

Test Objectives

NISM-Series-IIIA

Securities Intermediaries Compliance (Non-Fund) Certification Examination

Part A – Understanding the securities markets and securities market’s Regulatory Structure in India

Unit 1: Introduction to the Financial System

- 1.1 Understand the Financial System
 - Describe the Financial System.
 - Explain the role of Financial Markets in an economy.
 - List out the different sub-types of the financial market.
- 1.2 Know about the Securities Market Intermediaries
- 1.3 Define and Understand types of Securities
 - Define ‘Security’ as per the SC(R)A, 1956.
 - Describe the main features of various financial instruments such as Equity, Shares, Preference Shares, Debentures, Bonds, Warrants, Derivatives (including index derivatives), American Depositary Receipts (ADRs), Global Deposit Receipts (GDRs), Indian Depositary Receipts (IDRs), Mutual Fund Units, and Exchange Traded Funds, e-warehousing receipts.
 - Briefly describe other traded instruments such as derivatives on Currency, Interest rate.

Unit 2: Regulatory Framework – General View

- 2.1 Securities market Regulations in India
 - Explain the need for regulation.
 - Describe the overall framework of the Regulatory Structure Government and Autonomous Regulators, Self-Regulation, Interface with the Judicial System.
- 2.2 List the Financial Market Regulators and understand their role
 - Know about the different Regulators in the Indian financial markets
 - Discuss the role of SEBI in Financial Market Regulation
 - Describe the role of RBI and IRDA, PFRDA and in Financial Market Regulation
- 2.3 Other agencies in the financial market: ROC, EOW, FIU-I, NCLT, SFIO, Police Authorities
- 2.4 Understand the role of Appellate Authority -SAT
- 2.5 Discuss the Legislative Framework Governing the securities market
 - Acts- SEBI, SCRA, Depositories, Companies Act
 - Discuss the main Regulations and Rules that have an impact on the Compliance function.

- Know about the applicable taxes on securities issuance and transactions.
- 2.6 Discuss the functions, role and regulation of International Financial Services Centre's (IFSC)

Unit 3: Introduction to Compliance

- 3.1 Understand the Compliance function
- Meaning and importance of Compliance.
 - Role and responsibility of compliance officer
 - Discuss the importance of appointment of compliance officer.
 - Describe the importance of compliance / ethics in Securities Markets.
- 3.2 Know the Role and Reporting Structure
- Understand the scope and role of a compliance officer.
 - Know the Reporting Structure pertaining to Compliance Officer.
 - Explain the need for independence for the Compliance Officer to perform his function.
 - Explain the reporting responsibility of the Compliance Officers.
- 3.3 Know the Compliance requirements under the SEBI (CAPSM) Regulations, 2007

Unit 4: SEBI Act, 1992

- 4.1 Salient Features of the SEBI Act, 1992
- Discuss and understand SEBI Act from Compliance aspect:
- Registration of Intermediaries
 - Prohibition of unfair trade practices, insider trading and substantial acquisition of securities or control
 - Various provisions in SEBI Act related to Penalties and Adjudications etc.

Unit 5: Securities Contracts (Regulation) Act, 1956 and Securities Contracts (Regulation) Rules, 1957

- 5.1 Understand the following sections of the SC(R)A, 1956
- Books of account and other documents to be preserved
 - Submission of annual reports and periodical returns
 - Types of Contracts-Spot and forward contracts and options in securities
 - Listing of securities
 - Penalties

Unit 6: SEBI (Intermediaries) Regulations, 2008

- 6.1 Understand the SEBI (Intermediaries) Regulations.
- 6.2 Know the General Obligations of the Intermediaries.
- 6.3 Discuss the obligation of the intermediaries on inspection
- 6.4 Understand the action in case of default and manner of suspension or cancellation of certificate.
- 6.5 Know the Code of Conduct for intermediaries.

6.6 Responsibility /Role of Compliance Officer as per SEBI Intermediaries Regulations

Unit 7: SEBI (Prohibition of Insider Trading) Regulations, 2019

- 7.1 Applicability of the SEBI (Prohibition of Insider Trading) Regulations, 2019 pertaining to;
- Intermediaries and Fiduciaries
 - Connected Person
 - Listed Companies
 - Companies proposed to get listed
 - Designated Persons
 - Sharing of UPSI
 - Trading
 - Chinese Wall
 - Structured data base
- 7.2 Discuss the Code of conduct for prevention of insider trading.
- 7.3 Code of fair disclosure
- 7.4 Responsibility /Role of Compliance Officer as per SEBI PIT Regulations

Unit 8: SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003

- 8.1 Understand the Regulation with respect to the prohibition of certain dealings in securities.
- 8.2 Know the various prohibitions related to manipulative, fraudulent and unfair trade practices.
- 8.3 Responsibility /Role of Compliance Officer as per SEBI FUTP Regulations.

Unit 9: Prevention of Money Laundering Act 2002,

- 9.1 Understand the significance of Anti-Money Laundering measures.
- 9.2 Discuss the General Obligations keeping in mind the anti-money laundering guidelines issued by SEBI:
- Principles, Policies and procedures
 - Anti-Money Laundering Purposes
- 9.3 Highlights of SEBI Circular on AML/CFT

Unit 10: SEBI (KYC Registration Agency) Regulations, 2011

- 10.1 Understand the SEBI (KYC Registration Agency) Regulations, 2011
- 10.2 Know registration process, conditions of initial and permanent registration.
- 10.3 Know the obligations when surrendering the certificate of registration.
- 10.4 Understand the Functions and Obligations of KRA and Intermediary.
- 10.5 Know the obligations of the KRA on inspection by SEBI.
- 10.6 Guidelines for Intermediaries, KRAs & In Person Verification

Part B – Understanding Intermediary Specific Regulations

Chapter 11: SEBI (Foreign Portfolio Investors) Regulations, 2019

- 11.1 Understand the concept of Foreign Portfolio Investors
- Categories of Foreign Portfolio Investor (FPI)
 - Eligibility Criteria of FPI
 - Understand the procedure for approval to act as designated depository participant
 - Know about the Investment Conditions and Restrictions for FPI's
- 11.2 Discuss the general obligations and Responsibilities

Unit 12: SEBI (Stock Brokers) Regulations, 1992

- 12.1 Discuss the SEBI (Stock Brokers) Regulations, 1992, highlighting the compliance requirements under the below mentioned sections:
- Registration of Stock Brokers – trading and clearing member – common registration.
 - General obligations and responsibilities
 - Procedure for Inspection by SEBI
 - Procedure for action in case of default
 - Code of conduct for Stock brokers
 - Regulation of transactions between clients and brokers
 - Transactions between clients and brokers
 - Unique Client Code
 - Capital Adequacy norms for brokers
 - Maintenance of books of account and other documents in the manner sought by the enforcement agencies
 - Inspection of brokers by Stock exchanges
 - Direct Market Access - operational specifications, risk management, broker to be liable for DMA trades
 - Regulations relating to HFT and Algo trade
 - Regulations relating to margin trading
 - Appointment of Authorised Persons – rules/circulars thereon.
 - Fees payable by Stock Brokers
 - Margin Requirements
- 12.2 SEBI (AIF) Regulations
- 12.3 SEBI (PMS) Regulations 2019

Unit 13: SEBI (Merchant Bankers) Regulations, 1992, SEBI (Delisting of Securities) Guidelines, 2009, SEBI Takeover Code and SEBI (Buy Back of Securities) Regulations, 20018

- 13.1 Discuss the SEBI (Merchant Bankers) Regulations, 1992.
-Define a merchant banker.

- Know the procedure for registration as a merchant banker.
- Know the eligibility criteria for grant of certificate and the capital adequacy requirement.
- 13.1.1 Understand the general obligations and responsibilities of the merchant banker.
 - Know the code of conduct followed by the merchant banker.
 - List the financial records which a merchant banker needs to maintain.
- 13.1.2 Know the obligations of the Merchant Banker as per the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011
- 13.1.3 Discuss briefly the SEBI (Delisting of Securities) Guidelines, 2009
- 13.1.4 Understand the obligations of the Intermediary under the SEBI (Buyback of Securities) Regulations, 2018
- 13.2 Describe the procedure of application and registration as a Banker to an Issue.
 - Understand the general obligations and responsibilities of Banker to an Issue.
 - Know the Code of conduct for the Bankers to an Issue.
 - Highlight the obligations of a banker to an issue in case of inspection and the action taken by RBI on the inspection and investigation report.
- 13.3 Discuss the role of an Underwriter
 - Understand the procedure of registration as an Underwriter.
 - Know the validity of the certificate of registration as an Underwriter.
 - Know the Capital Adequacy requirements as an Underwriter.
 - Know the Code of conduct for the Underwriters.
 - Highlight the general obligations and responsibilities as an Underwriter.
 - Know about the agreement with the clients.
 - List various books of account and records which need to be maintained.

Unit 14: SEBI (Issue of Capital Disclosure and Requirements) Regulations, 2018

- 14.1 Understand the applicability of ICDR Regulations
- 14.2 Know the provisions under Public Issues and Rights Issues
- 14.3 Discuss the role of merchant bankers as advisors to the issuer company.
- 14.4 Discuss the Due Diligences and Compliances as per the SEBI ICDR
- 14.5 Discuss the role of merchant bankers as Underwriter to the issuer company.
- 14.5 Know the specific provisions as per the SEBI Circular on Rights Issue
- 14.6 Know the general obligations of merchant bankers with respect to Public & Rights Issue

Unit 15: SEBI (Depositories) Act, 1996

- 15.1 Understand the SEBI (Depositories) Act, 1996.
- 15.2 Discuss the Rights and Obligations of the Depositories.
- 15.3 Know the enquiry and inspection procedure followed by SEBI and the penalties.

Unit 16: SEBI (Depositories and Participants) Regulations, 2018

- 16.1 Understand the procedure of registration of a depository participant.

- 16.2 Know the rights and obligations of the depository participant.
 - List the documents related to records of services which need to be maintained.
- 16.3 Action in case of default
- 16.4 Describe the investor grievance redressal mechanism.
- 16.5 Know the Code of conduct for participants and the action in case of any default.

Unit 17: SEBI (Registrars to an Issue and Share Transfer Agent) Regulations, 1993

- 17.1 Understand who is an RTA as per the SEBI regulations
- 17.2 Know the General Obligations and Responsibilities and the role of compliance officer
- 17.3 Learn about the Code of Conduct

Unit 18: SEBI (Research Analyst) Regulations, 2014

- 18.1 Know the Internal Policies and Procedures under the SEBI (RA) regulations
- 18.2 Understand the general responsibility of the Research Analyst
- 18.3 Know about the records which needs to be maintained
- 18.4 Know the role of compliance officer

Unit 19: SEBI (Investment Advisers) Regulations, 2013

- 19.1 Know the general responsibilities of the Investment Adviser
- 19.2 Know the Risk Profiling and Suitability of Clients
- 19.3 Understand the Disclosures by Investment Adviser
- 19.4 Learn about the records which needs to be maintained by the Advisers
- 19.5 Learn about the role of the compliance officer
- 19.6 Understand the Code of Conduct
- 19.7 Understand the Operating Guidelines of IAs in IFSC

Unit 20: SEBI (Debenture Trustees) Regulations, 1993

- 20.1 Understand the procedure of application and registration as Debenture Trustees.
 - List the conditions of registration.
 - Know the period of validity of certificate and the payment of fees.
- 20.2 Know the Capital Adequacy requirements as Debenture Trustees.
- 20.3 Understand the following general obligations and responsibilities.
- 20.4 Know the Code of conduct for the Debenture Trustees.
- 20.5 List the various contents which should form a part of the trust deed.
- 20.6 Understand the process of dissemination of Information by Debenture Trustees.

Unit 21: SEBI (Credit Rating Agencies) Regulations, 1999

- 21.1 Describe the Registration process for Credit Rating Agencies.
 - Understand the application procedure
 - Know the eligibility criteria for application
- 21.2 Highlight the General Obligations of Credit Rating Agencies.

- 21.3 Discuss about the Restrictions on Rating:
- Securities issued by Promoters
 - Securities issued by entities connected with Promoter etc
 - Securities already rated
- 21.4 Know Code of conduct of the Credit Rating Agencies.
- 21.5 Discuss the Guidelines issued by SEBI for Credit Rating Agencies.

Unit 22: SEBI (Custodian) Regulations, 1996

- 22.1 Understand the different Custodial Services.
- 22.2 Describe the eligibility criteria and the registration process.
- Describe the Procedure of Application for grant of certificate.
 - Know the Capital Requirement.
 - Know the Period of Validity of Certificate.
- 22.3 Highlight the General Obligations and Responsibilities of Custodians.
- 22.4 Know the Code of Conduct.