectus for issue of such IDR should also contain details of the contract entered in with Speed Robotics Ltd. and the copy of power of attorney as the above prospectus has been signed by Mr. Rick on behalf of directors. The officials at the Head-Office have opposed inclusion of the details as above on the pretext that the same is not required as per the law. The prospectus thus drafted has been sent to the Registrar of Companies situated at New Delhi for approval so that the IDR can be issued thereafter for inviting investments from the public in India.

Based on the facts given in above case scenario and by applying the relevant provisions of the Companies Act, 2013, choose the correct answer of the following questions : (Q. No. 1 to Q. No. 3)

1. Whether the legal team was correct in suggesting that only provisions of Chapter XXII of the Companies Act, 2013 shall apply for the foreign company ?
 - (A) The Legal Team is incorrect as provisions of Chapter XXII shall not apply to foreign company.
 - (B) The Legal Team is correct in its view that only Chapter XXII provisions shall apply to the foreign company.

2

JKL1

- (C) The Legal Team is incorrect as provisions of Chapter XXII shall apply to Chinese Company with no applicability for the foreign company situated in India.
- (D) The Legal Team is incorrect as provisions of Chapter XXII shall apply to foreign company along with other provision as may be prescribed regarding business carried on by it as if it were an Indian Company.

2. Whether the act of mentioning of name of the newly formed foreign company and other details at outside the office in English, local and Mandarin, as well as, on other documents including business letters, billheads, and letter paper only in English is in correct compliance of the related provisions under the Companies Act, 2013 ?

CHARTERED STUDY

2

- (A) The name of company has been correctly written in English, local and Mandarin outside the office at Darjeeling. The other documents can mention the details in English only and there is no requirement for usage of other languages on the same.
- (B) The name of company has been correctly written in English, local and Mandarin outside the office at Darjeeling but even the other documents should mention the details in all the three languages.
- (C) Details in documents as well as at outside the office can be given in local language only and there is no compulsion regarding usage of other languages.
- (D) The company can give details of company on both outside the office as well in the documents in the language of its choice after obtaining permission from the Registrar of Companies.



3. Choose the correct option from the following on the validity and the adequacy of the details mentioned in the prospectus prior to Issue of IDR, and whether it will be accepted or rejected by the Registrar of Companies at New Delhi ?

2

- (A) The details of contract with Speed Robotics Ltd. as well as the copy of power of attorney should be mandatorily annexed along with other documents without which the above prospectus, shall be rejected by the Registrar of Companies at New Delhi.
- (B) Details mentioned in the prospectus about the company and other credentials including non-filing of power of attorney are correct and sufficient and the same shall be accepted by the Registrar of Companies at New Delhi.
- (C) The details of contract with Speed Robotics Ltd. can be skipped as being one entered in the ordinary course of business but the copy of power of attorney should be mandatorily annexed along with other documents without which the above prospectus, shall be rejected by the Registrar of Companies at New Delhi.
- (D) No need to issue the prospectus as the company Kadak Chai Ltd. is an existing company and only the status from domestic to a foreign company has changed in this case.

4. Super Tork Engineering Ltd. is a public sector company engaged in the manufacture of domestic and commercial automobiles. The company has been providing automobile dealerships in and across the country to various business entrepreneurs. Out of 56 such dealerships, LD Motors Ltd. situated in the city of Jaipur, Rajasthan, is one of the prime selling joints for domestic automobiles namely sedan and hatchback cars.

2



JKL1

Super Tork Engineering Ltd. has entered into a contract with the above said dealer for the provision of warranty services to its customers at local level and has provided the advances namely of ₹ 1.20 Crore and ₹ 1.25 Crore to the aforesaid dealer. The former advance being for provision of warranty relating to engine fault repair within a period of 2 years from the date of purchase and the latter being for providing general services on domestic cars for a period of 6 years. A period of 7 years of provision of such warranty and maintenance services is taken as a common business practice in the automobiles sector. In consonance with the provision of the Companies Act, 2013, decide which of the above advances be treated as deposits by LD Motors Ltd. ?

- (A) The advance of ₹ 1.25 Crore can only be treated as deposit within the meaning of the Companies Act, 2013.
- (B) Neither of the above two advances be treated as deposit as both are being valid for providing warranty services to vehicle owners within a period of 6 years, being common business practice in this regard.
- ☒ (C) Both the above advances of ₹ 1.20 Crore and ₹ 1.25 Crore be treated as deposits within the meaning of the Companies Act, 2013.
- (D) LD Motors Ltd. has the sole discretion of treating any of the above advances as deposits in compliance with the provisions of the Companies Act, 2013.

5. Boro-tuff Glasses Ltd. is a public limited company engaged in the manufacturing of doors and panels made from toughened glass. The company was incorporated on 01.11.2022 with the requisite members and capital. The first Annual General Meeting was held on 01.05.2023. Mr. F, the Company Secretary has decided to call the next Annual General Meeting for the Financial Year 2023-24 on 01.08.2024.



JKL1

On 31.07.2024, the company applied to the Registrar of Companies (RoC) for an extension of 4 days to hold the meeting on 05.08.2024 on the grounds that the accounts department was asking for another couple of days more for finalizing the annual accounts, but plea was rejected by the RoC. The company went on to hold and conducted the aforesaid meeting on 05.08.2024. Considering the provisions of the Companies Act, 2013, resultant effect of convening meeting on the above date shall be :

- (A) The Company and every officer in default shall be liable to total penalty of ₹ 1,00,000 for delay in the convening of Annual General Meeting.
- (B) The Company and every officer in default shall be liable to total penalty of ₹ 1,30,000 for delay in the convening of Annual General Meeting.
- (C) The Company and every officer in default shall be liable to total penalty of ₹ 1,20,000 for delay in the convening of Annual General Meeting.
- (D) The convening of meeting on the above date shall not attract any penalty as the same has been convened within the prescribed time limits.

CHARTERED STUDIES

6. KLP & Associates LLP comprises of three partners Kamlesh; Luvkush and Pradeep and was incorporated under agreement in the year 2020. Mr. Pradeep one of the partners has decided to leave the LLP and start his own business. He has informed Mr. Luvkush, one of the Designated Partner of the LLP, of his decision to leave and has urged to proceed with the formalities. Even past one month of leaving the LLP, Mr. Pradeep was continuously receiving phone calls from creditors of LLP for payment of the dues thus convincing him to believe that the LLP has neither informed the outsiders nor the Registrar about his leaving the LLP. The LLP was also not responding to Mr. Pradeep's queries. Referring to the provisions of the Limited Liability Partnership Act, 2008 what is the step that Mr. Pradeep can take to escape his liability post quitting the LLP ?

JKL1

- (A) Mr. Pradeep should himself file Form-4 to the Registrar who would then send a show-cause notice to the LLP.
- (B) Mr. Pradeep should further follow-up with LLP and ask it to submit Form 4 to the registrar informing about the above event as he himself cannot file Form 4 with the Registrar.
- (C) Mr. Pradeep can himself issue a public notice in the one English and one vernacular newspaper disclosing his status as an outsider to the LLP.
- (D) The Registrar would himself contact the LLP and enquire about Mr. Pradeep's status.

Case Scenario-II :

Mr. David an Indian doctor residing in Panjim, Goa was married to Ms. Ruby another resident in the same profession in 1996. The couple had three children by the name of Christopher, Sebastian, and Aliana. Mrs. Ruby left India in 2020 with her daughter Aliana and son Sebastian to the United States of America to pursue her Master Degree in the field of medicine leaving behind Mr. David in India along with Christopher.

In 2021 Sebastian purchased a piece of land in the city of Chicago as an investment. Meanwhile, Christopher had incorporated a public limited company in India engaged in medical research and manufacture of life-saving drugs with its head office in Panjim, Goa having earned foreign exchange worth USD 12,500,000 in the past three years and was also planning to extend business by collaborating with an American Company engaged in the same field. Hence, he called back Sebastian to India on 31.05.2023 to help him in his business venture after being inducted as a director in his company.



JKL1

The American company has offered to purchase the land owned by Sebastian in Chicago wherein the production facility can be set-up. Mr. John, the CEO of the American company, acting on advice of Mr. Christopher has shown interest to invest USD 150,000 in Bio-Seeds Ltd., an Indian company engaged in plantation and harvest of medicinal plants and herbs in the hills of Kangra in Himachal Pradesh.

Mr. John suggested that the Company owned by Christopher should donate an amount towards sponsoring of annual salary of a professor at the Chicago Institute of Medical Sciences to gain popularity and fame amongst the medical fraternity in Chicago, thereby creating a chair in medicine, which would ultimately help him and his newly formed venture in the same city to gain a foot-hold.

Meanwhile, Mr. David now being aged, had been suffering with a life-threatening disease himself and has urged his wife residing in Chicago, USA to search a suitable hospital where he can be treated for his ailments and get cured. Mrs. Ruby being a doctor herself has suggested the name of Pennsylvania Institute of Research and Medicine. She has consulted the specialized doctors in the institute who are of the view that the cure of disease of Mr. David is possible but the patient must spend a minimum of six months in the hospital of the above research institute.

The institute has given an estimate of expenses of USD 269,000 for the treatment and the said estimate has been provided on the letterhead of hospital under seal. The cost of emigration as certified by the authorities for Mr. David has been calculated at USD 15,000. Mr. David has urged the Pennsylvania Institute of Research and Medicine to reduce his treatment expenses to USD 200,000 but the same has been refused by the above Institute. Mrs. Ruby decided to help her husband and is willing to sell a property owned by her in Panjim, Goa which was earlier bought while she was in India along with Mr. David.



JKL1

Based on the facts given in above case scenario and by applying the relevant provisions of the Foreign Exchange Management Act, 1999 (FEMA, 1999), choose the correct answer of the following questions : (Q. No. 7 to Q. No. 9)

7. Whether Mr. Sebastian as well his mother Mrs. Ruby can be allowed to transfer their respective properties in Chicago, USA and Panjim, India towards achievement of their separate motive ? 2

(A) Mr. Sebastian and Mrs. Ruby must apply to the Reserve Bank of India for its approval prior to selling their respective properties.

~~(B)~~ Mr. Sebastian would be allowed to sell his property in Chicago to the American company but Mrs. Ruby would not be allowed to sell her property in India as its being sold for non-commercial purposes.

(C) Mr. Sebastian and Mrs. Ruby can only sell their properties to each other and not to third parties.

(D) Both Mr. Sebastian and Mrs. Ruby can freely sell their respective properties to buyers of their choice without any intervention or approval of the Reserve Bank of India.

CHARTERED STUDIES

8. Decide whether both Mr. John and Mr. Christopher can act on the advice of each other for an investment of USD 150,000 in Bio-Seeds Ltd. as well as donating one year salary to a medical chair abroad respectively ? 2

(A) Mr. John would be able to invest USD 150,000 in Bio-Seeds Ltd. although Mr. Christopher cannot donate a year's salary to the medical chair abroad.

(B) Mr. John would not be able to invest USD 150,000 in Bio-Seeds Ltd. although Mr. Christopher can very well donate a year's salary to the medical chair abroad without approval.

(C) Both Mr. John and Mr. Christopher would not be able to act on advice of each other as the same are in defiance of the provision of the FEMA, 1999.

(D) Mr. John would not be able to invest USD 150,000 in Bio-Seeds Ltd. although Mr. Christopher can only donate a year's salary to the medical chair abroad after prior approval from the Reserve Bank of India.

9. Whether it is possible to pay Pennsylvania Institute of Research and Medicine and the emigration authorities the respective amounts of money for the purpose of medical treatment of Mr. David ?

2

(A) Pennsylvania Institute of Research and Medicine cannot be paid USD 269,000 under any circumstances. Emigration expenses of USD 15,000 can be paid under the LRS Scheme.

(B) Pennsylvania Institute of Research and Medicine can be paid USD 269,000 against a certificate to be issued under seal that the medical procedure would require the above stated amount. Emigration expenses of USD 15,000 can be paid under the LRS Scheme.

(C) There is no limit towards payment for medical expenses hence Pennsylvania Institute of Research and Medicine can be paid USD 269,000 without any certificate from the Institute. Emigration expenses of USD 15,000 can be paid under the LRS Scheme.

(D) No Payments for the above concerns can be allowed under the Act.

Case Scenario-III :

Adolescent Ltd., a public limited company is an Indian multinational retail company focused on infant, maternity, and child-care products. The company was founded in 2009 and is headquartered in Valsad, Gujarat. It sells products through its website, mobile app and over 256 stores, which operate under Busy Baby and Brainy Baby brands. It has a paid up capital of ₹ 126.00 Crore in Equity shares issued at a premium of ₹ 6 per share as well as ₹ 112 Crore in Preference shares redeemable after 7 years of issue.

Toddler Ltd. another Gujarat based company was founded by Mr. Toddler an Anglo-Indian gentleman with no legal heir. Toddler Ltd. was engaged in the manufacture of medicine specifically focused to children under the age of 3 months. Adolescent Ltd. acquired 100% equity in Toddler Ltd. in the year 2011 thereby becoming its holding company. In 2024, Mr. Toddler purchased 5% stake in equity shares of Adolescent Ltd. in his individual capacity and decided to assign trustee rights to Toddler Ltd. which would take care of his stake after his death as he did not have any legal heir. In July 2024, Mr. Toddler died leaving behind the company as well his 5% stake in Adolescent Ltd.

Toddler Ltd., being the trustee to the 5% stake of Mr. Toddler, claimed its stake in the shares earlier held by Late Mr. Toddler. Mr. Quick, one of the directors of Adolescent Ltd. opposed the transmission of shares of Adolescent Ltd. held by Mr. Toddler to its subsidiary company on the plea that the subsidiary company cannot purchase the shares of the holding company with voting rights.



JKL1

Adolescent Ltd. is planning to enhance its production capacity by installation of plants in various parts of the country including Jamnagar, Pune, Hissar and other Industrial cities. The banks have refused to fund the projects and hence the company is planning to raise money from the public by issue of fully paid equity share capital. A Shelf Prospectus was thus issued to raise ₹ 76.00 Crore from the public for the Jamnagar Plant in December 2024. Such prospectus had mentioned the contracts entered by Adolescent Ltd. for development of plant infrastructure in Jamnagar.

Meanwhile Adolescent Ltd. is also planning to commence the development of the Hissar Plant in January 2025 thereby raising ₹ 95 Crore through the same Shelf Prospectus. An information memorandum was thus issued containing details of the contract for development of the Hissar plant infrastructure, with no mention of the earlier contract for Jamnagar Plant. The Registrar rejected the information memorandum as incomplete.

CHAPTERED STUDIES

The Board of Directors of Adolescent Ltd. has called a meeting of Preference Shareholders of the company to resolve upon changing of the conversion ratio of preference shares into equity share. The meeting was called and consent in writing favoring such variation has been obtained from preference shareholders worth ₹ 84 Crores although a special resolution towards the same could not be passed. No separate consent of equity shareholders was obtained despite that they argued such conversion shall cast an effect on their rights as well.

The equity shareholders on the other hand have argued that changing of the conversion ratio would affect the number of equity shares that preference shareholders receive after conversion and hence have shown their dissent towards the above decision and are planning to apply to the Tribunal for redressal of their grievance.



JKL1

Based on the facts given in above case scenario and by applying the relevant provisions of the Companies Act, 2013, choose the correct answer of the following questions : (Q. No. 10 to Q. No. 12)

10. Whether in the current scenario Toddler Ltd. can become the assignee to the shares of Adolescent Ltd. in transmission from Mr. Toddler after his death as well as get rights to vote in the meetings of the holding company ? 2
- (A) Toddler Ltd. can enjoy the rights of an assignee or legal representative in the event of death of Mr. Toddler and would also get the right to vote in the meetings of Adolescent Ltd.
- ~~(B)~~ Toddler Ltd. can enjoy the rights of an assignee or legal representative in the event of death of Mr. Toddler but would not get the right to vote in the meetings of Adolescent Ltd.
- (C) The contention of Mr. Quick opposing the transmission is correct as a subsidiary company cannot acquire share in the holding company.
- (D) Toddler Ltd. can itself acquire the shares in Adolescent Ltd. but cannot become an assignee.
11. Whether the Registrar is justified in rejecting the Information Memorandum as incomplete ? 2
- (A) The Registrar cannot reject the Information Memorandum as the same has been correctly filed with details of the latest contract.
- ~~(B)~~ The Registrar is correct as the Information Memorandum should have contained not only the details of latest contract for the Hissar Plant but also details of contract of Jamnagar Plant.
- (C) The Registrar is correct as a new Shelf Prospectus should have been filed for money raised for every new project as in the present issue filing of information memorandum is not the correct compliance.
- (D) The Registrar is incorrect as there is no requirement for issue of a Shelf Prospectus for any money raised within a period of one year.



12. Whether Adolescent Ltd. be allowed towards variation of class rights of the preference shareholders considering the fact that a special resolution could not be passed by the preference shareholders in background of the provision of the Companies Act, 2013 ?

2

- (A) The Registrar of companies shall not order the variation as although requisite number of preference shareholders have agreed but consent of dissenting equity shareholders has not been obtained whose rights are affected by such variation.
- (B) The Registrar of companies shall not order the variation as special resolution has not been passed by the preference shareholders.
- (C) The Registrar of companies shall order the variation of class rights of Preference shareholders as 75% of Preference shareholders have agreed to such variation.
- (D) The Registrar of companies shall refer the matter to the Tribunal rather than passing an order itself.

Case Scenario-IV :

Mr. Famous owned a firm operating a fleet of eighteen taxis engaged in the transportation of passengers in and across the state of Madhya Pradesh. The business had started way back in 1986 wherein the vehicle permits were obtained and the business was being run successfully. The registration for the vehicle expired in the year 1988 and the firm applied for renewal of registration of the vehicles under section 58 of the Motor Vehicles Act, 1939. The application under the aforesaid Act was still pending when such Act was replaced by the Motor Vehicles Act, 1988. To get the application processed, Mr. Famous applied to the authorities to consider the application under the Motor Vehicles Act, 1988 taking plea of



section 6(c) of the General Clauses Act, 1897. The application was not entertained by the authorities on the pretext that since the application was filed under the repealed law, the old application would not be considered and that the application should have been filed within time. Later, Mr. Famous died leading to the closure of business. The family of Mr. Famous still lives in one of the flat bought by Mr. Famous during his life-time from Mr. Rich, a builder and contractor dealing in construction and selling of flats.

Mr. Rich was the owner of six flats in the city of Indore. He was advised by one of his finance consultants to rent his unoccupied flats and thereby earn handsome passive income in form of monthly rents. The advice was given to him in the year 2017 and he has been renting out the properties since then. Deebee Motors Ltd., an automobile dealer opened his office in one of the flats for commercial purposes in the year 2019 for a rent of ₹ 3.15 Lakh per month. Initially the rental dues were timely paid by the dealer but later the automobile dealer defaulted in paying the above resulting in cumulative arrears of rent being ₹ 1.20 Crores as on latest date. Mr. Rich, filed a suit for recovery of rental arrears on immovable property pleading the court to treat such arrears as benefit out of land as defined in under Section 3(26) of the General Clauses Act, 1897 under the head of "Immovable Property". The defendant submitted that arrears of land revenue in this case cannot be termed as "benefits from Land".

CHARTERED STUDIES

Deebee Motors Ltd. offered Mr. Rich a passenger family car worth ₹ 3.00 Crores at ₹ 1.80 Crores to compensate the loss incurred by Mr. Rich on rental dues. Unfortunately, color selected by Mr. Rich was unavailable at the selected purchase date. The marketing manager informed and assured that the color will be available after a waiting period of 3 months. Deebee Motors Ltd. further asked Mr. Rich for



an advance cheque of minimum 50% of the sale value to shield the purchaser from any future price enhancement. A postdated cheque of ₹ 90 Lakhs was handed over to the dealer as the booking amount. The cheque was kept with the showroom owners but could not be deposited by them in their account until the last day of third month when Mr. Rich came to know about the above failure on part of the car dealer. The car dealer insisted that Sunday being the last day of the third month, the bank was closed and the cheque could not be deposited thus showing his inability to deliver the car which had arrived on Saturday. The dealer insisted on issuing of fresh cheque.

Based on the facts given in above case scenario and by applying the relevant provisions of the General Clauses Act, 1897, choose the correct answer of the following questions: (Q. No. 13 to Q. No. 15)

13. Which of the following is true on the validity of the rejection of the application made by the firm of Mr. Famous regarding renewal of registration of the vehicles under section 58 of the Motor Vehicles Act, 1939 ?

2

- (A) The rejection was justified as Mr. Famous should have filed a fresh application for renewal in this case.
- ☒ (B) The rejection was not justified and the same old application should have been considered as per the new Motor Vehicles Act, 1988.
- (C) The form can either be accepted or rejected at the discretion of the authorities which in this case have opined to reject the form.
- (D) The form will be rejected in case the delay in filing cannot be justified by Mr. Famous.

14. Whether the plea of Deebee Motors Ltd. towards refusal to treat arrears of rent as "Immovable Property" as per the General Clauses Act, 1897, shall hold good ? Whether the future rental income be included under the above definition as provided in the aforesaid Act ?

2

(A) The plea of Deebee Motors Ltd. shall hold good as rent have already been arisen and hence cannot be termed as benefits from land although future rent can be included in the definition of immovable property.

(B) The plea of Deebee Motors Ltd. shall not hold valid in this case and arrears of land revenue shall be included in the definition of immovable property under the aforesaid Act. Future rent payable cannot be treated as immovable property under the Act.

(C) Neither the arrears nor the future rent shall qualify within the definition of "Immovable Property" as provided in the aforesaid Act.

☒ (D) Both Arrears and future rent shall qualify within the definition of "Immovable Property" under the aforesaid Act.

CHARTERED STUDIES

15. Which of the following is true on the validity of cheque which could not be deposited on the last day of the third month being a holiday ?

2

(A) The old cheque is invalid as the period of three-month validity would expire by the day when the bank would open.

☒ (B) The cheque is valid as the last day of the third month being a Sunday hence the same can be deposited on the next working day.

(C) The cheque can only be deposited only if the dealer applies to the bank for condonation of delay.

(D) The cheque can only be accepted by the bank, in case the issuer files a suit against the dealer.

