

Annexure II – Test Objectives (w.e.f December 7, 2019)

NISM-Series-VI Depository Operations Certification Examination

Unit 1: Introduction to the Capital Market

- 1.1 Introduction to the Capital Market
- 1.2 Explain the Capital Market
- 1.3 Understand the regulatory environment in Indian capital market,
 - 1.3.1 Securities and Exchange Board of India Act, 1992
 - 1.3.2 Securities Contracts (Regulation) Act, 1956
 - 1.3.3 Depositories Act, 1996
 - 1.3.4 Companies Act, 2013
- 1.4 Know the Regulators in the Indian Capital market

Unit 2: Introduction to Depository

- 2.1 Explain the need for a depository system
 - 2.1.1 Highlight the key features of the depository system in India.
 - 2.1.2 Explain the Institutional structure of the depository system in India
- 2.2 Explain the meaning of Depository.
- 2.3 Understand the legal framework in which the depositories function in India.
 - 2.3.1 Know the key regulations under the Depositories Act 1996.
 - 2.3.2 Know the eligibility criteria for becoming a depository.
 - 2.3.3 Understand the registration process of the depository.
 - 2.3.4 Understand the Commencement of Business.
 - 2.3.5 Know the various rights and obligations of depositories.
 - 2.3.6 Know the Bye Laws
 - 2.3.7 Understand the records which need to be maintained by a depository.
- 2.4 Explain the functions of a depository

Unit 3: Depository and its business partners

- 3.1 Understand depository participants (DPs)
 - 3.1.1 Know the eligibility criteria for becoming a DP.
 - 3.1.2 Understand their business restrictions.
 - 3.1.3 Understand the procedure of application for becoming a DP.
 - 3.1.4 Know on what conditions registration is granted to DPs.
 - 3.1.5 Learn the validity and renewal process of registration certificate.
 - 3.1.6 Know the commencement of Operations.
 - 3.1.7 Understand the rights and obligations.
 - 3.1.8 Understand on what grounds a DP certificate can get suspended and cancelled.
 - 3.1.9 Understand the Termination by depository

3.2 Understand the Clearing Corporation (CC)

3.2.1 Explain and understand the criteria for being admitted to the depository as a user.

3.3 Explain the Issuers and Registrar and Transfer Agents.

3.3.1 Know the eligibility criteria of becoming a RT&A.

3.3.2 Know the rights and obligations of issuers and their RTAs.

3.3.3 Understand the main features of the Tripartite Agreement.

3.3.4 Explain the role of issuer/R&T Agent in dematerialization of securities.

3.3.5 Explain the role of issuer/R&T Agent in rematerialization of securities.

3.3.6 Explain the role of issuer/R&T Agent in Corporate Benefits.

Unit 4: Functions of Depository Participant -Account Opening

4.1 Introduction to the Functions of Depository Participant -Account Opening

4.2 Understand the types of account a person can open with a DP

4.3 Define and discuss what is a Beneficiary Account

4.3.1 Learn about the documents required while opening of account for verification.

4.3.2 Know the Common Information.

4.3.3 Understand the procedure for opening an account.

4.3.4 Explain the Rights and Obligations of Beneficial Owner and Depository Participant.

4.3.5 Know the types of Application Forms.

4.3.6 Know the Forms for Hindu Undivided Family (HUF).

4.3.7 Know the Forms for companies.

4.3.8 Know the Forms for Minors.

4.3.9 Understand the Partnership Firms.

4.3.10 Know about the Signature/Thumb Impression.

4.3.11 Know the Client Account Number.

4.3.12 Understand the Standing Instructions / Purchase confirmation waiver.

4.4 Define the Clearing Member Account

4.4.1 Know the procedure for opening a clearing member account

4.5 Explain the Closure of account

4.5.1 Explain and understand the closure of an account on client's request.

4.5.2 Know the closure on account of consolidation of accounts.

4.5.3 Understand the procedure when closure is initiated by a DP.

4.5.4 Know the process of Closure/Shifting of Clearing Account.

4.5.5 Know the process involved when mass shifting of account is initiated.

4.6 Understand the Freezing of account

4.7 Know the Changes in client details

4.8 Know the Accreditation of Investors for the purpose of Innovators Growth Platform

Unit 5: Functions of Depository Participant -Account Operations

5.1 Introduction to the Basic Services Demat Account (BSDA).

5.1.1 Understand the Eligibility Conditions for Opening BSDA.

5.1.2 Know the Annual Maintenance Charges.

- 5.1.3 Know the Services offered to BSDA Holders.
- 5.2 Explain the operation of a Joint Account
 - 5.2.1 Learn about opening of depository account in joint names with an individual and a body corporate.
- 5.3 Know the Internet Based Depository Operations of NSDL.
 - 5.3.1 Brief Internet –Based Demat Account Statement (IDeAS).
 - 5.3.2 Know the SPEED-e.
 - 5.3.3 Know SPICE (Submission of Power of attorney based Instructions for Clients Electronically).
 - 5.3.4 Know NSDL Mobile App.
 - 5.3.5 Learn Submission of Instruction through Mobile Phone Login Easily (SIMPLE).
 - 5.3.6 Know SMS Alert Facility for NSDL demat account holders
- 5.4 Know the Internet Based Depository Operations of CDSL.

Unit 6: Functions of Depository Participant - Transmission and Nomination

- 6.1 Understand the concept of Transmission of Securities
- 6.2 Explain the concept of Nomination of Securities
- 6.3 Explain the Transmission of Securities
 - 6.3.1 Understand the procedure of transmission of securities held singly with nomination.
 - 6.3.2 Understand the procedure of transmission of Securities held singly in the Depository without nomination
 - 6.3.3 Understand the procedure of transmission of securities held jointly in the depository.
 - 6.3.4 Understand the procedure of transmission of securities held by the karta of the HUF in the depository.

Unit 7: Functions of Depository Participant –Dematerialization

- 7.1 Introduction to the Functions of Depository Participant –Dematerialization.
- 7.2 Explain the International Securities Identification Number (ISIN).
 - 7.2.1 Understand which securities can be dematerialized.
 - 7.2.2 Know the Regulations mandating transfer of securities in dematerialised form with a depository
- 7.3 Explain the Dematerialization Process
 - 7.3.1 Learn about the prerequisites for a dematerialisation request.
 - 7.3.2 Understand the procedure for dematerialisation.
 - 7.3.3 Understand on what grounds a demat request is rejected.
 - 7.3.4 Explain transposition cum dematerialisation.
 - 7.3.5 Explain transmission cum dematerialisation of securities.
- 7.4 Explain the Rematerialisation process.
 - 7.4.1 Explain the Prerequisites to a remat request.
 - 7.4.2 Know the process of rematerialisation.
- 7.5 Understand Destatementization process.

7.6 Understand Restatementization process.

Unit 8: Functions of Depository Participant -Trading and Settlement

8.1 Introduction to the Functions of Depository Participant -Trading and Settlement.

8.2 Understand the process flow of securities (settlement) in an off-market transaction.

8.3 Explain the Settlement of Market Transactions.

8.3.1 Learn the important terms related to transaction on a stock exchange.

8.4 Learn about Interoperability.

8.5 Procedure for Subscription and Redemption of Mutual Fund Units.

8.6 Explain the Handling of Clients' Securities by Trading Members/Clearing Members.

Unit 9: Special Services- Pledge and Hypothecation

9.1 Introduce the concept of pledge and hypothecation.

9.2 Procedure for pledge and hypothecation.

9.2.1 Understand the procedure for creation of a pledge / hypothecation by a pledger.

9.2.2 Learn the procedure for confirmation of creation of pledge/hypothecation by pledgee.

9.2.3 Learn the process of closure of a pledge/hypothecation by pledgor.

9.2.4 Learn about Unilateral closure of pledge.

9.2.5 Learn about Invocation of pledge by pledgee.

9.2.6 Learn about Invocation of hypothecation.

9.2.7 Understand the substitution of securities offered in pledge and the corporate benefits for pledged/hypothecated securities.

9.3 Explain the Recording of Non Disposal Undertaking (NDU) in the Depository System.

Unit 10: Special Services- Public Offering /Corporate Action

10.1 Learn about concept of corporate actions.

10.2 Know the Important terms.

10.3 Understand the Procedure for Corporate Action.

10.3.1 Know the Monetary Benefits.

10.3.2 Know the Non-Monetary Benefits.

10.3.3 Know the Rights Issue.

10.3.4 Understand the Merger/Amalgamation/Capital reduction etc in the securities held with the depository.

10.3.5 Understand the Rights of pledgor and hypothecator.

10.3.6 Explain how the interest is paid on debt securities.

10.4 Know the Public Issue.

10.4.1 Explain the Public Issues Procedure.

10.4.2 Know the streamlining process of Public Issue of Equity Shares and convertibles.

10.4.3 Discuss the Tender offer.

Unit 11: Special Services- Debt Instruments and Government Securities

11.1 Introduction to Debt Instruments and Government Securities.

11.2 Explain the Certificate of Deposit (CDs).

11.3 Explain the Commercial Paper.

11.4 Discuss the Government Securities.

11.4.1 Understand the specific features of dealing in Govt. securities

Unit 12: Foreign Portfolio Investor

12.1 Introduction to the Foreign Portfolio Investor.

12.2 Know the Eligibility Criteria and the various categories of Foreign Portfolio Investor.

Unit 13: Investor Services

13.1 Introduction to Redressal of Complaints through Scores.

13.2 Introduction to Transfer of Shares to Demat Account of IEPF Authority