NiSM UPDATE

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CLMV EXPERTS IN CAPITAL MARKETS 2015

FOREWORD

It is quite heartening to see that in the past four month, NISM has carried out many programmes and activities addressing requirements of various stakeholders in the securities markets from investors to intermediaries to regulators.

As India seeks to deepen economic partnerships with Southeast Asia under "Act East" policy, NISM is conducting a 21-days Workshop "CLMV Experts in Capital Markets" for participants from Cambodia, Laos, Myanmar and Vietnam, under the advice, financial support and coordination of the ASEAN desk of the Ministry of External Affairs, Government of India.

NISM has organized 15 training programmes for professional from different organizations. These include seven programmes for officers of Securities and Exchange Board of India, one programme for Officers of Indian Economic Service, one programme for officers of Reserve Bank of India and six Management Development Programmes for market participants.

NISM launched two programmes in collaboration with Department of Economics, University of Mumbai The first is Post Graduate Diploma in Quantitative Finance (PGDQF), a one-year fulltime programme divided in to four trimesters. The second one is Post Graduate Certificate in Data Science, a six-month programme to be covered over 26 Sundays. Department of Economics – University of Mumbai, besides having a wider appeal across the state and country, also has faculty with expertise in financial economics and computing.

NISM began addressing a new constituency of faculty members from management, economics and commerce stream by offering a Faculty development Programme on Mutual Funds, in collaboration with SBI Mutual Fund.

To incorporate the market changes, and as part of the periodic review, NISM launched new certification examinations to ensure that market participants keep abreast of the latest regulations, products and processes. NISM has developed two-day training programmes on "Stock Broker Operations", "Option Trading Strategies" and "Fundamental Analysis on Stocks" which have seen good response from market participants.

The current issue presents the activities of NISM undertaken during four months. Activity level during the period witnessed significant growth across all the schools. NISM shall continue reaching out to stakeholders and seek partners towards the attainment of its stated vision

I trust this gives you a glimpse of into the happenings at NISM

S Ghose

Sandip Ghose
Director, NISM








CLMV EXPERTS IN CAPITAL MARKETS 2015

As India seeks to deepen economic partnerships with Southeast Asia under an "Act East" policy, NISM conducted of a 21-days Workshop for Cambodia, Laos, Myanmar and Vietnam (CLMV) Experts in Capital Markets, under the advice, financial support and coordination of the ASEAN desk of the Ministry of External Affairs, Government of India.

The programme was held from June 8 to 26, 2015 at the Ramada Inn (Mahape-Navi Mumbai). Sixteen officials (four from each countries) from the Securities Exchange Commission, Ministry of Finance and Central banks from Cambodia, Laos, Myanmar and Vietnam underwent the training programme designed by NISM.

The speakers for the workshop were drawn from SEBI, RBI, Stock Exchanges, Depositories, Rating agencies and reputed accounting firms to provide an exhaustive view on Indian Securities Markets. As the securities markets in CLMV countries are at nascent stage, the objective of the workshop was knowledge sharing to help these countries in developing their securities markets.

The participants were trained rigorously in the areas of Indian Financial System, IOSCO Principles, Stock Exchanges, Depositories and Clearing Corporations, Merchant Banking, Derivatives (Commodity & Currency), Venture Capital, REITS, IFRS, Corporate Governance, Market Micro-structure & Insurance and Pension Funds. They were also exposed to the real time stock market trading in the simulation lab where hands-on training was provided in learning the basics of trading. The officers were also taken to the Reserve Bank of India where they had an hour's interaction with the Governor Dr. Raghuram Rajan and also visited the Bombay Stock Exchange, National Stock Exchange, NSDL and the Securities and Exchange Board of India.

Shri. Prashant Saran, whole time member of SEBI and member of Board of Governors of NISM inaugurated the Workshop along with Registrar Mr. G. P Garg and Dean SSE, Dr. Sunder Ram Korivi on 8th June 2015. Shri. Amarjit Singh, Chief General Manager, Office of International Affairs, SEBI was the Chief Guest for valedictory function along with Director (Dr. Sandip Ghose), Registrar and Dean SSE on 26th June 2015.

ACTIVITIES AT NISM

SCHOOL FOR REGULATORY STUDIES & SUPERVISION (SRSS)

During the period April 2015 to August 2015, the School for Regulatory Studies and Supervision has organised 15 training programmes. These includes seven programmes for SEBI Officers, one programme for IES Officers, one programme for RBI Officers and six MDPs for market participants.

Programme for SEBI Officers

A two day workshop on **'Commodities Market - an Overview'** was organised at SEBI Bhavan, Mumbai during May 28 - 29, 2015. The topics/ areas covered included Commodities Market: Origin & Evolution, Commodities Supercycle, Emerging Trends in Commodities Market, Trading and Analytics in Commodities Market, Commodity Exchange & Ecosystem, Risk Management in Commodities Market, Integrated Regulations of Equity and Commodities Market – Issues and Challenges for SEBI, etc. A total of 39 officers attended the programme.

Further, two day workshop on **'Commodities Market - an Overview'** was conducted at NISM Bhavan, Navi Mumbai during August 27-28, 2015. The broad areas discussed included Evolution of the Commodities Market in India, Overview of the Derivatives Market in India across Asset Classes, Mechanics of Commodity Futures Contracts and Discovery of Settlement Prices for Commodity Futures, Functioning and Regulation of Commodity Exchanges, Commodities Market in India – Regulators' Perspective and Monitoring and Surveillance of intermediaries in Commodities Market

Workshop on 'AIFs, REITs and InvITs' was organised at SEBI Bhavan, Mumbai during June 1-5, 2015. The objective of the workshop was to familiarize SEBI officers about the basic structure, functioning, regulatory regime, taxation, etc. of AIFs & REITs & InvITs in India and other major jurisdictions. A total of 53 officers attended the programme.

Further, **Workshop on 'Econometrics'** was designed comprising of two batches. Both the batches running concurrently. Each batch will get 14 days training (one day every week for 14 weeks). First batch will have sessions on every Thursday and second batch on every Friday, commencing from June 18-19, 2015 respectively.

The Training Programme on **'Financial Statement Analysis'** was held during July 30-31, 2015 at NISM Premises, Vashi, Navi Mumbai.

The topics discussed during the session include, Overview of Financial Statement Analysis, Understanding Financial Statements, Regulatory Framework for Financial Reporting, Financial Statement Analysis - Through Tools and Techniques, Impact of change in Fundamentals on Share Price, Fundamental Analysis of the Company and Valuation Techniques, Financial Statement Analysis-Lender's Perspective, Strategic Financial Management, etc. A total of 29 officers attended the programme.

The Workshop on **'Macroeconomics for Managers'** was conducted NISM Bhavan, Navi Mumbai during August 11-12, 2015.

The topics/areas covered in workshop were Introduction to Macroeconomics; General Overview of Indian Economy; The Monetary policy and its impact on financial markets; Role, Importance and Limitations of Fiscal Policy; Macroeconomic Dashboard & Forecast; Open Economy, etc. A total of 29 officers attended the programme.

The Workshop on **"Forensic Accounting"** was held during August 19-20, 2015 at NISM Bhavan, Navi Mumbai for the benefit of SEBI Officers. The objective of workshop was to develop an insight on forensic accounting and its role in today's business environment; to demonstrate an array of accounting manipulation committed in corporate management, and how to manage such scenario.

The topics discussed in the workshop included; Introduction to forensic accounting, Dissemination of Fraud Triangle, Financial products and services that are amenable to fraud, Forensic Accounting Techniques, Fraud investigation & Resolution and Law relating to Electronic evidence. A total of 17 officers attended the programme.

Programme For IES Officers

A five day Workshop on '**A Comprehensive Overview of Securities Markets'** was held during June 8-12, 2015 at NISM Bhavan, Navi Mumbai. The objective of workshop was to give an overview of Securities market and allied areas including concepts, processes and regulations of Securities Market.

The topics discussed includes Evolution and Current Status of Indian Securities Market, Concepts and Terminologies, Primary and Secondary Markets, Intermediaries, Scams, Regulation and Supervision of Intermediaries, Insider Trading, Pooled Investment Vehicles, High Frequency and Algo Trading, Derivatives, Handling of Investors Grievances in SEBI & Corporate Governance. Participants had also visited Bombay Stock Exchange and Central Depository Services Limited for understand the functioning of Stock Exchanges and Depositories. A total of 32 IES Officers attended the programme.

Programme for RBI Officers

The Workshop on **"A Comprehensive Overview of Securities Markets"** was held during July 20-24, 2015 at Hotel IBIS, Turbhe, Navi Mumbai for the benefit of RBI Officers. The objective was raising the awareness of the participant and updating them on the basic concepts, processes and regulations of Securities Markets.

While inaugurating the programme Shri Sandip Ghose, Director, NISM emphasized the need of training for regulators. The topics discussed in the workshop included Concepts and Terminologies of Securities Market, Primary and Secondary Market, Securities Market Intermediaries, Scams in Securities Market, Regulation and Supervision of Securities Market Intermediaries, Insider Trading, Pooled Investment Vehicles (MF and CIS), New Pooled Investment Vehicles (AIF, REITs and others), High Frequency and Algo Trading, Basics of Derivatives, Handling of Investors Grievances in SEBI, Corporate Governance, Importance of

Financial Literacy; Financial Planning – a Life Skill, Trading on Stock Exchange – Live through Simulator. A field visit to BSE and CDSL was arranged for the participants to give them operational understanding of these organizations.

MDP for Market Participants

A three days MDP on **'Financial Planning and Wealth Management'** was held during May 7-9, 2015 at NISM Bhavan, Navi Mumbai. The workshop aimed at highlighting the need of Financial Planning, Financial Markets and Products, Risk & Reward, Insurance products, How to answer investors queries, Evaluation of Financial Products, Regulatory Perspective, Operational Overview, Asset Allocation and Expectation from Advisors. The participants also were exposed to hands on calculations on planning for short and long term financial goal. A total of 21 Financial Advisors attended the programme.

A two day MDP on **'Fixed Income Securities'** was held during May 21-22, 2015 at NISM Bhavan, Navi Mumbai. The aim of the workshop was to make participants aware and update on the basic concepts, product, processes and regulations of Fixed Income Securities. A total of 25 market participants from financial and securities market attended the programme.

NISM in association with Network FP organized a Training Programme on **'Train the Trainer'** at NISM Bhavan, Navi Mumbai during May 29-30, 2015. The objective of the programme was to train & develop the delivery skills and abilities of the financial advisors who have been empaneled as Personal Finance Experts / Speakers of 'Financial

Wellbeing Camps'. The programme further aimed to help the financial advisors effectively communicate their domain expertise and connect with the audience during various Investor Awareness Programmes. A total of 35 financial advisors attended the programme.

NISM in association with Eurofinance Training, has organised a Workshop on **'The Art of Communication for Managers'** during June 9-11, 2015 at NISM Bhavan, Navi Mumbai. The Trainer of the programme was Mr. Adrian Cleasby. He is a specialist coach and communications expert for people from leading global financial institutions and corporates. He focuses on presentation and writing skills, how to influence, negotiate, manage and sell more effectively using the latest research findings from neuro-science, business schools and experts around the world.

The key objective of the workshop was to enhance the communication skills of participants and enable them to become more effective and influential in day to day functioning. Participants for the programme, were senior officials of SEBI, ICICI Bank Ltd., BSE Ltd., Marico Ltd, IDFC AMC Ltd. and NISM.

Prof. Anurag Banerjee made a presentation on **'An Anatomy of Credit Risk Transfer between Sovereign and Financials in the Eurozone Crisis'** at NISM Bhavan, Navi Mumbai on July 09, 2015 for the officers of SEBI, NISM and others.Prof. Anurag Banerjee is a Reader in Financial Econometrics at Durham Business School, Durham University, UK.

The objective of this programme was to have an extensive discussion on the said paper. It was followed by a discourse on Research related issues in general.

Workshop on **Financial Planning and Wealth Management** was held during August 20-22, 2015 at Hotel Lemon Tree, Bengaluru. The workshop was attended by Individual Financial Advisors (IFAs), a total of 28 participants, aimed at apprising the participants of the need for Financial Planning, Financial Markets and Products, Risk & Reward, Insurance products, How to answer investors queries, Evaluation of Financial Products, Regulatory Perspective, Operational Overview, Asset Allocation and Expectation from Advisors.

Session on Branding, Skill set of 21st Century and Role of Technology were also introduced for the overall training of participants.

SCHOOL FOR INVESTOR EDUCATION AND FINANCIAL LITERACY (SIEFL)

Investor Education at Colleges

The School for Investor Education & Financial Literacy has organized 19 investor education programmes at various colleges during the period May 2015 – August 2015 and a total of 1892 students attended the programme. The details of the programmes are as follows.

Sr. No.	Venue	Name of the College/Institute	No. of Participants
1	Mysore	Vidya Vikas Institute of Technology & Management, Mysore	212
2	Mysore	JSS Centre for Management Studies, Mysore	118
3	Calicut	SNES Institute of Management Studies & Research, Chethukadavu	92
4	Kasaragod	People Institute of Management Studies	112
5	Idukki	St. Josephs College Moolamattom, Idukki District	94
6	Idukki	Marian International Institute of Management, Kuttikkanam, Idukki District	87
7	Kollam	University Institute of Management, Punalur	51
8	Bangalore	St. Claret College, Jalahalli, Bangalore	87
9	Bangalore	MS Ramaiah College of Arts, Science and Commerce, Bangalore	69
10	Bhubaneswar	Asian School of Business Management, Patia, Bhubaneswar	98
11	Bhubaneswar	Xavier Institute of Management, Bhubaneswar	114
12	Bhubaneswar	BJB College, Bhubaneswar	68
13	Navi Mumbai	ITM Business School, Kharghar	108
14	Cochin	Cochin University of Science & Technology, Cochin	67
15	Ernakulam	Albertian Institute of Management, Ernakulam	102
16	Ernakulam	Toc H Institute of Management Studies, Ernakulam	94
17	Navi Mumbai	YMT College of Management, Kharghar	52
18	Pune	Pune Institute of Business Management	163
19	Pune	ICFAI Business School, Hadpsar Pune	104
Total			**1892**

SOME GLIMPSES OF INVESTOR EDUCATION PROGRAMMES

Visit to NISM

During July 23-24, 2015, a group of 94 students of R N Podar School visited NISM. The programme was inaugurated by Shri Sandip Ghose, Director, NISM. Shri Nitin Tike, Sr Vice President, NISM gave a brief idea about NISM and its activities to the student. Shri G P Garg, Registrar, NISM took a session on 'Financial education – Way Forward' and Shri K Sukumaran, Dean, NISM spoke on 'Financial Literacy - Concept and Practice'.

SCHOOL FOR SECURITIES EDUCATION (SSE)

The PGPSM admission process got in full swing, and interviews commenced on May 30. A total of 630+ applications were received, and 159 were shortlisted for interviews scheduled at Mumbai, Delhi, Kolkata, Hyderabad and Bangalore. The collaborative programmes with Mumbai University on Quantitative Finance and Data Science also made progress, with the signing of MOUs and proposed tabling at the said University meetings. Batch II of PGCCM (Kotak) commenced on May 19, 2015, with 25 students.

We commenced the PGCCM-X (Executive Batch), a 1-month top-up programme in June 2015 for MBAs recruited by KSL (Kotak Securities Ltd.), with a batch size of 42 students. We also commenced the PGCCM (CS) for students of ICSI, with a batch of 20 students, including 12 full-time Company Secretary students.

The biggest activity during June was the successful commencement and completion of the Workshop for CLMV Experts on Capital Markets. Participants consisted of Securities Exchange Commission officials, four each from Cambodia, Laos, Myanmar and Vietnam, making it a total of 16 participants. This programme was under the aegis of the ASEAN desk of the Ministry of External Affairs, Government of India. The programme designed included concept sessions, exercises, case studies, field visits. The design, content and delivery were appreciated by the participants. On June 9, 2015, NISM was instrumental in getting the curriculum for two programmes approved by the Department of Economics, University of Mumbai (DOE-UoM). The first is the Post Graduate Diploma in Quantitative Finance (PGDQF), a one-year fulltime programme divided into four trimester. The second is the Post Graduate Certificate in Data Science, a 6-month programme to be covered over 26 Sundays. These are spin-offs of the existing Post Graduate programme in Financial Engineering & Risk Management. DOE-UoM, besides having a wider outreach across the state and country, also has faculty with expertise in financial economics and computing. The meeting of June 9, 2015 was crucial in getting the programme approved for commencement in Academic Year 2015-16 itself.

July 2015 was a busy month, especially after the completion of CLMV Batch I in end-June. PGCSM and PGPSM batches for the academic year 2015-16 commenced in right earnest, followed by the admission interviews for CFERM. Simultaneously, two batches of Kotak PGCCM were in progress, together with the PGCCM (CS) at Belapur.

The Academic Council meeting was held at Delhi, wherein the progress of NISM was appreciated, in particular, the new initiative of PGDQF and PGCDS in cooperation with the Department of Economics, University of Mumbai.

SSE continued to engage in a number of initiatives during August 2015. Besides having visitors from NIBM Pune for the SMART Lab Sessions and SKPA Pune (comprising of Company Secretaryship students), NISM took its students to Bloomberg for an exposure visit cum demonstration. We had international visitors from CAIA, USA and a team of 16 delegates from CLMV for Batch II. Two new programmes were also launched with Mumbai University, viz. PGDQF and PGCDS, in the fields of Quantitative Finance and Data Science, respectively. Other new initiatives on the anvil include a CSL at the National University of Judicial Science, Kolkata which was cleared at their Academic Council meeting on August 17, 2017. NISM also successfully completed the PGCCM (CS) programme at Belapur.

SCHOOL FOR SECURITIES INFORMATION & RESEARCH (SSIR)

- Ahmad and Korivi attended MATLAB Workshop.
- A meeting was conducted by the Library committee for RFP Meeting for Library Automation, initiated by Monali Maduskar.
- Prof. Korivi participated in the DRC meeting at SIU Pune.
- The National Conference on Competition Compliance by BSE, ICSI and NISM.
- Prof. Korivi was a session Chairman at the ET Pension and Retirement Summit- 2015.
- Received Final Report copy of Morningstar-NISM Study on Financial Advisory Gap
- The 4th India Securitization Summit was held in cooperation with CARE Ratings, I-Peritus, SBI, Dewan Housing Finance and IFC Washington at the Grand Hyatt, Kalina, Santacruz on July 14, 2015. Discussions were held across the Inaugural session and four Technical Panels. In the Inaugural session, were Mr R Gandhi, Deputy Governor of RBI, and Mr Arun Sharma, Chief Investment Officer, IFC Washington. Over 190 delegates attended the programme.
- A research paper by Akhlaque Ahmad, titled “Efficiency Testing of National Stock Exchange (NSE), Using EMH Analysis of Pre- and Post-Subprime Period has been accepted for publication in the World Economy Review, USA.
- Prof Sunder Ram Korivi has been nominated to the Research and Recognition Committee (RRC) of Symbiosis International University, Pune, by its Vice-Chancellor.

SCHOOL FOR CORPORATE GOVERNANCE (SCG)

Investor confidence in corporate governance is crucial to the ability of Capital Markets to provide finance for economic growth. The School for Corporate Governance has organised following programmes aiming at bridging the gap between theory and practice and empowering Boards with the knowledge they need to foster good governance practices.

Programme on 'Integrating Environment, Social and Governance Perspectives in Investment Decisions'

NISM in association with IL&FS Academy of Applied Development (IAAD) organized a training programme on **'Integrating Environment, Social and Governance Perspectives in Investment Decisions'** for Indian Financial Institutions at IL&FS Training Centre, Bandra Kurla Complex, Mumbai during May 22-23, 2015.

The objective of the programme was to create awareness and understanding of ESG within the financing community; equip Indian Investment and banking professionals with methodology and tools for investment evaluation based on ESG and to provide learning through best practices, case studies and interaction with national and international experts.

Workshop on "Proposed Clause 36 & Revised Clause 49 of Listing Agreement"

NISM jointly with Institute of Company Secretaries of India, ICSI-CCGRT has organised a one day Workshop on **"Proposed Clause 36 & Revised Clause 49 of Listing Agreement "** at Hotel Capitol Bangalore, on June 20, 2015.

Shri P.K Nagpal Executive Director, Securities and Exchange Board of India (SEBI) inaugurated the programme. The keynote address was delivered by Shri V.R Narsimhan, Chief of Regulatory Affairs, National Stock Exchange of India Ltd.

Day saw two panel discussion on Clause 36 and Clause 49 of the Listing Agreement. The distinguished panellists included eminent speakers from SEBI, practitioners and consultants spoke on the new/proposed amendments and provided clarity on the subject.

SCHOOL FOR CERTIFICATION OF INTERMEDIARIES (SCI)

1. Launch of NISM-Series-XIV: Internal Auditors for Stock Brokers Certification Examination

NISM has launched the NISM-Series-XIV: Internal Auditors for Stock Brokers Certification Examination on July 20, 2015. This Certification Examination seeks to create a common minimum knowledge benchmark for Independent Chartered Accountants, Company Secretaries and Management Accountants, who carry out Internal Audit of the Operations of Stock Brokers/Clearing Members.

2. Revision of NISM Certification Examinations

To incorporate the market changes and as part of the periodic review, NISM has updated and launched the following certification examinations:

(a) NISM-Series-V-B: Mutual Fund Foundation Certification Examination w.e.f. July 23, 2015

(b) NISM-Series-VII: Securities Operations and Risk Management Certification Examination w.e.f. August 01, 2015

(c) NISM-Series-IX: Merchant Banking Certification Examination w.e.f. September 7, 2015

(d) NISM-Series-XII: Securities Markets Foundation Certification Examination w.e.f. September 29, 2015

(e) NISM-Series-II-A: Registrar to an Issue and Share Transfer Agent (Corporate) Certification Examination w.e.f.September 30, 2015

3. Launch of CPE programme for NISM-Series-IX: Merchant Banking Certification Examination

NISM announced the launch of the CPE programme for NISM-Series-IX: Merchant Banking Certification Examinations for associated persons designated as Key Management Personnel, who - (a) perform SEBI regulated activities such as initial public offer, further public offer, Open Offer, Buy-back, Delisting; (b) deal with the issuers in connection with activities mentioned in (a) above; (c) deal with intermediaries associated with activities mentioned in (a) above; (d) act as designated Compliance Officer dealing with the activities mentioned in (a) above; (e) submit Due Diligence Certificates to SEBI in connection with the activities mentioned in (a) above. The CPE program has been made available w.e.f. July 6, 2015.

4.Revision of NISM CPE Programme

To incorporate the market changes and as part of the periodic review, NISM has updated and launched the following CPE Programmes:

(a) NISM-Series-V-B: Mutual Fund Foundation Certification Examination w.e.f. June 23, 2015

(b) NISM-Series-VII: Securities Operations and Risk Management Certification Examination w.e.f. July 01, 2015

5. Training Programme on Equity Derivatives

NISM has developed a 2-day training programme on "Equity Derivatives". The programme is designed for sub-brokers and employees of Brokerage firms who are engaged in the sales, client interface and order execution activities of Equity Derivatives segment. The objective of this program is to enhance the knowledge levels and skills of professionals working in the Equity Derivatives segment. It aims to improve their understanding of derivatives products, order execution processes, risk management processes, and compliance requirements, thus improving the quality of investor service in this segment.

6. Training Programme on Stock Broker Operations

NISM has developed a 2-day training programme on "Stock Broker Operations" for people engaged in different operational activities in the Stock Broker Firm. The objective of this program is to enhance the knowledge levels and skills of professionals who handle KYC and other Client On-boarding documentations, and are engaged in activities related to Trading, Clearing, Funds and Securities Settlement, Dispute Resolution, and those related to Compliances and Reporting.

7. Training Programme on Option Trading Strategies

NISM has developed a 2-day training programme on "Option Trading Strategies". The objective of this programme is to enhance the knowledge levels and skills of professionals in matters pertaining to Options and trading strategies using Options such as: Introduction to Derivatives, Knowledge of Products (Forwards, Futures and Options), Option Trading Strategies - Bullish strategies, Bearish strategies, Neutral strategies, Ratio Spread Strategies, Calendar Spread & PCP, Greek Options, Implied volatilities, etc.

8. Training Programme on Fundamental Analysis on Stocks

NISM has developed a 2-day training programme on "Fundamental Analysis on Stocks". The objective of this programme is to enhance the knowledge levels and skills of professionals in the matters pertaining to Fundamental Analysis of securities such as: Introduction to Fundamental Analysis, Economic Analysis, Industry Analysis, Company Analysis, Financial Statement Analysis, Ratio Analysis, Models of Equity Valuation, Stock-Picking Strategies and Report study.

Multiple Training Programmes were conducted at various locations. These have been well received by the participants. To view NISM's upcoming training programmes, please visit www.nism.ac.in.

NiSM **NATIONAL INSTITUTE OF SECURITIES MARKETS**
An Educational Initiative of SEBI

NiSM Certification

	NISM Certification Examinations	Duration (in mins)	Max Marks	Pass Marks (%)	Negative Marks	Certificate Validity (in years)	Fees (₹)
01	NISM-Series-I: Currency Derivatives	120	100	60	25%	3	₹ 1500
02	NISM-Series-II-A: Registrars to an Issue and Share Transfer Agents - Corporate	120	100	50	25%	3	₹ 1500
03	NISM-Series-II-B: Registrars to an Issue and Share Transfer Agents - Mutual Fund	120	100	50	25%	3	₹ 1500
04	NISM-Series-III A: Securities Intermediaries Compliance (Non-Fund)	120	100	60	25%	3	₹ 1500
05	NISM-Series-III-B: Issuers Compliance	120	100	60	25%	3	₹ 1710
06	NISM-Series-IV: Interest Rate Derivatives	120	100	60	25%	3	₹ 1500
07	NISM-Series-V-A: Mutual Fund Distributors	120	100	50	–	3	₹ 1500
08	NISM-Series-V-B: Mutual Fund Foundation	120	50	50	–	3	₹ 1200
09	NISM-Series-V-C: Mutual Fund Distributors (Level 2)	120	100	60	25%	3	₹ 1710
10	NISM-Series-VI: Depository Operations Certification Examination	120	100	60	25%	3	₹ 1500
11	NISM-Series-VII: Securities Operations and Risk Management	120	100	50	25%	3	₹ 1500
12	NISM-Series-VIII: Equity Derivatives	120	100	60	25%	3	₹ 1500
13	NISM Series-IX: Merchant Banking	120	100	60	25%	3	₹ 1500
14	NISM-Series-X-A: Investment Adviser (Level 1)	120	100	60	25%	3	₹ 1500
15	NISM-Series-X-B: Investment Adviser (Level 2)	120	100	60	25%	3	₹ 1500
16	NISM-Series-XI: Equity Sales	120	100	50	25%	3	₹ 1710
17	NISM-Series-XII: Securities Markets Foundation	120	100	60	–	3	₹ 1710
18	NISM Series-XIII: Common Derivatives	180	150	60	25%	3	₹ 3000
19	NISM Series-XIV: Internal Auditors for Stock Brokers Certification Examination	120	100	60	25%	3	₹ 1710
20	NISM-Series-XV:Research Analyst	120	100	60	25%	3	₹ 1500

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NiSM Certification

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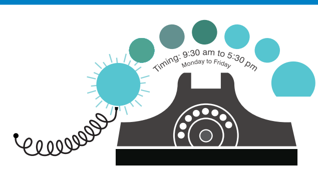
+91 8080806476
Timing: 9:30am to 5:30pm
Monday to Friday
(Except Holidays)



FEATURED EXAMINATION

NISM-Series-XV: Research Analyst Certification Examination

About the Certification Examination for Research Analyst
The examination seeks to create a common minimum knowledge benchmark for all associated persons registered as research analyst under SEBI (Research Analyst) Regulations, 2014, individuals employed as research analyst and partners of a research analyst, engaged in preparation and/or publication of research report or research analysis.

An associated person is required to pass the NISM-Series-XV: Research Analyst Certification Examination to fulfill the requirements specified under Regulation 7(2) of the SEBI (Research Analysts) Regulations, 2014.

The certification aims to enhance the quality of services provided by research analyst in the financial services industry. The examination was launched on March 2, 2015 and was notified by SEBI on March 24, 2015.

Examination Objectives
The examination covers all important topics required to perform research on companies. These include the basics of Indian securities markets, various terminologies used in the equity and debt markets, top-down and bottom-up approach to fundamental research, basic principles for micro and macro-economic analysis, qualitative and quantitative dimensions with respect to Company Analysis, fundamentals of risk and return, valuation principles and the philosophy of various corporate actions. The exam also covers the essential aspects of writing a good research report. It will be immensely useful to all those who want to learn about the various aspects of equity research.

Assessment Structure
The examination consists of 100 questions of 1 mark each and should be completed in 2 hours. The passing score on the examination is 60%. Negative marking of 25% is applicable.

How to register and take the examination
To find out more and register for the examination, please visit www.nism.ac.in or www.nism.ac.in/certification/index.php/nism-certifications/research-analyst-m/research-analyst-certification-examination

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APPROVAL / EMPANELMENT OF CPE TRAINERS

To provide for the adequacy of trainers across all Modules and across the country, NISM invited applications for approval / empanelment as CPE Trainers. Of the applications received, 72 applicants were approved / empanelled for various modules.

As of now more than 4 lacs market participant certified.

NISM certification examination conducted at 150+ centers across India.

NATIONAL CENTRE FOR FINANCIAL EDUCATION (NCFE)

The award ceremony for National winners and North, West and Central Region winners of NCFE NFLAT 2014-15 was conducted as part of Financial Literacy Conference by College of Agricultural Banking(CAB) at Pune on 15th June 2015. The winners were felicitated by Shri S S Mundra, Deputy Governor of RBI.

NCFE – NFLAT 2015 -16 examination dates have been announced. The test will be conducted on November 28 – 29, 2015 and the registrations have started from September 01, 2015. The registration limit have been increased to 1,25,000 students for the current year.

NCFE in partnership with Central Board of Secondary Education (CBSE) is conducting Financial Education Training Programs (FETP) for CBSE school teachers of class 8 to 10 across India. After completion of the training, these teachers will be certified as "Money Smart Teacher" and would facilitate conducting financial education classes in schools and encourage students to obtain basic financial skills.

As of now, 3 program have been conducted at New Delhi on 24th & 25th August, Lucknow on 27th & 28th August, Kolkata on 31st August & 1st September 2015.

DEMYSTIFYING INFLATION INDEXED BONDS

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Introduction

The Government of India recently auctioned Inflation Indexed Bonds (IIBs) to all categories of investors through the Reserve Bank of India (RBI). The RBI sold Rs.1000 crore worth Inflation Indexed Bonds at a coupon rate of 1.44% over Wholesale Price Index (WPI) for a fixed period of 10 years. The Central Bank received 167 bids, mostly from big institutional investors like traders and insurance firms, since only 20% of the bonds were exclusively reserved for retail investors. 'The Inflation Indexed Government Stock 2023', as it was called, notified the amount of Rs 1000 crore through price based auction following uniform price method, out of which the above said 20% was allotted to eligible investors as per norms of non-competitive bidding facility in the auction of government securities. The government has so far raised Rs 20 billion in a set of two auctions as of June 2013. The government plans to secure 12,000-15,000 crore rupees through frequent auctions of Inflation Indexed Bonds (probably fortnightly auctions) benchmarking for retail investors. In this context, it is relevant to explore the financial instrument called Inflation Indexed Bonds, the context of its introduction and the purpose it is expected to serve.

What is an Inflation Indexed Bond?

Theoretically, an Inflation Indexed Bond (also called linkers) is defined as 'a bond that guarantees a return higher than the rate of inflation if it is held to maturity'. Usually, an Inflation Indexed Bond links its principal or discovered yield (also known as coupon rate) to some index of inflation. Since the principal is linked to price rise in the economy, the investment is protected from inflation. Interest rate is applied to the increased amount eventually leading to an increase in payment over time. At maturity, the principal is paid at the inflated amount ensuring complete inflation protection.

The context in which Inflation Indexed Bonds were introduced in India demand an understanding of the larger macroeconomic picture. The Indian economy went through persistent inflationary tendencies in the last few years post the sub-prime lending crisis of the US in 2008. Due to high inflation, investors were unable to get a decent return from bank deposits. Household savings dropped from 12% to 8% of the Gross Domestic Product and investment in assets increased from 11% to 14%. High inflation made existing financial instruments like mutual funds and capital market investments unattractive. Despite the widening Current Account Deficit (CAD), India imported 162 tonnes of gold in 2013, becoming the largest bullion importer and consumer in the world. The rage for gold was based on the belief that gold has consistently beaten inflation, gives capital gains, requires no documentation, confers anonymity and is benefitted by the absence of Tax Deducted at Source.

The government has taken the Inflation Indexed Bond route precisely to wean away investors in gold and correct macroeconomic imbalances. From the perspective of RBI, it is the function of the Central bank to develop government security market through instrument development, thereby meeting the investment and hedging needs of investors and market participants. IIBs are popular debt instruments in both developed and developing markets. The government issues such instruments to provide an alternative hedge against inflation, enhance credibility of anti-inflationary policies, provide an estimate of inflationary expectations and create an additional avenue for fund deployment. Of all the different types of IIBs available, Capital Indexed Bonds (CIBs) are the most popular.

A Brief History of Inflation Indexed Bonds

According to the monetary theory in economics, IIBs are used to analyse the state of the economy, assess the strength of certain macroeconomic theories and predict real variables. The first known IIB was issued by the Massachusetts Bay Company in 1780. The British government began issuing IIBs since 1981. The most popular IIBs are the Canadian Real Return Bonds (RRBs), The British Inflation Linked Gilts (ILGs) and the US Treasury Inflation Protection Security (IPS). The strategy of issuing linkers in developing economies was common as illustrated by the case of Brazil and Argentina in the 1980s. The Economist reported that, 'according to Barclays, as of February 2013, emerging economies issued $546 billion worth of linkers over the last three decades.' In the last decade, the number has further increased threefold.

In the Indian context, the principal of inflation indexing is not new. Dearness Allowance (DA) is calculated using this principle. The Income Tax Department indexes long term capital gains to inflation. In 1997, the RBI issued Capital Index Bonds during inflationary times but failed to attract investor interest and revenue. The reasons were many- the securities were offered only to institutional investors, only the principal was linked to inflation and the coupon rate was left out. IIBs were a relatively new concept then. The latest effort differs from the previous one both in context and in structuring.

Positive Features of IIBs

i. The IIBs are an opportunity for investors to invest in debt instruments and hedge against inflation.
ii. IIBs offer capital protection and real returns.
iii. In a high inflation situation, fixed income security diminishes the purchasing power of investor due to low returns. IIBs yield high returns during inflation.
iv. While being traded in the secondary market, government securities have inflation risk that IIBs do not have.
v. From the point of view of the government, it is an instrument used to maintain optimal inflation rate and low debts. Besides, the 10 year tenure allows revenue accumulation that can be invested in infrastructure.

Negative Fallouts of IIBs

i. Over-indexing could reduce availability of funds at negative real interest rates at the bottom of the economic cycle. This could hamper the ability of the economy to rebound.
ii. Indexing could fuel inflation as was the case of Latin Americas of the 80s. Issuance of IIBs led to inflation shooting up to 100% over a week.
iii. From the point of view of the investor, linking IIBs to WPI offers lower returns. CPI has been consistently higher than WPI by close to 5%.
iv. During periods of deflation, returns on IIBs could be low. But deflationary tendencies in India are exceptions, rather than the rule.
v. The dynamics of secondary market trading is yet to be seen.

Comparisons between IIBs and other financial instruments during high inflation

Other Financial Instruments	Inflation Indexed Bonds (IIBs)
Fixed Deposits- Due to the pre-determined static interest rate, loss in real terms during inflation.	As principal is adjusted to WPI, gains during inflation.
Debt Oriented Mutual Funds – These instruments have less capital protection.	Complete capital protection; but the dynamics of secondary markets yet to be seen.
Gold- Gold is a good hedge against inflation, but no capital protection due to price volatility.	Complete capital protection.

Source: The HINDU Business Line

Conclusion

Considering the macroeconomic situation of high inflation and high CAD in India, IIBs are logical instruments used to wean away the shimmer of gold. Due to low risks and higher returns, they are a good bet for investment. But retail investors, who are the real players, would have a chance to explore them only in the coming days. How this will play out in the secondary market remains to be seen.

FACULTY DEVELOPMENT PROGRAMME ON MUTUAL FUNDS

The Faculty Development Programme was developed with the belief that faculty members, being key influencers in a student's career orientation, need to be adequately exposed to industry practices to groom their students to become competent professionals in future. The objective is to provide industry interface – the cornerstone to educational excellence.

NISM – SBI MF Faculty Development Programme on Mutual Funds

The National Institute of Securities Markets organized the inaugural Faculty Development Programme on Mutual Funds in association with SBI Funds Management Pvt. Ltd. (SBI Mutual Funds). The programme was scheduled on 28th and 29th August, 2015 at NISM Bhavan, Vashi, Navi Mumbai. Faculty members from education institutions and training institutions in and around Mumbai were invited to participate in the programme. A total of 23 faculty members participated. The curriculum was designed to provide an overview of securities markets and to provide insights to the practices in the Mutual Funds industry. The content was designed to be comprehensive and contemporary. Experts from the Mutual Funds industry and veteran speakers were engaged to lead sessions in the programme.

The NISM – SBI MF Faculty Development Programme was inaugurated by Mr. Sunder Ram Korivi, Dean NISM at NISM Bhavan on 28th of August, 2015. Mr. Korivi, while inaugurating the programme, set the tone for the forthcoming sessions by presenting interesting facts to understand the size of the markets. Mr. Sandip Ghose, Director NISM inaugurated the second day of the programme. Mr. Ghose enunciated the importance of continual learning in the career of a faculty member. He appealed to the participants to make best use of the sessions in the programme. The sessions were insightful and enabled the participants to correlate the conceptual understanding with the industry. The speakers made it interesting for the participants by quoting real time examples.

Faculty Development Programmes in the future

Based on interaction with education institutions while promoting the programme, it is realized that faculty members appreciate the need for industry interaction and are interested in participating in Faculty Development Programme if organized at convenient locations and on convenient dates. NISM has also been receiving requests from institutions across the country to organize Faculty Development Programme at their premises.

Hence, NISM shall conduct more such programmes across the country to cater to a larger spectrum of faculty members. Such programmes shall be organized in association with reputed market intermediaries and reputed education institutions.

REGULATORY CHANGES

INITIATED BY SEBI

CYBER SECURITY AND CYBER RESILIENCE FRAMEWORK OF STOCK EXCHANGES, CLEARING CORPORATION AND DEPOSITORIES

CIR/MRD/DP/13/2015

1. SEBI as a member of IOSCO has adopted the Principles for Financial Market Infrastructures (PFMIs) laid down by CPMI-IOSCO and has issued guidance for implementation of the principles in the securities market.
2. Principle 17 of PFMI that relates to management and mitigation of 'Operational risk' requires that systemically important market infrastructures institutions "should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption."
3. Stock Exchanges, Depositories and Clearing Corporations (hereafter referred as Market Infrastructure Institutions or MIIs in this document) are systemically important market infrastructure institutions. As part of the operational risk management, these MIIs need to have robust cyber security framework to provide essential facilities and perform systemically critical functions relating to trading, clearing and settlement in securities market.
4. In view of the above, SEBI along with the Technical Advisory Committee (TAC) engaged in detailed discussions with MIIs to develop necessary guidance in the area of cyber security and cyber resilience.
5. Based on the consultations and recommendations of TAC, it has been decided to lay down the framework placed at Annexure A that MIIs would be required to comply with regard to cyber security and cyber resilience.
6. MIIs are directed to take necessary steps to put in place systems for implementation of the circular, including necessary amendments to the relevant bye-laws, rules and regulations, if any, within six months from the date of the circular.

This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 and Section 19 of the Depositories Act, 1996 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

REVIEW OF MINIMUM CONTRACT SIZE IN EQUITY DERIVATIVES SEGMENT

CIR/MRD/DP/14/2015

1. At present, the minimum contract size in equity derivatives segment is Rs. 2 lakhs. The requirement was recently reviewed and it has been decided to increase the minimum contract size in equity derivatives segment to Rs. 5 lakhs.
2. Accordingly, the framework for determination of lot size for derivatives contracts specified vide SEBI circular dated January 08, 2010 is modified as under:
   (i) The lot size for derivatives contracts in equity derivatives segment shall be fixed in such a manner that the contract value of the derivative on the day of review is within Rs. 5 lakhs and Rs. 10 lakhs.
   (ii) For stock derivatives, the lot size (in units of underlying) shall be fixed as a multiple of 25, provided the lot size is not less than 50. However, if the contract value of the stock derivatives at the minimum lot size of 50 is greater than Rs. 10 lakhs, then lot size shall be fixed as a multiple of 5, provided the lot size is not less than 10.
   (iii) For index derivatives, the lot size (in units of underlying) shall be fixed as a multiple of 5, provided the lot size is not less than 10.
3. The stock exchanges shall jointly ensure that the lot size is same for an underlying traded across exchanges.
4. The stock exchanges shall review the lot size once in every 6 months based on the average of the closing price of the underlying for last one month and wherever warranted, revise the lot size by giving an advance notice of at least 2 weeks to the market. If the revised lot size is higher than the existing one, it will be effective for only new contracts. In case of corporate action, the revision in lot size of existing contracts shall be carried out as per SEBI circular SMDRP/DC/CIR-15/02 dated December 18, 2002.
5. The aforesaid provisions shall be made effective from the next trading day after expiry of October 2015 contracts.
6. This Circular supersedes SEBI circular SEBI/DNPD/Cir-50/2010 dated January 08, 2010.
7. Stock exchanges are directed to:
   a) take necessary steps to put in place systems for implementation of this circular, including necessary amendments to the relevant bye-laws, rules and regulations.
   b) bring the provisions of this circular to the notice of the stock brokers and also disseminate the same on their website;
   c) communicate to SEBI the status of implementation of the provisions of this circular.

This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

REVIEW OF OFFER FOR SALE (OFS) OF SHARES THROUGH STOCK EXCHANGE MECHANISM

CIR/MRD/DP/12/2015

1. Comprehensive guidelines on sale of shares through Offer for Sale mechanism were issued vide circular no CIR/MRD/DP/18/2012 dated July 18, 2012. The OFS framework has been modified subsequently from time to time on the basis of representation/suggestion received from market participants.
2. SEBI has been taking steps to encourage retail investors to participate in the OFS. In order to enhance more retail participation in the OFS process and to simplify the bidding process for retail investors, it has been decided that:
   2.1. OFS notice shall continue to be given latest by 5 pm on T-2 days. However T-2 days shall be reckoned from banking day instead of trading day.
   2.2. It would be mandatory for sellers to provide the option to retail investors to place their bids at cut off price in addition to placing price bids.
3 Accordingly, para 3.9 of OFS circular dated August 08, 2014 and para 2 of OFS circular dated December 01, 2014 stands modified as above. All other conditions for sale of shares through OFS framework contained in the circulars CIR/MRD/DP/18/2012 dated July 18, 2012, CIR/MRD/DP/04/2013 dated January 25, 2013, CIR/MRD/DP/17/2013 dated May 30, 2013, CIR/MRD/DP/ 24 /2014 August 08, 2014 and CIR/MRD/DP/32 /2014 December 01, 2014 remain unchanged.
4. Stock Exchanges are advised to:
   4.1. take necessary steps and put in place necessary systems for implementation of above immediately.
   4.2. make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the above decision.
   4.3. bring the provisions of this circular to the notice of the member brokers of the stock exchange to also to disseminate the same on their website.
5. This circular is being issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.

INITIATED BY RBI

SECURITY AND RISK MITIGATION MEASURES FOR CARD PRESENT AND ELECTRONIC PAYMENT TRANSACTIONS

RBI/2014-15/589
DPSS (CO) PD No.2112/02.14.003/2014-15

1. A reference is invited to our circulars DPSS.PD.CO.No.513 / 02.14.003 / 2011-2012 dated September 22, 2011 and DPSS (CO) PD No.2377 / 02.14.003 / 2012-13 dated June 24, 2013 on security issues and risk mitigation measures related to Card Present (CP) transactions read along with circular dated February 28, 2013 on security and risk mitigation measures for electronic payment transactions wherein various timelines were indicated for accomplishment of tasks for securing card and electronic payment transactions.
2. The Reserve Bank has adopted a phased manner of implementation of security and risk mitigation measures in card transactions as evident from the instructions issued from time to time. The acceptance infrastructure is getting geared to accept EMV chip and pin cards. However, in case of card issuance, while some banks have already moved to EMV chip and pin cards issuance, a large number of banks continue to issue Magnetic stripe cards. Thus, given the level of readiness of the card acceptance infrastructure at point of sale and also the implementation of PIN@POS for debit cards, the time is appropriate to move further along the path to migrate away from magnetic stripe only cards to chip and pin cards.
3. Accordingly, banks are advised that with effect from September 01, 2015 all new cards issued – debit and credit, domestic and international – by banks shall be EMV chip and pin based cards.
4. The migration plan for existing magnetic stripe only cards will be framed in consultation with stakeholders and timeline for the same will be advised in due course.
5. These guidelines are issued under Section 18 read with Section 10(2) of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007).

WITHDRAWAL OF ALL OLD SERIES OF BANKNOTES ISSUED PRIOR TO 2005

RBI/2014-15/650
DCM(Plg) No.G-15/5486/10.27.00/2014-15

1. Please refer to our circular DCM (Plg) No. G-19/3880/10.27.00/2013-14 dated March 03, 2014, DCM (Plg) No. G-8/3004/10.27.00/2014-15 dated December 31, 2014 and the Press Release dated December 23, 2014 on the captioned subject.
2. On a review of the matter, it has been decided to extend the date for exchanging the pre-2005 banknotes to December 31, 2015. These instructions have been included in a Press Release dated June 25, 2015 (copy enclosed).
3. You are advised to facilitate the exchange of such notes for full value without causing any inconvenience to the public, whatsoever. These notes will retain their legal tender status and the public can continue to use these for any transaction/ payment.
4. Suitable instructions may be issued to all your branches to provide exchange facilities to members of public and to stop re-issue of the pre- 2005 series banknotes. In this regard, you may please refer to the list of dos and don'ts enclosed with our circular dated March 03, 2014. Please also ensure that such notes are not dispensed through the ATMs/ over your counters. The methodology to be followed for dealing with the Pre-2005 series banknotes contained in Para 3 of our circular DCM (Plg) No. G-17/3231/10.27.00/2013-14 dated January 23, 2014 remains unchanged.
5. Please acknowledge receipt.

INITIATED BY PFRDA

REACTIVATION ON PRAN POST EXIT FROM NPS

PFRDA/2015/19/CSG/1

PFRDA has been receiving requests from various government nodal offices to reactivate the PRANs for credit of missing NPS contributions, wherein withdrawal requests have already been settled towards final payment to the subscribers.

Currently, the exit process is initiated with the generation of claim ID six months prior to the date of superannuation. As per PFRDA Exit & Withdrawal Regulations 2015, the employee's and employer's contributions of last three months prior to superannuation shall not be uploaded in the NSP account but would be credited to the some other account of the subscriber, directly by the employer. During the withdrawal process which stretches over 6 months, both the subscriber and the nodal office have sufficient time to ensure and to confirm that all the missing contributions have been uploaded in the respective PRAN.

In light of the above, PRFDA shall not entertain any such request forthwith, for uploading contributions of arrears/missing credits after final settlement of exit/withdrawal of the subscribers and consequent closure of their NPS account. Henceforth, missing credits, if any, should be settled mutually between the subscriber and the Nodal office as per their administrative process and outside the NPS architecture, as is currently applicable to last three months contributions before superannuation in line with the guidelines issued by PFRDA in this regard.

Therefore, all government nodal offices are instructed to ensure uploading of all the pending contributions in the PRANs, before initiating/processing/forwarding the withdrawal requests to the CRA and take necessary action a per this circular.

INITIATED BY IRDA

OBTAINING ANNUITY OPTIONS FROM THE POLICY HOLDERS

Circular No. IRDAI/LIFE/CIR/MISC/140/8/2015

It is noticed by the Authority that the Life Insurers are obtaining Annuity Options from the Policy holders prior to vesting date in the case of deferred annuity plans and due to non-receipt of Annuity Option from the concerned policyholders before the vesting date, it is leading to delay in the commencement of annuity on vesting date and consequent inconvenience/loss to annuitants.

In order to protect the policyholder's interests, the Authority mandates as under in respect of deferred pension/annuity plans.

1. The Insurer shall obtain Annuity Option duly exercised by the proposer at the proposal stage. Necessary provision shall be made in the proposal forms. The same shall be captured in the proposal/policy record.
2. In all the deferred annuity policies where the life insurer has not obtained Annuity Option exercise by the proposer at proposal stage, the same may be obtained and captured in the policy records without further loss of time.
3. At least 6 months prior to the vesting date, the Insurer shall send a communication to the Policyholder intimating the Annuity amount under various options available and the selected option. Insurer shall provide an opportunity for the policyholder to review his decision based on the latest information and select any other annuity option than what he/she selected earlier. Insurer shall clearly inform the policyholder in that communication that the last date for receipt of revised option, if any, is at least 90 days prior to the date of vesting giving a specific date.
4. If no revised option is received at least 90 days prior to date of vesting, the Insurer may go ahead and process the annuity payments as per the original option exercised at the proposal stage/collected later as stated at Point 2. If a revised option is exercised by the policyholder which is received by the Insurer at least 90 days prior to the date of vesting, the annuity payments are to be processed and released according to the revised option.
   This Circular is issued under the powers vested in Section 14(2) of IRDA Act, 1999 and will apply to all Annuities falling due from 1st April 2016.

HANDLING OF THE UNCLAIMED AMOUNTS PERTAINING TO THE POLICYHOLDERS

REF: IRDA/F&A/CIR/CPM/134/07/2015

This has reference to the Authority's circular no. IRDA/F&A/CIR/GLD/114/05/2015 dated 28.05.2015 on the above cited subject.
The Authority is in receipt of representations from the Life Insurance Council, General Insurance Council and few insurance companies on the above cited subject. Authority has examined the representations and following modifications are carried out the above referred circular.

1. Clause 1 and 2 are substituted with the following :
***1 : Non-Life, Health and Life (including ULIPs) :**
Insurer shall maintain a single segregated fund to manage all unclaimed monies and the sum of such fund shall be invested in money market instruments and / or fixed deposits of scheduled banks."

2. Clause 3 is substituted with the following
"2. Treatment of Investment Income
Further to the provisions of the regulation 8 (4) of the IRDA (Protection of Policyholders' Interests) Regulations, 2002, all insurers shall credit the investment income accruing on the unclaimed amount to the respective indentified unclaimed account as under

(I) The investment income on the accumulated unclaimed amount shall be credited w.e.f. October 01, 2015. For the financial year 2015-16, the proportionate investment income at the interest rate per annum applicable to saving bank account of State Bank of India shall be credited to the fund. (Ifrom financial year 2016-17 onwards, the investment income earned shall be allocated to unclaimed amount fund. The Insurer shall pay the identified unclaimed amount along with the investment income so credited, to the insured/policyholders/claimants. However, in case of any award/order made by a statutory body including a court, which includes an interest component, it shall not carry any further interest."

3. Clause 4 "Recovery of Expense" is substituted with the following:
"3. Recovery of Expenses nsurers may recover administration and fund management expenses from the unclaimed amounts. However, such recovery shall not in any case exceed 20 basis points per annuam of the said underlying funds."

4. Para 5 and 6 shall be read as para 4 and 5 respectively

5. Effective Date of circular
The effective date of the circular [other than 2(i)] stands extended to January 01, 2016. All Insurers are advised to confirm the compliance.

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