

# NiSM UPDATE

Jan 2016 to Apr 2016

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## IOSCO ASIA PACIFIC REGIONAL TRAINING PROGRAMME 2016





## FOREWORD

In this issue of NISM Update, we bring you details of activities taken up by NISM this quarter. NISM, in association with Securities and Exchange Board of India, hosted the Asia Pacific Regional Training Seminar at the newly constructed campus of NISM at Patalganga. The theme for this seminar was 'Enforcement, Cooperation and the IOSCO MULTILATERAL Memorandum of Understanding'.

NISM, in its endeavor to enhance the quality of securities markets, conducted several training programs and workshops for market participants, regulators and intermediaries. These programs included six domestic programs, two International programs and two master classes .

NISM strengthened its association with National Academy of Direct Taxes (NADT – Nagpur) and Indian Corporate Law Service Academy by conducting training programs on securities markets for their trainees. NISM also hosted a delegation of senior

officers from SEBI at the Patalganga Campus as part of their annual brainstorming exercise.

To incorporate the changes that have taken place in securities markets during this period, and also as part of the periodic activity, NISM has completed the review of several existing certification examinations and CPE programs to ensure the market participants are aware of the latest regulations, products and processes.

In association with SBI Mutual Fund, NISM developed and delivered training programs on “Mutual Fund Customer Service” and “Mutual Funds Sales and Marketing” for its employees.

This is a snapshot of our growth so far.

A handwritten signature in blue ink that reads "S Ghose". The signature is written in a cursive style and is positioned above a horizontal line.

Sandip Ghose  
Director, NISM.





# IOSCO - Asia Pacific Regional Training Programme

NISM in association with SEBI had hosted the **Asia Pacific Regional Training Seminar in India** during February 03-05, 2016 at newly constructed campus of NISM at Patalganga. The theme for the Asia Pacific Regional seminar was '**Enforcement, Cooperation and the IOSCO MMoU**'. 35 international delegates and 16 domestic delegates participated in the training programme.

The programme was inaugurated by Mr. Rajeev Kumar Agarwal, WTM, SEBI, Mr. David Wright, IOSCO Secretary General and Mr. Sandip Ghose, Director, NISM.

Resource Persons were the officials of IOSCO, Dubai FSA, Alberta SC, US SEC, Hongkong FSA, SEBI, ASIC, Turkey CMB etc.

## ACTIVITIES AT NISM

### SCHOOL FOR REGULATORY STUDIES AND SUPERVISION (SRSS)

During the period January 2016 to April 2016, the School for Regulatory Studies and Supervision (SRSS) had organised ten training programmes. These includes two international programmes, two Masterclass series and six domestic programmes.

#### **IOSCO-Asia Pacific Regional Training Programme**

NISM in association with SEBI had hosted the **Asia Pacific Regional Training Seminar in India** during February 03-05, 2016 at newly constructed campus of NISM at Patalganga. The detail of the programme is already described on page no. 1.



#### **Programme for Officers of Bangladesh Securities & Exchange Commission**

NISM had organized a Ten Weeks Residential **Workshop on 'An Overview of Indian Securities Markets'** for officers of Bangladesh Securities and Exchange Commission. The prime objective of the workshop was to expose participants to the functioning of Indian Stock Markets. The workshop also aimed at updating the participants with the recent happenings in the Indian Securities market by discussing on the topics like committee

reports, economic reforms, regulatory issues and challenges, new investment vehicles in market, etc. Participants had also visited National Stock Exchange, Bombay Stock Exchange and Central Depository Services Limited to understand the functioning of Stock Exchanges and Depositories. NISM had also arranged Local sightseeing for all the participants. The faculty for the programme were drawn from NISM full-time faculties, senior officials of SEBI & RBI, practitioners, academicians and experts from financial market.



#### **Masterclass Series**

Masterclass on Global Financial Markets was organized during February 10-11, 2016 at Hotel Fortune Select Exotica, Vashi, Navi Mumbai. The Master Trainer of the programme was **Prof. Sankarshan Basu**, a faculty at the Indian Institute of Management, Bangalore in the area of Finance and Control.

The key objective of the masterclass was to expose the participants to different facets of the markets and products that are traded in the markets as well as expose them to market functioning and inter-linkages amongst them. The topics discussed include Introduction to Financial Markets and Institutions, Financial Instruments and Markets, Fixed Income Markets, Equity Markets, Forex Markets, Mortgage and MBS, Derivatives, Mutual Funds and Pension Funds,



etc. The participants for the programme were from different institutions like SEBI, RBI, NSE, BSE, LIC Nomura Services India Pvt Ltd, Barclays Securities (India) Pvt. Ltd., IDFC Asset Management Company Ltd., Credit Suisse and Religare Credit Advisors.



**Masterclass on Quantitative Risk Management – Issues and Challenges** was held during February 20-21, 2016 at NISM Bhavan, Vashi, Navi Mumbai.

The Master Trainers of the programme were –

1. **Dr. Michel Dacorogna** (Doctorate in Theoretical Physics, Université de Genève, & HDR) - He is Scientific Advisor to the Chairman of SCOR.
2. **Prof. Marie Kratz** (Doctorate in Applied Mathematics, University Pierre et Marie Curie Paris 6, & HDR) - She is a member of faculty at ESSEC Business School.

The key objective of the masterclass was to engage participants with internationally acclaimed and renowned experts in the field. The programme inter-alia, tried to enable participants to acquire knowledge of new tools to deal with impact of extreme risks through real-life examples, help them learn models that are relevant for the emerging markets and understand how to efficiently allocate capital to individual risks. The participants also had the hands on experience on working of various models of risk



management. The participants for the programme were from different institutions like SEBI, RBI, Edelweiss Finance & Investments Limited, General Seal Company, Citicorp Services India Ltd and Universal Sompco GIC Ltd.

### **Programme for SEBI Officers**

NISM had organized a two-day **Outbound Training Programme on 'Motivation, Team Building & Leadership'** for SEBI Officers in Grade B at Hotel IBIS, Nasik during January 05-07, 2016. The programme aimed at creating a more dynamic, loyal, motivational and energized work place by providing solid framework of knowledge, skill development, leadership and work place application to the participants.



NISM had organized a four days **Workshop on 'Leadership and Team Building with an Overview of Commodities Market'** for SEBI Officers in Grade D & E during April 27-30, 2016 at Hotel Express Inn, Nasik.

During this period through several activities participants were exposed to various leadership and team building exercises in order to enhance the 21st century skills such as effective communication, leadership, time management, problem solving, decision making, motivation, change and personal development, team performance, team bonding, etc. Participants were also given one day exposure to



Overview of Commodities Market in India. The topics covered among others were Evolution and Overview of the Commodities Market in India as well as in Global; Mechanics of Commodity Futures Contracts; Discovery of Settlement Prices for Commodity Futures; Issues relating to assessment of Commodity Production Data in India with international practice; Functioning and Regulation of Indian and Global Commodity Exchanges and Commodities Market in India the Road Ahead - Issues, Challenges and Opportunities.

### Programme for RBI Officers

A Five days program on 'An Overview of Securities Markets' was organised for the officers of Reserve Bank of India at Hotel IBIS, Navi Mumbai. The prime objective of workshop was to make participants aware of the functioning of Securities Markets and update them with recent happenings in Securities Markets. The topics discussed include; 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. The officers also had a visit to BSE. A total of 28 RBI Officers from all over India attended the programme.



### MDP Programmes

**Workshop on Financial Planning and Wealth Management** was held during January 29-30, 2016 at Hotel Regenta, Ahmedabad and at Hotel Premier Inn, New Delhi during March 04-05, 2016. The workshop was

attended by Distributors and Individual Financial Advisors (IFAs). The key objective of workshop was to convey participants about the various aspects to be considered carefully in the process of Financial Planning and Wealth Management.

The workshop also aimed at apprising the participants with the need of Financial Planning, Financial Markets and Products, Risk & Reward, Insurance products, Asset allocation, Wealth Management, Regulatory Perspective, Role of Technology in Distribution of Financial Products, Overview of Indian Debt Market, etc. The participants also were exposed to hands on calculations on planning for short and long term financial goal.



### Programme for Engineers at NIT (Trichy)

SRSS has conducted a **Workshop on 'Indian Stock Market and Financial Planning'** on February 27, 2016 for Engineers at National Institute of Technology during Pragyan'16 – the annual techno-management organization. The objective of this workshop is to convey the importance of Financial Planning and various nuances of Indian Stock Market.





# SCHOOL FOR INVESTOR EDUCATION AND FINANCIAL LITERACY (SIEFL)

## a) SEBI Financial Education Resource Persons Program

NISM has organised six programs under SEBI Financial Education Resource Persons Empanelment and Training. NISM has invited applications from the eligible candidates for serving as SEBI Financial Education Resource Person from select districts and accordingly the eligible applicants were interviewed at select centres. After interviews, 285 candidates were selected as SEBI Financial Education Resource Persons and each selected candidate has been assigned particular district. The details of the programme are furnished below.

Sr. No.	Venue	Region	Dates	No. of Participants
1	Nagpur	Maharashtra	Jan 09-13, 2016	35
2	New Delhi	Northern Region	Jan 11-15, 2016	45
3	Guwahati	Eastern Region	Jan 20-24, 2016	33
4	Indore	Western Region	Feb 01-04, 2016	51
5	Dehradun	Northern Region	Feb 15-19, 2016	42
6	New Delhi	Northern Region	Mar 12-16, 2016	56
7	Hyderabad	Southern Region	April 23-27, 2016	23
	<b>Total</b>			<b>285</b>



Nagpur



New Delhi



Guwahati



Indore



New Delhi



Madurai

### b) NISM Investor Education Programs

During the period January to April 2016, the School for Investor Education and Financial Literacy has organised eleven investor education programs at various centres as mentioned below benefitting 1073 College students.

Sr. No.	Venue	Name of the College/Institute	No. of Participants
1	08-Jan-16	Dr.Ambedkar Institute of Management Studies & Research, Nagpur	35
2	15-Jan-16	Fortune Institute of International Business, New Delhi	52
3	18-Jan-16	K J Somaiya College of Arts and Commerce, Mumbai	165
4	22-Jan-16	Commerce College, Guwahati University	51
5	25-Jan-16	University of Calcutta- Stock Exchange Centre of Excellence in financial Markets	62
6	02-Feb-16	MSNM Besant Institute of PG Management Studies, Mangalore	68
7	20-Feb-16	Scottish College, Kolkata	62
8	02-Mar-16	People's Institute of Management Studies, Periyar, Kasaragod Dt.	54
9	05 Apr-16	Sri Krishna School of Business, Coimbatore	114
10	06 Apr-16	Anna University, Coimbatore	284
11	07 Apr-16	KCT Business School, Coimbatore	126
	<b>Total</b>		<b>1073</b>

### c) Financial Literacy Quiz Program for B Schools

NISM in association with Birla Sunlife Mutual Fund has organised a Financial Literacy Quiz Program for the students of B Schools in the country. The program was organised in three stages viz. Preliminary Round, Regional Round and Final Round. From each B School, two teams were allowed to participate in the Preliminary Round Computer Based Test held in January 2016 and based on the performance, four teams at regional level were shortlisted. Thus, four teams emerged as regional winners at each region viz. New Delhi, Mumbai, Kolkata and Chennai. The Regional Quiz was held at four metropolitan centres in the month of February 2016. The two teams each from the regional round were qualified to the semi-final and final rounds. The semi- final and final rounds were held on 5th March 2016 at Navi Mumbai. The team from MDI Gurgaon emerged as the National Champion in Financial Literacy Quiz 2016, the Runners Up position retained by IIT Kharagpur. The third and fourth positions went to IIFT Kolkata and Symbiosis Pune respectively. The program has generated much interest among the academic community.





## SCHOOL FOR SECURITIES EDUCATION (SSE)

For our PGPSM students, a workshop on Credit Risk, Credit Appraisals and Credit Skills was conducted in January 2016. Event-based learning revolved around Union Budget 2016. Copies of Business Line were given to all fulltime students under a special arrangement with the publishers (The Hindu). 12 students were taken for the Business Line – Bloomberg Round Table at BSE for exposure. A special lecture on the Union Budget 2016 by Prof Korivi for the staff and students was organized. The academic session for PGPSM and PGCSM were completed by 31.3.2016 on schedule, including examinations. Final Project guidelines were issued to PGPSM students, whereas PGCSM students were released for their induction training at ICICI.

New initiatives included the conduct of SMART Lab sessions for students from Kalsekar College-Thane and MIT-Pune. Lecture sessions were held for the executive participants from NIFM-Faridabad. Educational proposals for the conduct of a Securities Law programme at National University of Judicial Science (NUJS-Kolkata) were pursued with vigour. The vision for SSE was also articulated at the Strategic Action Plan meeting at Nashik. At the national level, we strengthened our association with the National Academy of Direct Taxes (NADT-Nagpur) and ICLS

Academy (IICA-Manesar). In March, 152 IRS Officers underwent training at NISM and in April, training for ICLS Officer Trainees was successfully concluded. The ICLS trainees underwent sessions at NISM, plus exposure visits to RBI, BSE, SEBI and NSE. We will be engaging TAPMI Manipal and Kotak Securities each for a 1-month fulltime programme in May 2016, for which the initial dialogue and design is in progress.

A proposal for offer of 5 courses from the PGPSM menu in the distance/online mode was initiated for discussion at the Board of Governors Meeting in February and the Academic Council in March 2016.

March 2016 was a month in which SSE had several interactions with national and international institutions. We touched base with Nepal Banking Institute and Myanmar Institute of Finance to explore various proposals. Various members from SSE delivered sessions for the officers from the Securities Exchange Commission of Bangladesh.

NISM hosted a delegation of senior officers from SEBI at the Patalganga Campus on April 6, 2016, as a part of their annual brainstorming exercise. A detailed report on SSE & SSIR has also been prepared for the SEBI Annual Report 2015-16, highlighting our activities.

## SCHOOL FOR SECURITIES INFORMATION & RESEARCH (SSIR)

A research paper by Sunder Ram Korivi and Latha Chari, titled "The Changing Dynamics of Indian Agricultural Policy" has been accepted for publication in the February 2016 issue (Special Issue on Agriculture) of the Management Accountant, published by the Institute of Cost Accountants of India.

Pradiptarathi Panda presented his paper titled "Stock Market Spillovers: BRICS Countries' Experience" at the 52<sup>nd</sup> Indian Econometrics Society Conference held at Indian Institute of Management, Kozhikode, on January 4-6, 2016.

Meraj Inamdar presented his paper and won the Outstanding Paper Award for his work titled "Analysis of SME Exchange" at the International Commerce Conference held by the Department of Commerce, University of Mumbai, on January 14-15, 2016 at the Kalina Campus.

Pradiptarathi Panda presented his paper titled "Market-Wide Circuit Breaker and Stock Market Volatility in India" at the International Commerce Conference held by the Department of Commerce, University of Mumbai, on January 14-15, 2016 at the Kalina Campus.

Pradiptarathi Panda presented a paper "Green Bond: A Socially Responsible investment instrument". International Conference: Inclusive growth through Innovative HR Practices and Alternative Finance, Organised by Institute for Technology and Management, Navi Mumbai.

Panda Pradiptarathi and Sahoo Hrudaranjan presented a paper "Interest rate futures in India: An examination for NSE". International Conference: Inclusive growth through Innovative HR Practices and Alternative Finance, Organised by Institute for Technology and Management, Navi Mumbai.

The Compendium of Research Papers for 2014-15 was compiled and placed before the Academic Council on March 19, 2016.

SSIR continued its dialogue with the Institute of Cost Accountants of India (ICAI) for the (special issue on Capital Markets) of the Research Bulletin, to be released at the NISM-ICAI joint conference on May 14, 2016, at Kolkata. 10 articles were reviewed and submitted through NISM. NISM also continued its dialogue for research MOU with the College of Banking and Financial Services (CBFS), Oman.

During this month, NISM has sent a draft MOU to the College of Banking and Financial Studies (CBFS), Oman, for a Research Collaboration.

Our library has an impressive collection of books, journals and CDs. We have initiated the idea of opening membership for Alumni. One of our ex-employees, Mr Naresh Sabbani, donated a valuable collection of CFA & FRM course material for our library.

## SCHOOL FOR CORPORATE GOVERNANCE (SCG)

### Training Program for Indian Financial Investors on Integrating Environment, Social and Governance Perspectives in Sustainable Investment Decisions



Training Programme on 'Business Responsibility Reporting' was held during February 12-13, 2016 at NISM Bhavan, Navi Mumbai for the benefit of Sustainability officers / Compliance officers/CFO of the listed companies, Academicians and Institutes promoting business sustainability.

The prime objective of the programme was to bring about a common understanding of the disclosure requirements, and a uniform interpretation of terminologies across companies so that the output of the Business Responsibility Reporting, is uniform and comparable. Also to provide simple tools to the reporting companies, to help them get started and develop internal systems and processes to make meaningful disclosures.

The topics/areas discussed in the programme includes;

- BRR- Regulator's Perspective
- Understanding the evolving business environment, impacts of new & emerging externalities with Case Study
- Dimensions of Sustainability, Stakeholders-identification & prioritization.
- Identification of Key Material issues, Sustainability Risks & Opportunities
- Principles of BRR, Best Practices- Consultant perspective
- Process of embedding and implementation of Sustainable Development in the organization, Producing the actual Report
- Trends in BRR

The Speakers were the persons of eminence including Senior Professionals having expertise in BRR, Regulators, Consultants and Practitioners in the area of Sustainability.



# SCHOOL FOR CERTIFICATION OF INTERMEDIARIES (SCI)

## 1.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-III-B: Issuers Compliance Certification Examination w.e.f. January 12, 2016
- (b) NISM-Series-X-B: Investment Advisers (Level-2) Certification Examination w.e.f. March 1, 2016
- (c) NISM-Series-III-A: Securities Intermediaries Compliance (Non-Fund) Certification Examination w.e.f. March 2, 2016
- (d) NISM-Series-XV: Research Analyst Certification Examination w.e.f. March 3, 2016
- (e) NISM-Series-I: Currency Derivatives Certification Examination w.e.f. April 13, 2016
- (f) NISM-Series-XIII: Common Derivatives Certification Examination w.e.f. April 21, 2016

## 2.Revision of NISM CPE Program

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

- (a) NISM-Series-III-A: Securities Intermediaries Compliance (Non-Fund) Certification Examination w.e.f. March 2, 2016
- (b) NISM-Series-I: Currency Derivatives Certification Examination w.e.f. March 23, 2016
- (c) NISM-Series-VIII: Equity Derivatives Certification Examination w.e.f. March 28, 2016
- (d) NISM-Series-IV: Interest Rate Derivatives Certification Examination w.e.f. March 30, 2016

## Training Program on “Mutual Funds Customer Service” for SBI Mutual Fund Team

NISM has developed a 2-days training program on “Mutual Funds Customer Service” for SBI Mutual Fund team. Knowledge related to Mutual Funds, Mutual Funds products, Offer Document, Operations, Regulatory

Framework, Investor Services, Soft skills etc. was imparted to participants of these programs. The program also focused on improving the communication skills (both verbal and written) of participants with a focus on the customer and distributors servicing and retention process.

These Programs were conducted at Delhi & Mumbai during in the period of January - April 2016.

## Training Program on “Mutual Funds Sales and Marketing” for SBI Mutual Fund Team

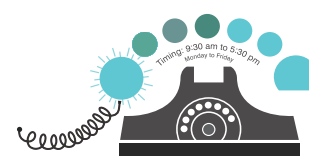
NISM has developed a 3-days training program on “Mutual Funds Sales and Marketing” for SBI Mutual Fund team. Knowledge related to Fixed Income / Debt Markets, Equity Markets, Equity Derivative products, Mutual Funds products & Performance Assessment, Wealth Management, Operations, Regulatory Framework, Compliance, Risk, Soft Skills, etc. was imparted to participants of these programs. The program also focused on improving the communication skills of participants with a focus on the customer acquisition and retention process.

These Programs were conducted at Mumbai, Chandigarh, Delhi, Ahmedabad and Bangalore during in the period of January - April 2016.

## Assessment Testing Solutions

NISM has developed and conducted customized internal assessments for the employees of Kotak Securities Limited during February 2016. These assessment solutions assist financial sector organizations in mapping essential employee skills against desired objectives and enable the employers to evaluate the skills of various employees, identify suitable roles and responsibilities for them based on their knowledge, and also identify training needs across the organization. These assessments can also be used to evaluate the knowledge levels of potential hires enhancing the efficacy of the recruitment process.

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





## FEATURED EXAMINATION

### **NISM-Series-XIII: Common Derivatives Certification Examination**

#### **About the Certification Examination for Common Derivatives**

**NISM-Series-XIII:** Common Derivatives Certification Examination aims to enable a better understanding of various derivatives products available in the three exchange-traded derivatives segments (i.e., Equity Derivatives, Currency Derivatives and Interest Rate Derivatives). In addition to the product knowledge and the trading strategies related to the three derivatives segments, knowledge of underlying markets, various regulations and risks associated with these products and the exchange mechanisms of trading, clearing and settlement, etc are also covered in this examination.

As this examination encompasses the knowledge requirements of the three derivatives segments, candidates who have cleared the NISM-Series-XIII: Common Derivatives Certification Examination are deemed to have obtained the requisite standards equivalent to the following three examinations of NISM:

- NISM-Series-I: Currency Derivatives Certification Examination
- NISM-Series-IV: Interest Rate Derivatives Certification Examination
- NISM-Series-VIII: Equity Derivatives Certification Examination

Thus, this examination provides an “additional choice” to the candidates who want to build their competencies and work across the above mentioned derivatives segments. The examination was launched on December 9, 2014 and was notified by SEBI on March 10, 2015.

#### **Examination Objectives**

On successful completion of the examination the candidate should:

- Know the basics of the Indian derivatives market (covering Equity Derivatives, Currency Derivatives and Interest Rate Derivatives).
- Understand the various trading and hedging strategies that can be built using futures and options.
- Understand the clearing, settlement and risk management as well as the operational mechanism related to the derivatives markets.
- Know the regulatory environment in which the derivatives markets operate in India.

#### **Assessment Structure**

The examination consists of 150 questions of 1 mark each and should be completed in 3 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](http://www.nism.ac.in) or <http://nism.ac.in/certification/index.php/nism-certifications/common-derivatives-m/common-derivatives-certification-examination>

**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)



1. NCFE-NFLAT 2015-16 Award Ceremony for South region winners was conducted as part of Insurance Awareness Day celebrations by Insurance Regulatory and Development Authority of India (IRDAI) at Hyderabad on 19 April 2016. The award ceremonies for West region was conducted at Y.B.Chavan Centre, Mumbai, for East region was conducted at Delhi Public School, Patna and National & Northern & Central award ceremony was conducted at Delhi Public School, Gurgaon.
2. NCFE website launched in Tamil and Bengali language. NCFE website is also being continuously updated by adding more videos and content.
3. NCFE has been working on inclusion of financial literacy in school curriculum. NCFE had, accordingly written letters to Chief Secretaries of 28 states. A set of FE workbooks was also sent with request for introduction of financial literacy at school level. As of now we have been able to make successful intervention in 4 states – Karnataka, Mizoram, Goa and Meghalaya. Except Karnataka, other 3 states are going to include financial education in schools from this academic year onwards.
4. MSSP is an initiative of NCFE to provide financial education in the school curriculum. MSSP is a program whereby we ask schools to voluntarily include financial literacy as part of their curriculum. As of now 100+ schools have registered for this program.





# REGULATORY CHANGES

## INITIATED BY SEBI

### MODIFICATION OF CLIENT CODES POST EXECUTION OF TRADES ON NATIONAL AND REGIONAL COMMODITY DERIVATIVES EXCHANGES

#### **SEBI/HO/CDMRD/DMP/CIR/P/2016/43**

1. This circular is issued with an objective to streamline the provisions of the facility of client code modification at commodity derivatives exchanges in line with the securities market. It is also being reemphasized here that this facility is expected to be used more as an exception rather than a routine.
2. The commodity derivatives exchanges shall comply with the provisions of the directions issued by SEBI vide its circulars CIR/DNPD/6/2011 dated July 05, 2011 and CIR/MRD/DP/29/2014 dated October 21, 2014.
3. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
4. This circular supersedes the circulars issued by the Forward Markets Commission related to Client Code Modification from time to time and shall come into force with effect from one month from the date of this circular.
5. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

### DISCLOSURE OF PROPRIETARY TRADING BY COMMODITY DERIVATIVES BROKER TO CLIENT AND "PRO - ACCOUNT" TRADING TERMINAL

#### **SEBI/HO/CDMRD/DMP/CIR/P/2016/49**

1. In order to increase the transparency in the dealings between the stock broker and the clients in commodity derivatives market, it has been decided to align the provisions relating to the proprietary trading carried out by the stock brokers of commodity derivatives exchanges in line with the securities market.
2. Disclosure of proprietary trading by broker to client: The provisions of the directions issued by SEBI vide its circular no. SEBI/MRD/SE/Cir- 42 /2003 dated November 19, 2003, regarding the disclosure of proprietary trading by stock broker to client, are made applicable to all the commodity derivatives exchanges.
3. "Pro – account" trading terminals: All the commodity derivatives exchanges shall ensure compliance with the provisions of the directions issued by SEBI vide its circular no. SEBI/MRD/SE/Cir-32/2003/27/08 dated August 27, 2003 regarding "Pro – account" trading terminals.
4. This circular supersedes the circulars issued by the erstwhile Forward Markets Commission related to "Pro – account" trading terminal from time to time and shall come into force with effect from three months from the date of this circular.
5. This circular is issued in exercise of the 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.
6. The Exchanges are advised to:
  - i. to make necessary amendments to the relevant bye-laws, rules and regulations.
  - ii. bring the provisions of this circular to the notice of the stock brokers of the Exchange and also to disseminate the same on their website.
  - iii. communicate to SEBI, the status of the implementation of the provisions of this circular in the Monthly Development Reports to SEBI.
7. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

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

### **CIR/MRD/DP/36/2016**

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. These guidelines have been modified based on the representation/suggestion received from various stakeholders from time to time.
2. In order to further streamline the process of OFS with an objective to encourage greater participation of all investors including retail investors, it has been decided that:
  - a. The Seller shall notify to the stock exchanges its intention for sale of shares latest by 5 pm on T-1 day (T day being the day of the OFS). Stock exchanges shall inform the market immediately upon receipt of such notice.
  - b. On the commencement of OFS on T day only non-retail investors shall be permitted to place their bids. Cut off price shall be determined based on the bids received on T day as per the extant guidelines.
  - c. The retail investors shall bid on T+ 1 day and they may place a price bid or opt for bidding at cut off price. The seller shall make appropriate disclosures in this regard in the OFS notice.
  - d. Settlement for bids received on T+1 day shall take place on T+3 days (T+1 day being trade day for retail investors). Discount, if any to retail investors, shall be applicable to bids received on T+1 day.
  - e. In order to ensure that shares reserved for retail investors do not remain unallocated due to insufficient demand by the retail investors, the bids of non- retail investors shall be allowed to carry forward to T+ 1 day.
  - f. Unsubscribed portion of the shares reserved for retail investors shall be allocated to non-retail bidders (un-allotted bidders on T day who choose to carry forward their bid on T+ 1 day) on T+ 1 day at a price equal to cut off price or higher as per the bids. In this regard, option shall be provided to such non-retail bidders to indicate their willingness to carry forward their bids to T+ 1 day. If the non-retail bidders choose to carry forward their bids to T+ 1 day, then, they may be permitted to revise such bids. Settlement for such bids shall take place on T+3 day.
3. Accordingly, para 5 b & (d) (i) & 8 (i) of circular dated July 18, 2012, para 2.5 & 2.9 of circular dated January 25, 2013, para 3.9 & 3.10 of OFS circular dated August 08, 2014, 2.1.1 of circular dated December 01, 2014 and para 2.1 of circular dated June 26, 2015 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, CIR/MRD/DP/32 /2014 December 01, 2014 and circular CIR/MRD/DP/12/2015 dated June 26, 2015 remain unchanged.
4. Stock Exchanges are advised to:
  - 4.1. take necessary steps and put in place necessary systems for implementation of above on or before March 01, 2016.
  - 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

### ACCEPTANCE OF DEPOSITS BY INDIAN COMPANIES FROM A PERSON RESIDENT OUTSIDE INDIA FOR NOMINATION AS DIRECTOR

**RBI/2015-16/371**

**A.P. (DIR Series) Circular No.59**

1. Attention of Authorised Dealers Banks is invited to Regulation 3 of the Foreign Exchange Management (Deposit) Regulations, 2016, notified vide Notification No. FEMA 5(R)/2016-RB dated April 1, 2016, in terms of which no person resident in India shall accept any deposit from, or make any deposit with, a person resident outside India.
2. Under section 160 of the Companies Act, 2013, it is provided that a person who intends to nominate himself or any other person as a director in an Indian company is required to place a deposit with the said company. In this context, it has come to the notice of the Reserve Bank that there is ambiguity whether such deposits will require any specific approval from the Reserve Bank under Notification No. FEMA 5(R), in cases where the deposit is received from a person resident outside India.
3. It is clarified that keeping deposits with an Indian company by persons resident outside India, in accordance with section 160 of the Companies Act, 2013, is a current account (payment) transaction and, as such, does not require any approval from Reserve Bank. All refunds of such deposits, arising in the event of selection of the person as director or getting more than twenty five percent votes, shall be treated similarly.
4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned. Necessary amendments have been carried out in Master Direction No 14 on Deposits and Accounts.
5. The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

## INITIATED BY PFRDA

### INVESTMENT IN 'ALTERNATIVE INVESTMENT FUNDS (AIF)'

#### **PFRDA/2016/8/PFM/02**

1. Investment in SEBI Regulated 'Alternative Investment Funds' AIF (Category I and Category II only) as defined under the SEBI (Alternative Investment Fund) regulations 2012 are permitted for the NPS Schemes (Other than Govt. Sector (CG &SG), Corporate CG, NPS Lite and APY) with a ceiling of 2% of the Pension Fund Corpus.
2. This would be an addition and to be read in continuation with circular no PFRDA/2015/PFM/08 dated 02.09.2015 - Investment Guidelines for NPS Schemes (Other than Govt. Sector (CG &SG), Corporate CG, NPS Lite and APY)
3. The permitted funds under category I are Infrastructure Funds, SME Funds, Venture Capital Funds and social venture capital funds as detailed in Alternative Investment Funds Regulations , 2012 by SEBI.
4. For category II AIF as per Alternative Investment Funds Regulations, 2012 by SEBI, at least 51% of the funds of such AIF shall be invested in either of the infrastructure entities or SMEs or venture capital or social welfare entities.
5. The investment in category I & II of AIF shall be included under the Asset backed, Trust structured and miscellaneous investments with a cap of 5%.
6. Pension Fund shall only invest in AIFs whose corpus is equal to or more than Rs. 100 crores.
7. The Pension Funds shall invest in only those AIFs having a minimum rating of AA and above from at least one rating agency except in case of Govt. owned AIFs.
8. The exposure to single AIF shall not exceed 10% of the AIF size.
9. Pension funds to ensure that funds should not be invested in securities of the companies or Funds incorporated and operated outside the India in violation of section 25 of the PFRDA Act 2013.
10. The sponsors of the Alternative investment funds should not be the promoter in Pension fund or the promoter group of the Pension Fund.
11. The AIFs shall not be managed by Investment manager, who is directly or indirectly controlled or managed by Pension fund or the promoter group of the Pension Fund.
12. Pension fund to ensure and apply all measures of due diligence in the best interest of subscribers before investing in AIF. Pension Funds are advised to consider all the risks such as liquidity risk, integrity risk, operational risk, and control issues and conflicts of interest while making a decision to invest in AIFs and these are to be documented while making such decisions for scrutiny by Authority/NPS Trust.
13. This will be w.e.f. 15.04.2016.







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