

**NISM-Series-II-A: Registrars to an Issue and Share Transfer Agents - Corporate
Certification Examination**

Test Objectives

Unit 1: Introduction to Securities

- 1.1. Describe the broad categorization of securities as equity and debt and distinguish between equity and debt capital based on:
 - 1.1.1. Contributors of fund
 - 1.1.2. Time period
 - 1.1.3. Cost of capital
 - 1.1.4. Rights of the contributors
- 1.2. Describe the features of equity capital and benefits to equity investors
 - 1.2.1. Limited liability
 - 1.2.2. Ownership rights
 - 1.2.3. Liquidity
 - 1.2.4. Perpetuity
 - 1.2.5. Uncertain pay-outs
- 1.3. Describe the features of debt capital and benefits to debt investors
- 1.4. Describe hybrid structures
 - 1.4.1. Convertible debentures
- 1.5. Preference shares

Unit 2: Characteristics of Equity Shares

- 2.1. List the types of investors in Equity Shares:
 - 2.1.1. Promoters
 - 2.1.2. Institutional Investors
 - 2.1.3. Public Investors
- 2.2. Understand the rights of common shareholders
 - 2.2.1. Ownership rights
 - 2.2.2. Right to dividend
 - 2.2.3. Ownership transfer rights
 - 2.2.4. Other rights (right to inspect documents, right to legal recourse etc)
- 2.3. List the risks involved in equity investing
 - 2.3.1. No fixed return
 - 2.3.2. No fixed tenor
 - 2.3.3. Liquidity risk
 - 2.3.4. No collateral security
- 2.4. Describe the various equity terminologies—face value, share premium, authorized capital, issued capital, paid-up capital, outstanding shares, fully paid up shares, partly paid up shares
- 2.5. Describe the various Corporate actions
 - 2.5.1. Dividend
 - 2.5.2. Buyback of shares
 - 2.5.3. Bonus issue
 - 2.5.4. Stock split and Consolidation

- 2.6. Discuss about reduction of Share Capital through extinguishment of shares or through forfeiture of shares
- 2.7. Discuss about Preference shares
- 2.8. Discuss about Rights Issue of shares
- 2.9. Discuss briefly about Preferential Issue

Unit 3: Characteristics of Debt Securities

- 3.1. Define the features of a debt security in terms of payments such as the face value, coupon and term to maturity.
- 3.2. Distinguish the market value of a corporate debt security from the face value.
- 3.3. Define current yield and yield to maturity
- 3.4. List the types of debt securities and describe their characteristics:
 - 3.4.1. Convertible debt securities
 - 3.4.2. Zero coupon bond
 - 3.4.3. Fixed rate bonds
 - 3.4.4. Floating rate bonds
 - 3.4.5. Inflation indexed bonds
 - 3.4.6. Amortising bonds
 - 3.4.7. Asset-backed securities
 - 3.4.8. Other types of bonds (deferred interest bonds, step-up bonds)
- 3.5. List out the classification of Debt market
 - 3.5.1. Based on the type of borrower
 - 3.5.2. Based on the tenor of the instrument
- 3.6. Know about Credit Rating and identify the role of Credit Rating Agencies and their symbols
 - 3.6.1. Describe the nature of unrated bonds
- 3.7. Understand Money market instruments like Commercial Paper, Certificate of Deposit and Treasury Bills)

Unit 4: Characteristics of Other Securities

- 4.1. Identify the purpose of a warrant offering as a means to make an offering of new securities, usually debt securities, more attractive to investors
- 4.2. Identify the purpose of convertible debentures, to convert debt to equity over time, and manage cash flows
- 4.3. Identify the purpose of Depository Receipts (DRs)
- 4.4. Identify the purpose of Foreign Currency Convertible Bonds (FCCBs)
- 4.5. Discuss briefly about the Exchange Traded Funds (ETFs) and Index Funds
- 4.6. Compare and contrast between Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)
- 4.7. Discuss briefly about Alternate Investment Funds (AIFs)
- 4.8. Discuss briefly about Corporate Fixed Deposits

Unit 5: Basics of Mutual Funds

- 5.1. Understand the concept of Mutual Funds
 - 5.1.1. Identify investment objective of a fund and associate it with the portfolio
 - 5.1.2. Describe the following concepts with illustrations:
 - Collective Investment Vehicle
 - Proportionate share of benefits
 - Units of a Mutual Fund
 - Unit Capital of a Mutual Fund scheme
- 5.2. Understand and list the benefits of mutual funds to investors
- 5.3. Describe and distinguish between open end and closed end mutual funds
- 5.4. Define Assets under Management (AUM) of a mutual fund portfolio and illustrate with example
- 5.5. Define and describe Net Asset Value (NAV) of a fund
 - 5.5.1. Discuss about the assets and liabilities in a mutual fund portfolio to calculate NAV of the fund

Unit 6: SEBI – Role and Regulations

- 6.1. Understand the securities market regulatory environment
- 6.2. Understand the role of Securities and Exchange Board of India (SEBI) and importance of SEBI Act, 1992
- 6.3. Name SEBI regulations specifically aimed at investor protection:
 - 6.3.1. SEBI (Prohibition of Insider Trading) Regulations, 2015
 - 6.3.2. SEBI (Prohibition of Fraudulent and Unfair Trade practices relating to Securities Market) Regulations, 2003
- 6.4. Understand the role of Investor Education and Protection Fund Authority
 - 6.4.1. Identify the purpose of the Investor Education and Protection Fund (IEPF)
 - 6.4.2. Highlight the key aspects of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016
- 6.5. Know other SEBI Regulations and Circulars:
 - 6.5.1. SEBI (Registrars to an Issue and Share Transfer Agents) Regulation, 1993
 - Obligation and Responsibilities
 - Inspection of RTA operations
 - Cancellation or Suspension of Certificate of Registration
 - 6.5.2. SEBI circular on Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue
 - 6.5.3. SEBI (Intermediaries) Regulations, 2008
 - 6.5.4. SEBI (Depositories and Participants) Regulations, 2018

Unit 7: Public Offer of Securities

- 7.1 Outline the different types of equity capital issuance by companies
- 7.2 Describe a public offer of shares
- 7.3 Outline the reservation of shares to certain categories of investors
- 7.4 Discuss about an Initial Public Offer (IPO)
- 7.5 State the eligibility norms for public issue of shares
- 7.6 Discuss about the Follow-on Public Offer (FPO)
- 7.7 Discuss about buy back of securities

- 7.7.1 Outline the regulatory requirements for buyback offer as laid down in SEBI (Buy Back of Securities) Regulations, 2018
- 7.7.2 Discuss different ways to buyback of securities by companies:
 - Buy Back through a Tender Offer
 - Buy Back through Stock Exchanges
 - Buy Back through a Book Building Process

Unit 8: Modes of allotment of shares other than Public Offers

- 8.1 Know about the private placement of shares
- 8.2 Discuss about Qualified Institutions Placements (QIP) of securities
- 8.3 Discuss about the Rights Issues
- 8.4 Discuss about Employee Stock Options (ESOPs)
- 8.5 Briefly discuss about conversion of Convertible Debentures/Bonds into shares

Unit 9: Processes related to Public Offering of Shares

- 9.1 Outline the different activities performed by Lead Managers in a public offer of shares
 - 9.1.1 Pre-issue work
 - 9.1.2 Post-issue work
- 9.2 List the categories of investors who participate in a public issue and their prescribed allotment limits
- 9.3 Describe the role and importance of Prospectus in a public offer of shares
- 9.4 Discuss about the Red Herring Prospectus
- 9.5 Define underwriting and the role of underwriters
- 9.6 Define Green Shoe Option and explain the process
- 9.7 Discuss different methods of making a public issue of shares
 - 9.7.1 Define Fixed Price Issue
 - 9.7.2 Define Book Built Issue
 - Regulatory requirements in a Book Building Offer
- 9.8 Discuss the SME IPOs and the difference between SME and Main Board IPO
 - 9.8.1 List the capital requirements for SME IPOs
 - 9.8.2 Outline the regulatory requirements for SME IPO

Unit 10: Roles and Responsibilities in a Public Issue

- 10.1 Discuss the different activities performed by Registrar and Transfer Agents (R&T Agents) in a public offer of shares
 - 10.1.1 Pre-Issue Work
 - 10.1.2 Post-Issue Work
- 10.2 Define Application Supported by Blocked Amount (ASBA) facility
 - 10.2.1 Discuss the process involved for availing the ASBA facility to subscribe to public issue of shares
 - 10.2.2 Describe the role and responsibilities of Registrar and Transfer Agents in the ASBA process
- 10.3 List the functions performed by Brokers to the Issue/ Syndicate Members/ Designated Intermediaries
 - 10.3.1 Describe the brief Process of approval for basis of allotment
- 10.4 Describe the UPI payment process for an IPO and other Issues

Unit 11: Depository Services

11.1 Explain the concept of dematerialisation of securities

11.2 List the constituents of the Depository System

11.2.1 Discuss the roles and responsibilities of the constituents:

- Depository
- Issuer/ Registrar and Transfer Agents
- Depository Participants
- Designated Depository Participants

11.3 Describe the investors' interface with the Depositories

11.3.1 Outline the importance of updation of investor records in the books of issuers and Depository Participants

11.3.2 Identify the rights of investors as Beneficial Owners

Unit 12: Processes related to Depositories

12.1 Explain the steps involved in dematerialisation of securities

12.2 Explain the steps involved in rematerialisation of securities

12.3 Define the concepts of Trading and Settlement

12.3.1 Differentiate between market and off-market trades

12.3.2 Highlight the importance of inter-Depository delivery

12.4 Discuss about the requirement of Beneficial Owner Reporting by the depositories for updation of records to determine entitlement to corporate actions

12.5 Explain the role of Registrar and Transfer Agents in updating the investor records and effecting various corporate actions:

12.5.1 Bonus Issue/ Split/ Consolidation

12.5.2 Rights Issue

12.5.3 Mergers and Amalgamations

12.6 Describe the process of reconciliation of records between the Depository and Registrar & Transfer Agents

12.7 Briefly explain the importance of maintaining a database of Distinctive Numbers of equity shares of listed company by the Depositories

12.8 Discuss the procedure of crediting the shares to IEPF account and servicing the claim of the investors

Unit 13: Investor Interface with the R&T Agent

13.1 Describe the process related to Transfer of physical shares for listed entities (w.e.f April 1, 2019; including process of transfer of unlisted shares)

13.2 Discuss the steps followed by RTAs in Recording changes in investor information

13.2.1 Change in address

13.2.2 Change in bank details

13.2.3 Registering a Power of Attorney

13.2.4 Registering Nomination Form

13.2.5 Registration of FORM 15H and 15G for dividend processing as per changes in Finance Bill 2020.

13.3 Discuss the steps involved in Issuance of duplicate certificates for securities (including lost shares for both buyer and seller and stolen shares)

- 13.4 Discuss about Stop transfer instructions
- 13.5 Describe the process related to Transmission of securities (Normal mode, Physical mode as well for securities which has been credited to the IEPF account)
- 13.6 Explain the role of Registrar and Transfer Agents in facilitating the conduct of Annual General Meeting
 - 13.6.1 List the advantages of e-voting facilities provided to the shareholders

Unit 14: Secondary Market Transactions

- 14.1 Identify the role of the secondary market
- 14.2 Identify the role of the stock exchanges as facilities for conducting secondary market transactions
- 14.3 List the various participants in the stock markets and discuss their roles
 - 14.3.1 Investors
 - 14.3.2 Intermediaries
 - Stock Brokers
 - Depository Participants
- 14.4 Discuss the importance of listing of securities in a recognised stock exchange
- 14.5 Know the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding:
 - 14.5.1 Applicability of the Regulations
 - 14.5.2 Common obligations of listed entities
 - 14.5.3 Quarterly and annual compliances
 - 14.5.4 Events requiring prior intimation and intimation within 24 hours of occurrence of event

Unit 15: Client Servicing

- 15.1 Define an Investor in context of RTA organisation
 - 15.1.1 Discuss the importance of investors in the economy
- 15.2 Discuss about handling of service requests through First Time Right (FTR) approach
- 15.3 Explain the various principles of client servicing:
 - 15.3.1 Attitude
 - 15.3.2 Patience
 - 15.3.3 Empathy
 - 15.3.4 Compassion
 - 15.3.5 Liaising
 - 15.3.6 Communication skills
- 15.4 Discuss the service etiquettes followed by RTA organisation in client servicing
 - 15.4.1 Outline the basic rules followed as per the Standard Operating Procedures (SOP)
 - 15.4.2 List down the Dos and Don'ts in client servicing
 - 15.4.3 Emphasize on effective resolution of investor grievances
 - 15.4.4 Importance of thanking the investors