

NiSM UPDATE

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MASTERCLASS ON BEHAVIOURAL FINANCE 2015





FOREWORD

I take great pleasure in informing you of the training programs, workshops and activities NISM has initiated and conducted to enable the multitude of stakeholders in the securities markets to enhance their level of knowledge about the current market developments.

NISM has organised a program on Behavioural Finance with the aim of providing valuable insights into the behaviour of individual investors and finance professionals. Dr. Arman Eshraghi, a lecturer in Finance and Accounting and Director of MSc Finance and Investment at the University of Edinburgh, was the Master Trainer. This program was attended by participants from different institutions like SEBI, NSE, BSE, Reliance Capital Asset Management Ltd., ICICI Securities, Axis Mutual Fund, HDFC AMC, Bank of India, Morgan Stanley and NISM and was highly appreciated by them.

NISM has organised 11 training programs for professionals from different organisations. These include six programs for SEBI Officers, two for Secretaries of SEBI, one for Senior Officers of Defence Services, and two Management Development Programs for market participants.

During this period, NISM witnessed active engagement with academia through interactions with the Maharashtra National Law University and Department of Economics, University of Mumbai, revolving around Quantitative Finance and Data Science programs. Similarly, there was active interface with the industry, in the form of interactions

for designing new executive programs, which included a one month training program for the sales executives of Kotak Securities Limited. The two key events of this period were the convocation ceremonies of two programs completed in this academic session: PGCCM (CS) and PGCCM (Kotak).

With a view to incorporating market changes, NISM has completed the review of several existing certification examinations and CPE programs to ensure that market participants are updated with the latest regulations, products and processes. NISM has also conducted training programs on "Option Trading Strategies", "Technical Analysis" and "Commodities Markets" which have been well received by the market participants.

The current issue of NISM Update presents an overview of the activities carried out by NISM during the past four months. During this period there was a commendable growth in the activities of NISM. In future, NISM shall endeavour to enhance its synergy with different institutions in order to strive for increased knowledge creation and dissemination.

I trust you will find this issue useful.

Sandip Ghose
Director, NISM.



MASTERCLASS ON BEHAVIOURAL FINANCE 2015

NISM had organised a **'Masterclass on Behavioural Finance'** during November 26-27, 2015 at Hotel Fortune Select Exotica, Vashi, Navi Mumbai. The Master Trainer of the program was Dr. Arman Eshraghi, a lecturer in Finance and Accounting and Director of MSc Finance and Investment at the University of Edinburgh.

The key objective of the program was to explore the nuances of decision making in the presence of risk and uncertainty with useful insights into the behaviour of both individual investors and finance professionals. Significant focus was placed on practical applications for executives in charge of managing assets and investment client portfolios.

The areas covered in the programme were Introduction to Behavioural Finance, Practical insights

from the latest academic evidence, Various types of cognitive biases and their investment implications, Discussion on Prospect Theory, Market Efficiency v/s Market Anomalies, Neuroscience and Finance, Sociology and Finance, Use of Behavioural Finance in Portfolio Management.

A total of 47 participants from different institutions like SEBI, NSE, BSE, Reliance Capital Asset Management Ltd., ICICI Securities, Axis Mutual Fund, HDFC AMC, Bank of India, Morgan Stanley and NISM attended the programme.

The program was inaugurated by Mr. Sandip Ghose, Director, NISM. The valedictory address was delivered by Mr. Bazil Shaikh, Former Principal CGM, RBI wherein he also discussed the impact of financial crisis and policy response towards that.

ACTIVITIES AT NISM

SCHOOL FOR REGULATORY STUDIES AND SUPERVISION (SRSS)

During the period September 2015 to December 2015, the School for Regulatory Studies and Supervision has organised 11 training programs. These include six programs for SEBI Officers, two programs for Secretaries of SEBI, one program for Senior Officers of Defence Services, and two MDP for market participants.

Program for SEBI Officers

Six programs were organised exclusively for the SEBI Officers and these included two Workshops on '**An Overview of Commodities Market**' of two days duration each conducted at NISM Bhavan, Navi Mumbai during September 01-02, 2015 and October 29-30, 2015. The topics covered included Commodities Market in India: Origin & Evolution, Mechanics of Commodity Futures Contracts, Discovery of Settlement Prices for Commodity Futures, Functioning and Regulation of Commodity Exchanges, Commodities Market in India – Regulators' Perspective, Risk Management Mechanism – Clearing & Settlement, Global Perspective with Special Emphasis on Crude Commodities Market - Road Ahead, Case Studies amongst others.



The training Program on '**New Pooled Investment Vehicles- AIFs, REITs & InvITs**' was organised at NISM Bhavan during September 29-30, 2015 with the objective of providing participants with a better and deeper understanding of the various aspects of the operation of the

AIFs, REITs & InvITs markets in India and a basic understanding of the regulations.



Further, a Workshop on '**Perspective on Securities Law**' was held during November 03-04, 2015 at NISM Bhavan. The broad objective of the program was to equip the SEBI officers to understand, interpret and deal with various securities laws, regulations, etc. The topics covered, amongst others, included Power and functions of SEBI; Companies Act, 2013 –the relevant provisions related to capital market; SEBI (ICDR) Regulations, 2009; SEBI (SAST) Regulations, 2011; Market Abuse & SEBI (PFUTP) Regulations, 2003; Analysis of Insider Trading Regulations in India; Merger and Acquisition; Surveillance, Investigation and Enforcement at SEBI and Challenges with Case Laws.



The Training Program on '**Collective Investment Schemes and Allied Acts and Regulations**' was held

during November 23-24, 2015 at NISM Premises. The broad objective of the program was to ensure that the participants get adequate knowledge and exposure in understanding the nuances of the Collective Investment Schemes in India and to initiate discussion on its regulatory provisions and other allied Acts and Regulations. The topics/areas covered in the program were Regulatory Overview of Collective Investment Schemes in India, Regulatory Perspectives – Issues, Challenges and Opportunities, RBI outlook on Collective Investment Schemes / Ponzi Schemes / MLM, Deposit taking activities by Companies, Chit Funds, Nidhi/ Mutual Benefit Societies etc. and Ponzi Schemes, Case Study on PACL Ltd.



A four-day Outbound Training Program on '**Commodities, Leadership and Team Building**' was organised for the Senior Officers of SEBI during December 14-17, 2015 at Hotel Express Inn, Nasik. The objective of the program was to provide a better and deeper understanding of the various aspects of the operation of the Commodities Market in India with greater focus on motivation, team building and leadership.

Program for Secretaries of SEBI

NISM had organized a two-day Outbound Training Program on '**Motivation, Team Building & Office Management**' for Secretaries/Account Assistants of SEBI at Hotel IBIS, Nasik during October 29-31, 2015 and November 03-05, 2015.

The program aimed at enhancing their skills in communication, effective goal setting, record keeping, minutes taking etc. and providing insights on the importance of team building.

The topics/areas covered, amongst others, were Maintaining professionalism and etiquette, Competency Mapping, Importance of Office Management, Time Management - Identifying urgent vs. important tasks,

Effective Diary Management, Document Management and its Retrieval, Office Communications and Meetings, Working Relationships within the office environment, Inter Personal Skills, Use of technology, Team Building and Motivation exercises.

The trainers for the workshop were Shri Sandip Ghose, Director, NISM, Faculties of NISM (Shri Sahil Malik, Shri Jitendra Kumar and Shri Hruda Ranjan Sahoo), Experts from Secretarial Training Institutes and Technology Experts.

Program for Senior Officers of Defence Services

An Overview Program on Securities Market for the senior officers of Defence Services was held on December 21, 2015 at NISM Bhavan. The group had officers from three Defence services of the rank comprising Air Commodore, Colonel, Group Captain, Captain and DIG.

The key objective of the program was to enable participants understand the basic concepts, processes and regulations of securities markets.

The program was inaugurated by Shri Sandip Ghose, Director, NISM wherein he placed an emphasis on the need for training and upgradation. Shri Sahil Malik, Faculty, NISM gave an overview of securities market and explained the transaction processes and importance of Financial Planning. A panel of NISM faculty also addressed the queries of these officers pertaining to their current portfolio.

These officers were also exposed to the finance lab wherein they understood the nuances of share trading during live market hours.



MDP for Market Participants

NISM had organised a **'Masterclass on Behavioural Finance'** during November 26-27, 2015 at Hotel Fortune Select Exotica, Vashi, Navi Mumbai. The Master Trainer of the program was Dr. Arman Eshraghi, a lecturer in Finance and Accounting and Director of MSc Finance and Investment at the University of Edinburgh.

The key objective of the program was to explore the nuances



of decision making in the presence of risk and uncertainty with useful insights into the behaviour of both individual investors and finance professionals.

A total of 47 participants from different institutions like SEBI, NSE, BSE, Reliance Capital Asset Management Ltd., ICICI Securities, Axis Mutual Fund, HDFC AMC, Bank of India, Morgan Stanley and NISM attended the programme.

A two day MDP Program on **'Fixed Income Securities'** was held during December 08-09, 2015 at NISM Premises for the benefit of market participants from various part of India. The prime objective of the program was to make the participants aware of the basic concepts, products, processes and regulations of Fixed Income Securities.

The topics discussed included Introduction to Fixed Income Securities, Retail Participants in Fixed Income Securities, Securitised Debt, Fixed Income Derivatives, CDS, Analysis and Trading of Fixed Income Securities, Investment in Fixed Income Securities – Risk and Reward, Pricing and Valuation of Fixed Income Securities, Global Macro Economy & its impact on Indian Financial Markets and Case Study on Sovereign Debt Crisis and Indian Debt Market – Issues, Challenges and Opportunities.



SCHOOL FOR INVESTOR EDUCATION AND FINANCIAL LITERACY (SIEFL)

a) Investor Education at Colleges

The School for Investor Education & Financial Literacy has organized 9 investor education programs at various colleges during the period September 2015 – December 2015 and a total of 750 students attended the program. The details of the programs are as follows.

Sr. No.	Venue	Name of the College/Institute	No. of Participants
1	Bangalore	Acharya Bangalore Business School	132
2	Bangalore	MS Ramaiah College Of Arts Science & Commerce	93
3	Mumbai	NavinChandra Mehta Institute Of Technology & Development	73
4	Saharanpur	NIIT Centre, Saharanpur	42
5	Roorkee	Dept Of Management, College Of Engineering Roorkee	78
6	Pune	MIT School Of Telecom Management (MITSOT)	112
7	Ahmedabad	Som Lalit College Of Management Ahmedabad	108
8	Gandhinagar	Uiar University Nr. Pdpu, Gandhinagar	51
9	Calicut	The Zamorin's Guruvayurappan College	61
Total			750

SOME GLIMPSES OF INVESTOR EDUCATION PROGRAMS



b) Empanelment of SEBI Financial Resource Persons

During the period, NISM has organized 6 new empanelment and training of SEBI Financial Education Resource Persons Program, as per details below. Thus a total of 339 Resource Persons are empaneled.

Sr. No.	Venue	Name of the College/Institute	No. of Participants
1	Maharashtra	Hotel Royal Orchid Central, Marisoft Annexe, Kalyani Nagar, Pune- 411 014	64
2	Gujarat	Hotel Regenta, Nr Old Vadaj Bus Terminal, Usmanpura, 15 Ashram Rd, Ahmedabad	60
3	Chandigarh	Hotel Shivalik View Sector 17e, Chandigarh 160017	75
4	West Bengal	Hotel The Peerless Inn 12, Jawaharlal Nehru Road, Kolkata, West Bengal 700013	31
5	Uttar Pradesh	Hotel Deep Palace 12/47, Cantt Rd, Opp. Irrigation Office, Lucknow, UP 226001	60
6	Bihar & Jharkhand	Hotel The Panache, West Of Ram Gulam Chowk, South Gandhi Maidan, Patna Bihar 800001	49
Total			339



SCHOOL FOR SECURITIES EDUCATION (SSE)

Term I of PGPSM and PGCSM were successfully completed in early October 2015, along with end-term examinations, and Term II commenced in right earnest. PGPSM students also got actively engaged in appearing for the NISM Certification Examinations, an exercise in improving their CVs for employment. A good deal of planning and innovation went into the courses, with theoretical and practical aspects discussed in detail, together with interesting assignments, cases and teaching material. A star component of this term was the intensive use of the SMART Lab. We also conducted sessions on the CMIE Prowess database. The engagement with academia was active, through interactions with the Maharashtra National Law University and Department of Economics, University of Mumbai, revolving around the Quantitative Finance and Data Science programs, as also Faculty Development Programs, inter alia. Similarly, engagement with industry was also active, as evident in the interactions for designing new executive programs.

In November 2015, placement activities commenced with the design of the Placement Brochure. Students of PGPSM were provided detailed inputs on CV Writing (Resume Workshop) and Interview Skills by Ms Anupama Iyer. The

alumni section was also installed on our website, revealing a rich profile of our ex-students. Term I results were declared. The examinations of Batch II of Kotak Securities were conducted. The two major events of the month were the Convocation ceremonies in respect of two programs completed this academic session: PGCCM (CS) and PGCCM (Kotak). The design of a one-month training program for the sales executives of KSL was also done during this month.

The Alternate Investment Conference was held in AIWMI, on December 4, 2015 and Akhlaque Ahmad, with a delegation of students from PGCDs attended the same. In December 2015, Dr Netra Neelam conducted Psychometric Assessment Tests for each of the students, to help them assess their personal style inventories and gauge their career drivers. This will be a prelude to the one-to-one mentoring exercise. Batch III of PGCCM for Kotak Securities commenced, on the back of two completed batches. Term II of PGPSM and PGCCM were successfully concluded, and examinations commenced in end-December 2015. This includes a suite of NISM Certifications for CV enhancement. Term II of PGDQF and PGCDs commenced, after successful completion of Term I classes and examinations.

SCHOOL FOR SECURITIES INFORMATION & RESEARCH (SSIR)

- NISM was the Academic Partner in Morningstar Investment Conference 2015, held on 27-28 October, 2015.
- Prof Korivi attended the ISB-NSE program on Equity Value Investing at the ITC Grand Maratha on October 6, 2015.
- Rajshekhar Torgal and Pradipta Panda attended the Wealth Management organized by the American Academy of Financial Management on December 19, 2015.
- A research paper by Akhlaque Ahmad, titled "Modeling and Forecasting Volatility Using Continuous and Discrete Time Models" has been accepted for the Fourth Asian Quantitative Finance Conference (AQFC) in Japan.

SCHOOL FOR CORPORATE GOVERNANCE (SCG)

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



NISM in association with IL&FS Academy of Applied Development (IAAD) organized a training program on 'Integrating Environment, Social and Governance Perspectives in Sustainable Investment Decisions' for Indian Financial Investors at IL&FS Training Centre, Bandra Kurla Complex, Mumbai during December 17-18, 2015.

The objective of the program was to create awareness & understanding of ESG among the financing community; equip Indian Investment and Banking professionals with the 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.

The topics covered include the following:

- Significance of ESG (Environment, Social and Governance) in Business
- Why Environmental, Social and Governance issues matter for Financial Institutions?
- Comprehensive E&S risk assessment and management framework in Financial Institutions
- Evaluating ESG issues for Infrastructure, Real Estate, Equity and Fixed Income Asset Classes
- Introduction to the ESG Tools
- Monitoring, Reporting, and Disclosure (MRD)

The program methodology adopted was interactive sessions through presentations and group case study involving role play.

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-IX: Merchant Banking Certification Examination w.e.f. September 7, 2015
- (b) NISM-Series-XII: Securities Markets Foundation Certification Examination w.e.f. September 29, 2015
- (c) NISM-Series-II-A: Registrar to an Issue and Share Transfer Agent (Corporate) Certification Examination w.e.f. September 30, 2015
- (d) NISM-Series-IV: Interest Rate Derivatives Certification Examination w.e.f. October 7, 2015
- (e) NISM-Series-VIII: Equity Derivatives Certification Examination w.e.f. November 3, 2015
- (f) NISM-Series-V-A: Mutual Fund Distributors Certification Examination w.e.f. November 16, 2015
- (g) NISM-Series-X-A: Investment Adviser (Level 1) Certification Examination w.e.f. December 31, 2015

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-II-A: Registrar to an Issue and Share Transfer Agent (Corporate) Certification Examination w.e.f. September 30, 2015
- (b) NISM-Series-V-A: Mutual Fund Distributors Certification Examination w.e.f. October 01, 2015
- (c) NISM-Series-X-A: Investment Adviser (Level 1) Certification Examination w.e.f. December 11, 2015

3. Training Program on Option Trading Strategies

NISM has developed a 2-day training program on "Option Trading Strategies". The objective of this program is to enhance the knowledge levels and skills of professionals in the 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.

4. Training Program on Technical Analysis

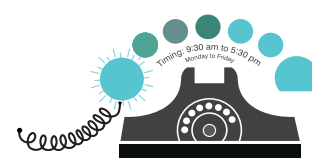
NISM has developed a 2-day training program on "Technical Analysis on Stocks". The objective of this program is to enhance the knowledge levels and skills of professionals in the matters pertaining to Technical Analysis of securities such as: Technical Jargon, Price & Volume, Types of Charts, Trend Line, Channel Formation, Support & Resistance, Reversal Patterns, Continuation Patterns, Gann Theory & Fibonacci Retracement, Dow Theory, Elliot Wave Theory, Moving Average, Oscillators, Bullish Candle Formation, Bearish Candle Formation, Sentimental Indicators, Trading Rules & Trading Strategies.

5. Training Program on Commodities Markets

NISM has developed a 2-day training program on "Commodities Markets". The objective of this program is to enhance the knowledge levels and skills of professionals and management students. It aims to improve their understanding of Commodity derivatives products, functioning of commodity markets (spot and derivatives segments), macro economic factors that impact commodity markets, trading strategies for commodity markets, etc.

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

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-VIII: Equity Derivatives Certification Examination

About the Certification Examination for Equity Derivatives

The examination seeks to create a common minimum knowledge benchmark for associated persons functioning as approved users and sales personnel of the trading member of an equity derivatives exchange or equity derivative segment of a recognized stock exchange.

The examination aims to enable a better understanding of various derivatives products available in equity derivatives markets, regulations and risks associated with the products and the exchange mechanisms of clearing and settlement. The examination also covers knowledge competencies related to the understanding of the financial structure in India and the importance of the different rules and regulations governing the Indian securities market, especially those related to the equity derivatives segment.

The examination was launched on October 8, 2012 and was notified by SEBI on January 11, 2013.

Examination Objectives

The examination covers all important topics related to Exchange Traded Equity Derivatives segment. These include the basics of derivatives, understanding the stock market indices, equity futures contracts, equity options contracts, option trading strategies, trading, clearing and settlement system of exchange traded equity derivatives, legal and regulatory environment pertaining to equity derivatives markets, accounting and taxation of equity derivatives contracts and investor protection guidelines. It will be immensely useful to all those who want to learn about the various aspects of Indian Equity Derivatives markets.

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 <http://nism.ac.in/certification/index.php/nism-certifications/equity/equity-derivatives>

**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. National Financial Literacy Assessment Test (NFLAT)

NCFE-NFLAT was conducted on 28 and 29 November, 2015 across the country in 250+ test centers. Results were declared on 16th Dec, 2015. We are planning to conduct award ceremonies for winners during the month of March 2016.

2. Financial Education Training Program (FETP)

NCFE in partnership with the Central Board of Secondary Education (CBSE) conducted 20 Financial Education Training Programs (FETP) for school teachers at various locations across the country.

Some highlights of the program include Dr. Raghuram Rajan, Governor RBI was the chief guest at the Srinagar program. Mr. Prashant Saran, WTM SEBI inaugurated the program in Jaipur.

In all the 20 programs we were able to train and certify more than 1000 participants as Money Smart Teacher.

3. Financial Education Workbooks

Financial education workbooks for students of class 6 to 10 were launched by Shri U S Paliwal, ED, RBI during the Mumbai FETP. A set of 5 workbooks has been jointly developed by NCFE and CBSE for inclusion of financial literacy in schools.

4. Financial Literacy Booklet

NCFE has developed a financial literacy booklet covering 10 different modules with basic messages such as why and how to save, invest or insure how to approach grievance redressal cells of different regulators, etc. Currently this booklet is available both in Hindi and English languages and are being used by FLCCs for conducting financial education workshop for newly inducted people into the formal financial system.

5. Financial Education in State Board Schools

NCFE has approached the state education boards by way of writing letters to the Chief Secretaries of each state for inclusion of financial education topics in state board schools' curriculum.



KNOWN AND UNKNOWN BRICS COUNTRIES

Pradiptarathi Panda - Research Associate & Ph.D Candidate, NISM

Investors are attracted to invest in a group of countries rather than investing in a single country. In today's world, we find several groups of countries, G7 Countries, G8 Countries, G20 Countries, South Asian Association for Regional Co-operation (SAARC); India, Brazil and South Africa (IBSA), Brazil, Russia, India, China and South Africa (BRICS); Association of Southeast Asian Nations (ASEAN); Organisation for Economic Cooperation and Development (OECD); Organisation of Petroleum Exporting Countries (OPEC) etc. Among all these groups of countries, the attention of world, since 2000 was on BRICS countries. The term BRIC (Brazil, Russia, India and China) was coined by O' Neill (2001) in his Goldman Sachs Global economic paper "Building Better Global Economic BRICs". Wilson and Purushothamn (2003) in the Goldman Sachs Global Economic paper "Dreaming With BRICs: The Path to 2050", depict that BRIC countries are expected to outperform most of the developed countries in the world by 2050.

The first BRICs Summit was held in Yekaterinburg, Russia on 16th June 2009. South Africa joined the group in December 2010 and BRIC turned into BRICS. So far, seven BRICS Summit meetings have been completed. The 8th BRICS summit is to be held in New Delhi in December 2016 (See Table-1). BRICS countries cover around 42% of world population, 25% of world GDP and 11% of world market capitalization (See Table-2). Major stock indices and their constituent companies have been given in Table-2. Brazil comes under South American region, Russia in Euro Asian region, India and China under Asian region and South Africa under Southern Africa region. The official liberalization of these countries was started from 1991; Brazil (May 1991), Russia (January 1994), India (February 1992), China (July 1993) and South Africa (1996). These are the emerging, developing and fastest growing economies.

Table -1: BRICS Summit

Summit	Host City and Country	Year
1st BRIC Summit	Yekaterinburg, Russia	16th June 2009
2nd BRIC Summit	Brasilia, Brazil	16 th April 2010
3rd BRICS Summit (1st BRICS Summit)	Sanya, Hainan, China	14th April 2011
4th BRICS Summit	New Delhi, India	29th March 2012
5th BRICS Summit	Durban, South Africa	26th - 27th March 2013
6th BRICS Summit	Fortaleza, Brazil	14th - 16th July 2014
7th BRICS Summit	Ufa, Bashkortostan, Russia	8th - 9th 2015
8th BRICS Summit (To Be Held)	New Delhi, India	December 2016

Table-2: Market Capitalisation (MC) and major Indices of BRICS Countries

Exchanges	Number of Listed Companies	% of MC* to World MC - 2012	% of MC to World MC - 2013	Index
BM & F, BOVESPA	363	2%	2%	IBOVESPA
Moscow Exchange	261	2%	1%	MICEX
BSE India	5294	2%	2%	SENSEX
Shanghai SE	953	5%	4%	SHANGHAI COMPOSITE
Johannesburg SE	375	2%	2%	FTSE/JSE Top 40 INDEX
BRICS	7246	12%	11%	-----

Source: Author's Calculation/World Federation of Exchanges, *MC is the market capitalization (Number of shares issued multiplied by price of shares)

Major Stock Exchanges:

Brazil is having only one exchange called BM & F BOVESPA which operates both securities and derivatives. It is a public listed company established in 2008 by merging the Sao Paulo Stock Exchange (BOVESPA) and the Brazilian Mercantile & Futures Exchange (BM & F). The exchange has two major market segments like BOVESPA and BM & F. BOVESPA provides trading for equities, equity derivatives (mainly stock options and index options) and corporate debt securities. BM & F segment provides trading for commodity derivatives, financial derivatives, spot foreign exchange and public debt securities. The main exchange in Russia is Moscow Exchange MICEX-RTS. It was formed in December 2011 by merging Moscow Interbank Currency Exchange (MICEX group) and Russian Trading System (RTS Group). There are three main sections for trading in MICEX-RTS securities market. First one is the main market for equities and bonds (settled in RUB), second one is the standard section for most liquid securities (settled in RUB) and third is the classical section for equities, bonds and fund shares (settled in USD). FORTS is the platform for derivative markets. Futures and options contract on equities, bonds, indices, currencies, interest rates and commodities. The major exchanges of India are Bombay Stock Exchange (BSE) established in 1875 and National Stock Exchange (NSE) which was established in 1992. Equity, Debt, Index futures and options, Currency futures and options, equity

derivatives, Interest rate futures are the major products traded in BSE and NSE. Multi Commodity Exchange of India (MCX) established in 2003 is now Metropolitan Stock Exchange of India Ltd (mSXI) and allows trading in commodity futures. China has two major exchanges called Shanghai Stock Exchange (SHSE) and Shenzhen Stock Exchange (SZSE). These exchanges allow trading in equities, debt and derivatives. The Johannesburg Stock Exchange (JSE) is the only exchange in South Africa for securities and derivatives. This exchange provides facility to buyers and sellers to buy and sell equity, equity derivatives, currency derivatives, commodity derivatives and bond and interest rate derivatives.

Financial Regulatory Authorities:

Single regulatory model and multiple regulatory models are two regulatory models followed by all countries. The system of converting from multiple regulatory systems to single regulatory system starts from Singapore (1984) followed by Norway (1986), Denmark (1988), Sweden (1988), Korea (1998), Japan(1999), UK (1998/2000) and so on. Multiple regulatory systems include many regulators regulating each of the segmented financial system differently like for insurance, banking and securities. All of the BRICS Countries are following multiple regulatory system (see table-3).



Table-3: Financial Regulatory Authorities of BRICS countries

Brazil	Money Market/financial institutions	Brazilian Central Bank (BCB)	1964
	Stock Exchanges, Public Companies, Financial Intermediaries and Investors	Brazilian Securities and Exchange Commission (CVM), Brazil	1976
	Insurance, open Private Pension, Annuity and Reinsurance	Superintendence of Private Insurance (SUSEP) (Oversight of Private Insurance)	1966
	Formulates monetary and credit policies for the financial and capital market	National Monetary Council (CMN)	1964
Russia	Capital Market	The Federal Service for Financial Markets (FFMC)	<i>September 2013 FFMC abolished and Bank of Russia took all financial markets charge</i>
	Financial Markets, Non Credit Financial Institutions and Money Market, FOREX market	Central Bank of Russia (CBR)	1990
	Insurance	Federal Insurance Supervisory Authority	1992
	Maintains competition in the financial market and the issuance of public debt securities	The Federal Anti-Monopoly Service (FAS)	1990
		The Ministry of Finance	---
India	Money Market	Reserve Bank of India (RBI)	1935
	Capital Market	Securities Exchange Board of India (SEBI)	1988
	Commodity Futures Markets in India	Was with Forward Market Commission (FMC) but now merged into SEBI*	Forward Contract (Regulation) Act.1952
	Insurance	Insurance Regulatory and Development Authority (IRDA)	IRDA Act. 1999
	Facilitate corporate growth by enlightened regulation	Ministry of Corporate Affairs (MCA)	Companies Act.1956/2013
		Ministry of Finance	---
	Developing and regulating Pension Funds	Pension Fund Regulatory Development Authority (PFRDA)	2003/PFRDA Act 19 th September 2013
China	Capital Market/ securities and capital market regulator	China Securities Regulatory Commission (CSRC)	1998
	Money Market	China Banking Regulatory Commission (CBRC) and People's Bank of China (PBOC, the Central Bank)	2003
	Insurance	China Insurance Regulatory Commission (CIRC)	1998
South Africa	Non-Banking Financial Service Industry	Financial Services Board (FSB)	1990
	Fiscal Policy	The National treasury under The Ministry of Finance	----
	Banking Industry	South African Reserve Bank	1921

*FMC has merged with SEBI on 28th September 2015

New Development Bank:

BRICS stands as a milestone in international market by establishing BRICS New Development Bank (NDB) in Shanghai, China on 15th July 2014 in which Mr. K.V. Kamath, an Indian is the First President. The proposal of establishing NDB was put forth by India in 2012 in 4th BRICS summit. The NDB will act as an alternative to World Bank and International Monetary Fund (IMF). The total authorized capital of this bank is \$100 billion, of which \$50 billion is paid up capital and \$50 billion equally shared by member

countries. There is also a BRICS contingency reserve agreement (BCRA) of which China is the highest contributor (\$41 billion); Brazil, Russia and India contributed \$18 billion each and South Africa \$5 billion.

BRICS exchange alliance was announced in 2011 and first cross listing of index futures on one another's trading platforms was started in March 2012. Despite several ups and downs, these groups of countries will bring out a dynamic change in the world.

REGULATORY CHANGES

INITIATED BY SEBI

INVESTMENT BY GOLD ETFs IN GOLD MONETISATION SCHEME OF BANKS

CIR/IMD/DF/11/2015

According to RBI notification dated October 22, 2015, the Gold Monetisation Scheme, 2015 (GMS) will replace the Gold Deposit Scheme, 1999 (GDS). However, the deposits outstanding under the GDS will be allowed to run till maturity unless these are withdrawn by the depositors prematurely. In view of the above, it has been decided that GMS will also be designated as a gold related instrument, in line with GDS of Banks. Investment in GMS by Gold ETFs of Mutual Funds will be subject to following conditions:

- The cumulative investment by Gold ETFs in GDS and GMS will not exceed 20% of total AUM of such schemes.
- All other conditions applicable to investments in GDS of banks will also be applicable to investments by Gold ETFs in GMS.

For details, please refer to http://203.199.247.102/cms/sebi_data/attachdocs/1451563175476.pdf

REGISTRATION OF MEMBERS OF COMMODITY DERIVATIVES EXCHANGES

CIR/MIRSD/4/2015

Further to SEBI notification dated September 07, 2015 amending the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 (Stock Broker Regulations), all existing members of commodity derivatives exchanges who satisfy the eligibility requirements for membership will be eligible to apply for registration to SEBI, within a period of three months from September 28, 2015.

Such existing members of commodity derivatives exchanges will be required to meet the eligibility criteria as specified in Securities Contract (Regulation) Rules, 1957 (SCRR), within a period of one year from the date of transfer and vesting of rights and assets of the Forward Market Commission (FMC) with SEBI i.e., by September 28, 2016.

Any person desirous of becoming a member of any commodity derivatives exchange(s), on or after September 28, 2015, will have to meet the eligibility criteria to become a member of an exchange and conditions of registration, as specified in SCRR and Stock Broker Regulations, respectively.

For details, please refer to http://203.199.247.102/cms/sebi_data/attachdocs/1443524693649.pdf

INITIATED BY RBI

EXTERNAL COMMERCIAL BORROWINGS (ECB) POLICY - ISSUANCE OF RUPEE DENOMINATED BONDS OVERSEAS

RBI/2015-16/193 A.P. (DIR Series) Circular No.17

To facilitate Rupee denominated borrowing from overseas, it has been decided to put in place a framework for issuance of Rupee denominated bonds overseas. The broad contours of the framework are as follows:

- Eligible borrowers: Any corporate or body corporate as well as Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs).
- Recognised investors: Any investor from a Financial Action Task Force (FATF) compliant jurisdiction.
- Maturity: Minimum maturity period of 5 years.
- All-in-cost: All in cost should be commensurate with prevailing market conditions.
- Amount: Under the automatic route the amount will be equivalent of USD 750 million per annum. Cases beyond this limit will require prior approval of the Reserve Bank.
- End-uses: No end-use restrictions except for a negative list.

For details, please refer to https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=10049

MOBILE BANKING TRANSACTIONS IN INDIA - OPERATIVE GUIDELINES FOR BANKS – CUSTOMER REGISTRATION FOR MOBILE BANKING

RBI/2015-16/269 DPSS.CO.PD.No./1265/02.23.001/2015-2016

Given the high mobile density in the country, the policy focus of RBI has been to encourage banks to leverage on the mobile channel for widening the access to banking services. Towards this end, RBI has been reiterating the need for simplification of procedure and greater degree of standardization in procedures relating to registering of customers for mobile banking.

Consequently, the National Payment Corporation of India (NPCI) has since developed the mobile banking registration service / option on the National Financial Switch (NFS). After a pilot with a few banks, the service is ready to be deployed on ATMs of all the NFS member banks. The necessary instructions for integration have been issued to banks by NPCI.

In view of the above, all the banks participating in NFS should enable the capability of customer registration for mobile banking at all their ATMs latest by 31st March 2016.

For details, please refer to https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=10175

INVESTMENT BY FOREIGN PORTFOLIO INVESTORS (FPI) IN GOVERNMENT SECURITIES

RBI/2015-16/198 A.P. (DIR Series) Circular No 19

As per the Fourth Bi-Monthly Monetary Policy Statement of FY 2015-16 issued on September 29, 2015, a Medium Term Framework (MTF) for FPI limits in government securities was announced. The features of the MTF are as follows:

- The limits for FPI investment in debt securities will henceforth be announced in Rupee terms.
- The limits for FPI investment in the Central Government securities will be increased in phases to reach 5 per cent of the outstanding stock by March 2018. In aggregate terms, this is expected to open up room for additional investment of Rs. 1,200 billion in the limit for Central Government securities by March 2018 over and above the existing limit of Rs. 1,535 billion for all Government securities.
- Additionally, there will be a separate limit for investment by all FPIs in the State Development Loans (SDLs), to be increased in phases to reach 2 per cent of the outstanding stock by March 2018. This would amount to an additional limit of about Rs. 500 billion by March 2018.
- The effective increase in limits for the following two quarters will be announced every half year in March and September.
- Aggregate FPI investments in any Central Government security would be capped at 20% of the outstanding stock of the security.

For details, please refer to https://www.rbi.org.in/Scripts/BS_CircularIndexDisplay.aspx?Id=10059

INITIATED BY PFRDA

CLARIFICATION OF DEFERRED WITHDRAWAL OF LUMP SUM AMOUNT

PFRDA/2015/24/EXITS/1

PFRDA (Exits and Withdrawals from National Pension System) Regulations 2015 provides option to subscriber to defer withdrawal of lump sum up to the age of 70 years.

Under the Deferred withdrawal facility, the subscribers at the time of exit from National Pension System (NPS) can exercise an option to defer the withdrawal of eligible lump sum amount and stay invested in the NPS. Subscriber has an option to withdraw the deferred lumpsum amount in maximum ten annual instalments up to the age of 70 years or withdraw the entire amount at once by giving 15 days advance notice during such a period of deferment. If no such notice is given, the accumulated pension wealth would be automatically monetised and credited to his bank account upon attaining the age of 70 years.

For details, please refer to <http://www.pfrda.org.in/MyAuth/Admin/showimg.cshtml?ID=785>

INITIATED BY IRDA

GUIDELINES ON INDIAN OWNED AND CONTROLLED

IRDA/F&A/GDL/GLD/180/10/2015

In order to bring more clarity on the issue of compliance with the manner of “Indian owned and controlled”, the Authority has laid down the following guidelines on compliance of “Indian owned and controlled”.

- **Applicability :** These guidelines are applicable to Indian Insurance Companies which
 - a) May come into existence after notification of the Act;
 - b) May propose to hike their foreign investment from the existing level; and
 - c) Do not intend to increase their current foreign stake from the existing level.
- **Total foreign investment:** Both direct and indirect holding in an Indian insurance company should not exceed 49 percent.
- **Control:** Control can be exercised by any one or more of the following criteria: Shareholding; (or) Management rights; (or) Shareholders agreements; (or) Voting agreements; (or) Any other manner as per the applicable laws.
- The Indian insurance company should ensure that majority of the directors excluding independent directors should be nominated by the Indian promoter / Indian investor.
- Existing Indian insurance companies are required to comply with “Indian Owned and controlled” guidelines within a period of three months from the date of issue of these guidelines.

For details, please refer to

https://www.irdai.gov.in/ADMINCMS/cms/whatsNew_Layout.aspx?page=PageNo2644&flag=1





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