

Annexure –II

NISM-Series-XI: Equity Sales Certification Examination

Test Objectives

Unit 1: Overview of Indian Securities Markets

- 1.1 Know about the Indian Securities Markets
 - 1.1.1 Discuss the structure of the Indian Securities Market
 - 1.1.2 Discuss the role of the securities markets in the Indian economy
- 1.2 List the Market Regulators and understand their roles
- 1.3 Know the Products offered in the Indian Securities Markets
- 1.4 Know the Market Participants in the Indian Securities Market
- 1.5 List the Types of Investors

Unit 2: Regulatory Framework

- 2.1 Know the Securities Contracts (Regulation) Act, 1956 and explain how SC(R)A aims at preventing undesirable transactions in securities
- 2.2 Know the Securities Contracts (Regulation) Rules, 1957 and explain the rules for a contract in equity market between two members of recognised stock exchange
- 2.3 Understand the Securities and Exchange Board of India Act, 1992 and explain the Role of SEBI as a regulator
- 2.4 Understand the SEBI (Stock Brokers & Sub-brokers) Regulations, 2008 and know the rules and regulations to be followed by Stock Brokers and Sub-brokers
- 2.5 Understand the SEBI (Prohibition of Insider Trading) Regulations, 1992)
- 2.6 Understand the SEBI (Prohibition of Fraudulent and unfair trade practices relating to Securities Markets) Regulation, 2003
- 2.7 Understand the Depositories Act, 1996 and know various regulations on depositories of securities
- 2.8 Understand the Companies Act and know various features followed by a listed company
- 2.9 Understand the Prevention of Money Laundering Act, 2002 and know the regulations designed to prevent money laundering activities in the equity market
- 2.10 List and illustrate the various code of ethics followed by stock exchanges and SEBI's code of conduct for brokers/sub-brokers

Unit 3: Primary Markets

- 3.1 Define the role of the primary market
- 3.2 List and describe various methods of issue of shares
 - 3.2.1 Describe the IPO Process
 - 3.2.2 Understand the intermediaries involved in IPO
 - 3.2.3 Describe the FPO Process

- 3.2.4 Describe the Rights and preferential issues Process
- 3.2.5 Know about the QIP Process
- 3.2.6 Know about the private placement process
- 3.2.7 Define ADRS, GDRs, IDRs and FCCBs and know the process of their issue
- 3.3 Understanding the process of a public issue (Book built and Fixed price)
- 3.4 Explain the various terminologies used in the primary market

Unit 4: Secondary Markets

- 4.1 Define the role of secondary market
- 4.2 Explain the role of stock exchanges in the trading mechanism
- 4.3 Describe the various phases in equity market (bull and bear phase) and related investment strategies

Unit 5: Understanding Market Indicators

- 5.1 Explain the term index
 - 5.1.1 Understand the importance of index while investing
 - 5.1.2 Understand the economic significance of index movement
 - 5.1.3 Know attributes of an index
 - 5.1.4 Calculate Total Returns Index
- 5.2 List various types of indices
- 5.3 List Major Indices in India
- 5.4 Define and Calculate Beta
- 5.5 Define Impact Cost
- 5.6 Understand market capitalization
 - 5.6.1 Define Market Capitalization
 - 5.6.2 Define and Calculate Market Capitalization Ratio
 - 5.6.3 Explain the significance of Market Capitalization Ratio as a market indicator
- 5.7 Understand Turnover and Turnover Ratio
 - 5.7.1 Define Turnover
 - 5.7.2 Define and Calculate Turnover Ratio
 - 5.7.3 Explain the significance of Turnover Ratio as a market indicator
- 5.8 Know the basics of fundamental analysis
- 5.9 Know the basics of technical analysis

Unit 6: Trading and Risk Management

- 6.1 Know the role of a Trading Member
- 6.2 Understand the trading systems in India
- 6.3 Explain various types of orders
- 6.4 Understand the Trade Life cycle

- 6.5 Understand the mechanism of market wide circuit breakers and Price Band
- 6.6 Know the transaction charges for securities transactions
- 6.7 Understand the capital adequacy requirements of trading members
- 6.8 Discuss the Risk Management mechanisms

Unit 7: Clearing and Settlement

- 7.1 List and explain different types of accounts
- 7.2 Explain the clearing process and describe the role of different agencies involved in the clearing and settlement process
- 7.3 Describe the netting of obligation

Unit 8: Surveillance, Investigation and Inspection

- 8.1 Explain the Importance of surveillance
- 8.2 Understand the market surveillance mechanism adopted by the equity exchanges and regulators

Unit 9: Client Management

- 9.1 Explain Risk versus Return
- 9.2 Understand various types of risks
- 9.3 Understand the importance of assessing the risk profile of investors
- 9.4 Understand basics of financial planning
- 9.5 Explain how to suggest suitable products to investors based on their risk appetite
- 9.6 Describe the process of review of customer's portfolio from time to time
- 9.7 Know the process of Opening of Client Account for trading
- 9.8 Impact of taxation on equity investments
- 9.9 Know the investors' grievance redressal mechanism and the SEBI's SCORES system