

NiSM

National Institute of Securities Markets  
*www.nism.ac.in*

National Institute of Securities Markets

Annual Report  
2008 - 2009



# **National Institute of Securities Markets**

## **Annual Report**

**2008-2009**



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## **1. Preface**

National Institute of Securities Markets (NISM) has been established by the Securities and Exchange Board of India. It is a public trust registered under the Bombay Public Trusts Act, 1950. It is governed by its Memorandum of Association and Rules and Regulations framed thereunder.

The primary objective of NISM is to design and implement the entire gamut of educational initiatives in the area of securities markets. NISM hopes to enhance the market quality of Indian securities markets through its knowledge interventions. NISM is an autonomous entity governed by its Board of Governors. The Academic Council has the responsibility to maintain the standards of academic activities of NISM.

During the year NISM commenced its activities in its various schools. The School for Investor Education and Financial Literacy (SIEFL) is developing a comprehensive programme for investor outreach programmes, a programme for financial literacy in schools and a dedicated website for investor education. The School for Regulatory Studies and Supervision (SRSS) delivered 13 executive education programmes and organized roundtables for regulatory staff and for trustees of mutual funds.

The School for Corporate Governance (SCG) has delivered workshops for media persons and Training of Trainers for corporate director's training. The School for Certification of Intermediaries (SCI) has commenced development of five different certification examinations.

The School for Securities Education (SSE) has taken steps to prepare the course "Certificate in Financial Engineering and Risk Management" to be launched in August, 2009. This is a six-month part-time programme for working executives to be offered twice a year.

The School for Securities Information and Research (SSIR) has begun activities to establish the Network of Securities Markets Data (NSMD), a project to help researchers in obtaining clean data for taking up studies on securities markets. NISM conducted the Conference on Securities Markets in December 2008. SSIR undertook several activities to promote research in securities markets.

## **2. Board of Governors**

1. Mr.C.B.Bhave, Chairman, SEBI (Chairman, Board of Governors)
2. Dr.T.C. Nair, Whole Time Member, SEBI (till January 15, 2009)
3. Mr.M.S.Sahoo, Whole Time Member, SEBI (from January 16, 2009)
4. Dr.K.M.Abraham, Whole Time Member, SEBI (from January 16, 2009)
5. Dr.K.R.S.Murthy, Former Director, IIM Bangalore
6. Mr.Y.C.Deveshwar, Chairman, ITC Ltd.
7. Mr. A.M. Naik, Chairman and Managing Director of Larsen & Toubro Ltd.  
(till January 2, 2009)
8. Mr.M.B.N.Rao, Former Chairman & Managing Director, Canara Bank
9. Mr.Cherian Varghese, Member, BIFR
10. Mr.Pratip Kar, Dean, Tata Management Training Centre, Pune
11. Dr.Mohan Gopal, Director, NJA, Bhopal
12. Mr.Rafique Dada, Senior Advocate, Mumbai
13. Prof.G.Sethu (In-Charge, NISM)

### **3. Academic Council**

1. Prof. G.Sethu, In-Charge, NISM
2. Dr. Sanjay Kallapur, Associate Dean, Indian School of Business, Hyderabad
3. Mr. Deepak Satwalekar, Former CEO, HDFC Standard Life Insurance
4. Prof. R. Vaidyanathan, Professor of Finance, Indian Institute of Management, Bangalore
5. Dr. Pritam Singh, Professor in Organizational Behaviour, Management Development Institute, Gurgaon

#### **4. Advisory Council**

1. Mr. C B Bhawe, Chairman Securities and Exchange Board of India
2. Mr. Venu Srinivasan, Chairman and Managing Director, TVS Motor Company Ltd.
3. Dr. Marti G Subrahmanyam, Stern School of Business, New York University
4. Sir Howard Davies, Director, London School of Economics and Political Sciences
5. Prof. Andrew Sheng, Former Chairman, Securities Commission, Hong Kong
6. Mr. Colin Grassie, MD & CEO, Asia Pacific, Deutsche Bank, Hong Kong
7. Prof. Eisuke Sakakibara, Director, IIES, Waseda University, Japan
8. Mr. P K Choudhury, Managing Director, ICRA
9. Mr. Uday Kotak, Managing Director, Kotak Mahindra Bank Ltd
10. Dr. S Sadagopan, Director, IIT, Bangalore
11. Mr. Mohandas Pai, Director, Infosys Technologies Ltd
12. Mr. Cyrill Shroff, Amarchand & Mangaldas & Suresh A. Shroff & Co.
13. Prof. G.Sethu, In-Charge, NISM

## **5. Organization of NISM**

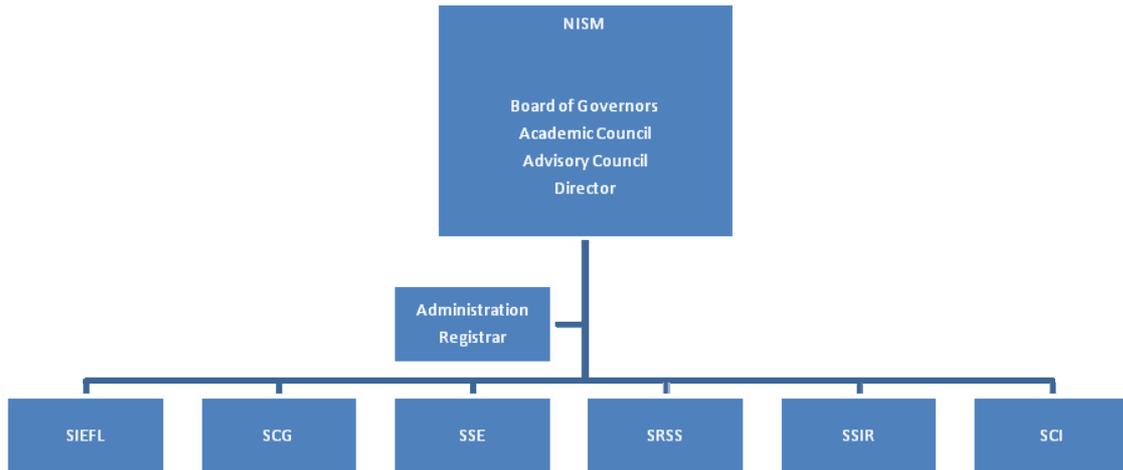
To effectively plan its activities, NISM has viewed the securities markets in terms of the following constituencies of the securities markets:

- (i) Investors
- (ii) Issuers
- (iii) Intermediaries
- (iv) Regulators
- (v) Key constituencies that shape developments in securities markets

The knowledge requirement for each constituency is distinct. To serve the needs of these differentiated constituencies, six separate divisions have been established in NISM. These divisions are named schools. Therefore, NISM is divided into six schools as follows:

- (i) School for Investor Education and Financial Literacy (SIEFL)
- (ii) School for Corporate Governance (SCG)
- (iii) School for Securities Education (SSE)
- (iv) School for Regulatory Studies and Supervision (SRSS)
- (v) School for Securities Information and Research (SSIR)
- (vi) School for Certification of Intermediaries (SCI)

## Organization chart



## 6. Activities during 2008-2009

NISM is organized into six schools on the basis of customer segments. Line activities have been categorized into projects. Within each school, there are a number of individual projects. Similar projects have been placed under one group. At present, there are 20 projects. These are as follows:

1. School for Investor Education and Financial Literacy (SIEFL)
  - i. Investor education through web-based delivery (SIEFL/2008/1)
  - ii. Investor education through outreach programmes (SIEFL/2008/3)
  - iii. Financial literacy programmes through schools (SIEFL/2008/4)
2. School for Regulatory Studies and Supervision (SRSS)
  - i. Executive education for officers of SEBI and market participants (SRSS/2008/1)
  - ii. Executive education for key market participants, etc. (SRSS/2008/2)
  - iii. Securities market simulator (SRSS/2008/5)
  - iv. Round table conference, etc. (SRSS/2008/7)
3. School for Corporate Governance (SCG)
  - i. Workshops for media persons (SCG/2008/1)
  - ii. Directors Toolkit workshops (SCG/2008/2)
4. School for Certification of Intermediaries (SCI)
  - i. Development and administration of mandated certificate examinations (SCI/2008/1)
  - ii. Administration of CPE (SCI/2008/2)
  - iii. Development, etc. of non-mandated certificate examinations (SCI/2008/3)
  - iv. Test administration (SCI/2009/1)
5. School for Securities Education (SSE)
  - i. Financial Engineering and Risk Management Programme (SSE/2008/1)
  - ii. Securities Markets Programme (SSE/2008/2)
  - iii. Certificate in Securities Law (SSE/2008/3)

6. School for Securities Information and Research (SSIR)
  - i. Network for Securities Markets Data (SSIR/2008/1)
  - ii. Conference on Security Markets (SSIR/2008/2)
  - iii. Research projects (SSIR/2009/1)
  - iv. Research Workshops for university teachers (SSIR/2009/2)

The activity report below is presented for each school and, within each school, for each project. Activity report for administrative functions is presented towards the end of this chapter.

### ***1. School for Investor Education and Financial Literacy***

#### *1.1. Investor education through web-based delivery (SIEFL/2008/1)*

To make financial education easily accessible from various parts of the country, SIEFL is developing a website on financial education. The contract has been awarded to the selected vendor. Work on the website development has been started.

The NISM website aims to offer ‘unbiased’ investor education that helps an individual investor. The website is being positioned as a place for neutral, reliable, unbiased information for the individual investor; where the investor comes first. Website names, bye-line and logos have been finalized. The first level content structure has also been approved.

A ‘coming soon’ website has been launched. 60 page content will be developed by the end of August, 2009. The website with 200 pages of content is expected to become operational by end September 2009.

#### *1.2. Investor education through outreach programmes (SIEFL/2008/3)*

NISM believes that though a number of market organizations are conducting investor workshops in the country, the effort has few limitations, as follows:

- Most education is focused on one segment of the market, invariably the segment to which the trainer organization belongs. Investor education is, therefore, seen in the context of the business of the organization funding the effort. Organizations involved in investor education, therefore, do not provide access to complete educational needs of investors.

- The quality of education varies widely with quality of speakers/facilitators of the workshops. Additionally, speaker biases related to their businesses or products invariably creep into their presentations.

NISM is developing standard training programs with standardized presentations as well as standard literature to be used in investor outreach programs.

NISM is also looking at accrediting and training potential trainers who would deliver these programs to the general public.

These programs include:

No.	Program	No.	Program
1.	Introduction to Financial Markets	7.	Introduction to Investment Planning
2.	Introduction to Primary Markets	8.	Advanced Program on Investment Planning
3.	Introduction to Secondary Markets	9.	Managing Investment Risks
4.	Introduction to Mutual Funds	10.	Investing in Mutual Funds
5.	Understanding Investment Risks	11.	Investing in Debt Markets
6.	Financial Planning through Mutual Funds	12.	Understanding Derivatives

These 12 programmes are expected to be ready by the end of August, 2009. The programs that are ready are being reviewed by industry professionals at NISM request.

NISM is hoping to deliver these programs in association with various groups and associations who have access to investor segments across various locations. A fee of Rs. 50/- is envisaged to be charged to participants of the program. NISM is in discussion with FISE, national stock exchanges and regional stock exchanges to take this effort forward.

### *1.3. Financial literacy programme through schools (SIEFL/2008/4)*

NISM has developed a program to impart basic financial skills to school students (Classes VIII upwards). The objectives of this programme are:

- (i) To create sensitivity towards saving, concept of wealth, financial planning, net worth & investment
- (ii) To enable teenage students to carry out basic financial planning analysis resulting in personal cash flow statement
- (iii) To impart real life skills and awareness about banking services, various credit products and investment opportunities
- (iv) To impart hands-on knowledge about tracking investment opportunities through simulation and case studies
- (v) To encourage financial decision making and financial discipline as a collective family unit

This program has been developed as an eight session course with each session of duration of 90 minutes. The course package consists of:

- (i) Student copy of courseware
- (ii) Family activity booklet
- (iii) MoneySmart kit
- (iv) Money Maxim
- (v) Instructor teaching notes

The eight sessions are:

- (i) Introduction to the idea of savings and setting *SMART* goals
- (ii) Cash flow statement
- (iii) Different aspects related to growth of money
- (iv) Basics of banking
- (v) Equity markets
- (vi) Other modes of investment
- (vii) Concept of lending and borrowing
- (viii) Financial reference sites and holistic simulation through case studies

NISM is implementing this program as a pilot programme currently. In this task, NISM has been working closely with SEBI. SEBI–NRO had discussions with the National Progressive School Conference in Delhi and they had shown keen interest in implementing the same. The pilot programme has been launched in various locations with the assistance of SEBI regional offices and partner organizations such as the Madras Stock Exchange. Following are the details of workshops conducted for Principals and Teachers.

#### *1.3.1. Workshops for school principals*

1. Bhopal: One workshop conducted on Mar. 7, 2009. Attended by 27 principals from 22 schools
2. Chennai: Two workshops conducted: Jan. 30, 2009 and Feb. 13, 2009. Attended by 20-25 principals/workshop

#### *1.3.2. Workshops for school teachers*

1. Delhi: Three workshops have been conducted on Sept. 6, 2008 (attended by 63 teachers from 34 schools), Sept. 27, 2008 (attended by 34 teachers from 20

schools) and Dec. 6, 2008 (attended by 28 teachers from 15 schools). In all, 125 participants from 69 schools attended these workshops.

2. Dehradun: Two half-day workshops were conducted on Mar. 25, 2009 and Mar. 26, 2009 respectively. Attended by 33 teachers from 15 schools.

An Inter-School award scheme has been proposed to create a spirit of competition and excitement among the schools. Medals and certificates for the Students, Teachers and Shield for the best Schools are being considered for student participants in the program from a city who complete the program within a specified time period.

## **2. School for Regulatory Studies and Supervision**

### *2.1. Executive education for officers of SEBI and market participants (SRSS/2008/1)*

The following executive education programmes have been conducted:

<i>Sr. No.</i>	<i>EDP Title</i>	<i>Date</i>	<i>Audience</i>
1	Induction training for SEBI	28 April 2008 till 10 May 2008	Newly recruited officers in SEBI
2	Operational risk	5-8 May 2008	Officers of SEBI
3	Operational risk	9-13 May 2008	Officers of SEBI
4	Operational risk	14-17 May 2008	Officers of SEBI
5	Transitioning into management	9-14 June 2008	Officers of SEBI
6	Induction training programme	2-21 July 2008	Newly recruited officers in SEBI
7	Attachment programme	22-26 July 2008	Newly recruited officers in SEBI
8	Appreciation programme	18 July 2008	Officers of Indian Foreign Service
9	Secretarial practice and effectiveness	November-December 2008	Staff of SEBI
10	Risk management	29 November 2008	Officers from SMEs
11	Training for internal audit of stock brokers	9 January 2009 till 25 April 2009	12 programmes for officers from the three professional institutes
12	Training programme for SAARC nations	16-27 February 2009	Officers from securities markets of SAARC nations
13	Orientation programme on financial markets and risk management	16-20 February 2009	Officers from the finance functions of government of AP

## *2.2. Round table conference, etc. (SRSS/2008/7)*

### **2.2.1. Roundtable Conference on “Reforms Agenda for Indian Securities Markets”**

NISM, in association with the World Bank, organized the captioned roundtable at Goa during 24-25 October, 2008. The roundtable was meant as a forum for officers of SEBI, officers of Ministry of Finance and experts from industry and academia to discuss the various issues pertaining to reforms in the Indian securities industry. About 50 delegates from India and abroad attended. The following themes were discussed:

- (i) Importance of regulatory and supervisory framework for developing competitive markets
- (ii) Regulatory structure and approach: Regulation vs. Self-regulation
- (iii) Regulatory structure and approach: Principles-based regulation and risk-based supervision
- (iv) Regulatory impact assessment
- (v) Importance of introducing a competitive framework for a particular market segment: An example in derivative markets.

### **2.2.2. Roundtable of independent trustees of mutual funds**

NISM conducted the “Roundtable of independent trustees of mutual funds” in Mumbai on August 29, 2008. The purpose of the roundtable was to inform the independent trustees about the role of trustees as first level regulators and also to seek feedback from them on ground level realities of how mutual funds work. About 70 independent trustees participated.

### **2.2.3. Knowledge partner with CII**

NISM was the knowledge partner for the Annual Mutual Fund Summit of Confederation of Indian Industries held in Mumbai on June 18, 2008.

## ***3. School for Corporate Governance***

### **3.1. Workshop for media persons (SCG/2008/1)**

NISM, in collaboration with the Global Corporate Governance Forum of IFC, Washington, organized the following workshop in Mumbai for media persons:

“Media Workshop on Corporate Governance” during July 21-23, 2008

### 3.2. Directors Toolkit workshops (SCG/2008/2)

NISM, in collaboration with the Global Corporate Governance Forum of IFC, Washington, organized the following workshop in Mumbai

“Board Leadership Workshop Toolkit – Training the Trainers” during July 16-18, 2008

## ***4. School for Certification of Intermediaries (SCI)***

### *4.1. Development and administration of mandated certification examinations (SCI/2008/1)*

NISM has commenced development of the following certification examinations to be launched under the SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007:

- i. Registrars to an Issue and Share Transfer Agents (Corporate)
- ii. Registrars and Share Transfer Agents (Mutual Funds)
- iii. Compliance for Securities Brokers
- iv. Compliance for Portfolio Management Services
- v. Compliance for Merchant Bankers

These examinations are being developed in consultation with the professionals in the respective industry segments. First, a job analysis is carried out for the functions performed by the staff for which the proficiency is being tested. Test objectives are developed on the basis of functional analysis. Resource persons are engaged to prepare a work book and test questions.

In the case of the two examinations, (i) Registrars to an Issue and Share Transfer Agents (Corporate) and (ii) Registrars and Share Transfer Agents (Mutual Funds), NISM worked with the Registrars Association of India (RAIN) to conduct job analysis for the defined functions and in developing required test objectives and course outline. NISM developed the following:

- Test Objectives for the two examinations
- Question Banks for the two examinations
- Workbooks for the two examinations

## ***5. School for Securities Education***

### *5.1. Financial Engineering and Risk Management Programme (SSE/2008/1)*

NISM is preparing to conduct the course “Certificate in Financial Engineering and Risk Management” with effect from August 30, 2009. This is a six-month part-time programme for working executives. This course would be offered twice a year.

## ***6. School for Securities Information and Research***

### *6.1. NSMD (Network for Securities Markets Data) (SSIR/2008/1)*

The Network of Securities Market Data (NSMD) is a unit of School for Securities Information and Research, NISM. The objective of NSMD is to offer standardized, easy and affordable access to securities markets data to researchers, students and faculty members in the academia. NSMD would build an interface that routes financial markets data from different data vendors. NISM would take steps to ensure that the data that flows through NSMD is clean, complete and accurate. The value addition from this utility is as follows:

- It offers a validated and quality data on Indian securities markets
- It offers an easy access (single window) to multiple data vendors and in lines of WRDS (Wharton Research Data Services)
- It houses several utilities that make it simple for the users to organize the data in convenient ways for analysis.

The concept of NSMD, the strategies and the various operational aspects have been discussed several times in the NSMD meetings held and also approved by the NISM Board. In all the NSMD meetings senior management of SEBI and eminent persons from academia and industry participated.

In its 6<sup>th</sup> meeting held on 20<sup>th</sup> December 2007, the NISM Board took note of the proposed framework for collaboration between NISM and ISB Hyderabad in this context. The main purpose of this initiative for NISM is to lead the research effort by providing clean, accessible, comprehensive, and researcher friendly data on Indian market and thereby enhance our understanding of the Indian securities markets. For the time being, it has been decided to focus on accounting data and price data for the top 500 companies for ten years.

<b>Price Database : Daily frequency</b>							
<b>Variables</b>		<b>NSE-Spot</b>	<b>NSE-Derivatives</b>	<b>BSE-Spot</b>	<b>BSE-Derivatives</b>		
<b>Price</b>	Open	Data is ready and loaded in NSMD interface for 500 companies from Jan2000 to Feb 2008. Adjusted price is not yet calculated. Impact cost variable is available only for top 100 companies for Jan and Feb 2008	Data is ready and loaded in NSMD interface for all stocks having derivatives right from their inception to Feb 2008. Impact cost and volatility are not calculated for derivatives segment.	BSE has rich (long history and covers more companies) data readily. But we have not yet received the same from BSE.	Not much trading in BSE derivatives segment. Approached MEX they have not yet responded.		
	High						
Low							
Close							
<b>Liquidity</b>	Adjusted						
	Volume traded (in shares)						
	Number of Trades						
<b>Volatility</b>	Volume traded(in value)						
	Impact cost						
<b>Price Database : Intra-day Trades data</b>							
<b>Variables</b>		<b>NSE-Spot</b>	<b>NSE-Derivatives</b>	<b>BSE-Spot</b>			
<b>Price</b>	First	Data is up and loaded in NSMD interface for about 500 firms and from Jan 2000 to Feb 2008.	Data is up and loaded in NSMD interface for all firms having derivative contracts and right from their inception.	Data, for all stocks, is given for 3 months (July, August and Sept 2008). We received this data towards end of April 2009. Not yet processed this data as BSE would like to process this data. Insignificant volumes in Derivatives segment of BSE and hence not considered.			
	Last						
Max							
Min							
<b>Volume</b>	Average						
	Number of Trades						
<b>Granularity</b>	Trading Volume in shares						
	Trading volume in value						
<b>Price Database : Intra-day Orders data</b>							
<b>Variables (total 20 )</b>		<b>NSE-Spot</b>	<b>BSE-Spot</b>				
<b>Quotes</b>	Best buy quote	Received data from Jan 2000 to Feb 2008. This data is part of the order book, only 4 order book snapshots per day. Processed this data for top 100 firms for Jan and Feb months of 2008. This is available only at 11, 12, 13 and 14hrs. Data on Derivatives segment is available but not processed yet.	We received complete order book data for all companies for 3months. Not yet processed this data as BSE would like to process this data. Insignificant volumes in Derivatives segment of BSE and hence not considered.				
	Best sell quote						
<b>Depth (for buy and sell separately)</b>	Buy Volume offered (in shares and value) at the best (first, up to 5 and full) quote and # of orders supporting the quote						
	Granularity at 5, 30 and 60minutes						
<b>Accounting data : IRIS Data vendor</b>							
Includes comprehensive variable set obtained from annual financial statements. We have them in XBRL format for about 4000 firms from 2003 onwards (approx. 20000 firm-years). Prof. Sanjay Kallapur (and his team at ISB) processed XBRL data into *.csv format and passed on to our Technology vendor.							

The NSMD scoping report presented in April 2008 highlighted the necessity to validate and standardize various types of data provided by different vendors; a schema of interface with sample data from CMIE and IRIS; and budgetary requirements for making the interface operational. The 'proto type' interface of NSMD was presented in the Conference on Securities Markets 2008 on 20<sup>th</sup> December 2008. The front-end application has been developed for forming a query and firing on data vendor's sites. This 'proto type' interface has been designed using open source software (tomcat, mysql, java), runs on a local machine and has capability to query a local data base. The NSMD committee felt that a technology company should be engaged by NSMD to make the interface a 'commercially viable' portal service and also to adequately address the concerns relating to data security.

The NSMD sub-committee invited bidders to make their presentation covering the technology and financial aspects on 11<sup>th</sup> November 2008 and 24<sup>th</sup> February 2009. After examining the technical aspects, financial aspects and the need to speed up the project, the NSMD sub-committee recommended to award the work to Sryas Technologies.

## 6.2. Conference on Securities Markets (SSIR/2008/2)

NISM organized the *Conference on Securities Markets 2008* in Mumbai during December 19-20, 2008. The theme of the conference was "Structure, Microstructure and Regulation of Securities Markets". The highlight of the conference was the keynote address by Prof. Robert Engle, Nobel Laureate in Economics, 2003.

In response to the "call for papers", over 70 submissions were received for the fifteen slots in the conference. All accepted papers went through two rounds of reviews. A number of leading researchers from various countries presented their papers in the conference. About 300 delegates from academia, industry, regulatory organizations attended the conference.

On December 21, 2008, the day following the conference, NISM conducted a research workshop for Ph.D. students at Vashi, Navi Mumbai. The workshop discussed the following topics:

- (i) Liquidity and asset pricing (Prof. Tarun Chordia, Emory University)
- (ii) Collateral, regulation and liquidity (Prof.S.Viswanathan, Duke University)
- (iii) Market microstructure (Prof. Pradeep Yadav, University of Oklahoma)
- (iv) Law, institutions and corporate finance (Prof. Krishnamurthy Subramanian, Emory University)
- (v) Tutorial on NSMD (Prof. Vijay Bhaskar Marisetty, NISM)

About 40 research students attended the workshop.

### 6.2. Research projects (SSIR/2009/1)

#### Credit Rating Agency Performance

Ministry of Finance has asked NISM to prepare a study “Assessment of Long Term Performance of Credit Rating Agencies in India”. NISM has commenced the work on this.

### 6.3. Publications

NISM has prepared the following titles:

- (i) Indian Securities Markets: A Primer
- (ii) Training for Internal Audit of Brokers

Publications by staff members:

- (i) Sunder Ram Korivi “Modern Managerial Accounting and Control”, Himalaya Publishing House
- (ii) Sunder Ram Korivi “Introduction to Financial Accounting”, Himalaya Publishing House
- (iii) Sunder Ram Korivi & S. Rachappa (2008) “*Financial Standards and Disclosure of Select Companies*”, paper presented in the *Annual Conference of the Indian Accounting Association*, Ahmedabad, December 2008
- (iv) Sunder Ram Korivi (2008) “Maharashtra as an Investment Destination: A Consumer Satisfaction Survey”, submitted to MEDC, 2008
- (v) Vijaya Marisetty & Marti G. Subrahmanyam (2008) “Group Affiliation and the Performance of IPOs in the Indian Stock Market”, *Journal of Financial Markets*
- (vi) Vijaya Marisetty, Saikat Deb and Petko Kalev (2008) “Towards Flexible Price Limit System” *Conference on Securities Markets*, NISM, Mumbai, December 2008

- (vii) Vijaya Marisetty & Saikat Deb (2008) “Information Content of IPO Grading”, *Conference on Securities Markets*, NISM, Mumbai, December 2008
- (viii) Kiran Kumar, Ram Thirumalai and Pradeep Yadav (2008) “Hiding Behind the Veil: Pre-Trade Transparency, Informed Traders and Market Quality”, *Conference on Securities Markets*, NISM, Mumbai, December 2008.

## ***7. Matters pertaining to Administration, etc.***

### *Staffing and Compensation Policy*

In its 7<sup>th</sup> meeting held on June 4, 2008, the Board of Governors approved the “Staffing and Compensation Policy” for NISM.

### *Constitution of CFRS*

In the tenth meeting of Board of Governors of NISM held on March 13, 2009, a sub-committee of the Board was formed to facilitate staff recruitment at NISM. The Committee to Facilitate Recruitment of Staff (CFRS) consists of the following members of Board of Governors of NISM:

1. Dr.K.M.Abraham
2. Dr.K.R.S.Murthy
3. Mr.M.B.N.Rao
4. Prof.G.Sethu

### *Corpus contributions received*

Deutsche Bank made a corpus contribution of Rs. 0.30 cr towards the establishment of Deutsche Bank Chair in NISM on November 24, 2008

### *Registered address*

As NISM moved to Plot 82, Sector 17, Vashi in January 2009, the registered address of NISM has been changed to:

Plot 82, Sector 17,  
Vashi  
Navi Mumbai 400705

## 7. Financial statements

Name of the Public Trust: National Institute of Securities Markets  
Balance Sheet as on 31st March, 2009

Funds and Liabilities	Rs.	Rs.	Propert and Assets	Rs.	Rs.
<b>Trusts Funds or Corpus:-</b>			<b>Immovable Properties:- (At Cost)</b>		
Balance as per last Balance Sheet	1,271,000,500		Balance as per last Balance Sheet	5,043,067	
Received during the year	3,000,000	1,274,000,500	Additions during the year		
			Less: Sales during the year		
			Depreciation upto date	252,153	4,790,914
<b>Other Earmarked Funds:-</b>			<b>Investments:- Fixed Deposits</b>		1,197,607,537
(Created under the provisions of the trust deed or scheme or out of the Income)					
Depreciation Fund	-		<b>Furniture and Fixtures:- Office Equipment</b>		
Sinking Fund	-		Balance as per last Balance Sheet	83,907	
Reserve Fund	-		Additions during the year	7,499	
Any other fund	15,000,000	15,000,000	Less: Sales during the year	-	
			Depreciation upto date	16,267	75,139
<b>Loans (Secured or Unsecured):-</b>			<b>Loans(Secured or Unsecured): Good/doubtful</b>		
From Trustees	-		Loans Scholarships	-	
From Others	-		Other Loans	-	
			<b>Advances:-</b>		
<b>Liabilities:-</b>			To Trustees	-	
For Expenses	4,597,743		To Employees	-	
For Advances	-		To Contractors	-	
For Rent and Other Deposits	-		To Lawyers	-	
For Sundry Credit Balances	3,621,295		To Others: Service Tax Receivable	417,135	
			Sundry Debtors	5,020,918	
		8,219,038	Prepaid Expenses	1,459,739	
			T.D.S. Receivable on FD	3,554,093	
			To Others: For Purchase of Building	78,094,163	
			To Others: For Purchase of Land	70,445,600	158,991,648
			<b>*Income Outstanding:-</b>		
			Interest Receivable		65,074,119
			(a) In Current Account with Banks	8,016,687	
			(b) With the Trsutees Cash Balance	541,000	
			(c.) With the manager		8,557,687
<b>Income and Expenditure Account:-</b>			<b>Income and Expenditure Account:-</b>		
Balance as per last Balance Sheet	49,933,142		Balance as per Balance Sheet		
Less: Appropriation, if any	-		Less: Appropriation, if any		
<b>Add: Surplus</b> as per Income and	87,944,365		Add: Deficit as per Income and		
<b>Less: Deficit</b> Expenditure Account		137,877,507	Less: Surplus Expenditure Account		
Total Rs.....		1,435,097,045			1,435,097,045

Name of the Public Trust: National Institute of Securities Markets  
Income and Expenditure Account for the year ending 31st March, 2009

Expenditure	Rs	Rs.	Income	Rs.	Rs.
<b>To Expenditure in respect of properties:-</b>			(accrued) *		
Property Expenses		223,441	<b>By Rent</b> (realised)		-
<b>To Establishment Expenses</b>			(accrued) *(estimate)		
(As per Annexure - A)		4,200,576	<b>By Interest</b> (realised)		-
<b>To Remuneration to Trustees</b>		-	On Securities:		-
<b>To Remuneration</b> (in the case of a math) to the head			On Fixed Deposit		117,168,124
of the math including his household expenditure, if any			On Bank Account:		218,993
<b>To Legal Expenses</b>		644,126			
<b>To Auditors Fees</b>		50,000	<b>By Dividend</b>		
<b>To Professional Fees</b>		-			
<b>To Contribution and Fees;</b>			<b>By Donations in Cash or Kind</b>		
<b>To Amount written off</b>					
(a) Bad Debts			<b>By Grants</b>		-
(b) Loan Scholarships					
(c.) Irrecoverable Rents			<b>By Income from other sources</b>		5,573,553
(d) Other Items			(Sponsorship)		
<b>To Miscellaneous Expenses</b>		-			
<b>To Depreciation</b>		268,420	<b>By Transfer from Reserve</b>		-
<b>To Provision for Tax</b>		1,765,000			
<b>To Amount transferred to Reserve or</b>			<b>By Deficit carried over to</b>		-
<b>Specific funds</b>			<b>Balance Sheet</b>		
<b>To Expenditure on Objects of the Trust</b>					
(a) Religious					
(b) Educational (As per Annexure - B)		27,864,742			
(c.) Medical Relief					
(d) Relief of Poverty					
(e) Other Charitable Objects					
<b>To Surplus Carried over to Balance Sheet</b>		87,944,365			
<b>Total Rs.....</b>		<b>122,960,670</b>	<b>Total Rs.....</b>		<b>122,960,670</b>

**Annexure – A**

**List of Establishment Expenses for the year ended 31.03.2009**

<b>Sr. No.</b>	<b>Nature of Expenses</b>	<b>Amount</b>
1	Membership & Subscription	305,813
2	Telephone Expenses	107,507
3	Office Expenses	147,244
4	Website Charges	23,680
5	Maintenance of Building	1,618,156
6	Property Tax	4,20,000
7	Staff Welfare	3,44,794
8	Rent	4,84,841
9	Meeting Expenses	432,158
10	Electricity Expenses	45,969
11	Advertisement Expenses	219,440
12	Bank Charges	50,974
		<b>4,200,576</b>

**Annexure - B**

**List of Educational Expenses for the year ended 31.03.2009**

<b>Sr. No.</b>	<b>Nature of Expenses</b>	<b>Amount</b>
1	Courier Charges	35,879
2	Honorarium Charges	8,119,439
3	Office Expenses	52,917
4	Printing & Stationery	238,653
5	Professional Fees	384,326
6	Recruitment Expenses	358,062
7	Repair & Maintenance ( Computer)	57,960
8	Salaries to Staff	3,941,828
9	Seminar Expenses	14,372,357
10	Travelling Expenses	132,304
11	Conveyance Expense	171,017
12	Books & Periodicals	
		<b>27,864,742</b>

**Annexure - C**

**List of Investment as 31.03.2009**

<b>Sr. No.</b>	<b>Particulars of Investments</b>	<b>Amount</b>
1	Bank of Baroda FD 24780300007441	9,500,000
2	Bank of Baroda FD 24780300007442	9,500,000
3	Bank of Baroda FD 24780300007443	9,500,000
4	Bank of Baroda FD 24780300007444	1,500,000
5	Canara Bank FD 0172401000906	232,500,000
6	Central Bank of India	108,900,000
7	Central Bank of India FD 3043392723	9,500,000
8	Central Bank of India FD 3043413246	9,500,000
9	Central Bank of India FD 3043413337	9,500,000
10	Central Bank of India FD 30433413495	9,500,000
11	Central Bank of India FD 3043413632	7,000,000
12	Corporation Bank Fd/01/090123	9,900,000
13	Corporation Bank Fd/01/090124	195,527
14	ICICI Bank FD 055514001205	65,000,000
15	Oriental Bank Commerce FD-10503222000447	50,000,000
16	Oriental Bank Commerce FD-10503222000638	105,000,000
17	State Bank Mysore (64037919516)	3,000,000
18	State Bank Mysore (64064041110974)	40,377,010
19	State Bank of Hyderabad (62047276361)	210,000,000
20	State Bank of India FD 30417978938	85,000,000
21	State Bank of India FD 30612790191	160,000,000
22	State Bank of Patiala	51,500,000
23	ICICI Bank Special Saving FD	1,235,000
		<b>1,197,607,537</b>



Teachers Training Programmes organised by NISM



**C B Bhave, SEBI Chairman welcoming the participants at the conference**



**Professor Robert Engle (Nobel Laureate, 2003) delivering keynote address at the conference**

**National Institute of Securities Markets**  
*(Established by the Securities and Exchange Board of India)*  
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