

NATIONAL INSTITUTE OF SECURITIES MARKETS

Rules and Regulations

Mittal Court, B Wing, 1st floor, Nariman Point, Mumbai – 400 021.

Reviewed and found correct – As on date

A.S. Ramayya, VP (Compliance & Legal)



**NATIONAL INSTITUTE OF SECURITIES MARKETS
RULES AND REGULATIONS**

1. Short Title

These Rules shall be called "National Institute of Securities Markets Rules, 2004".

2. Registered Office

The Registered Office of the Institute shall be situated in Mumbai or such other place as the Board of Governors may from time to time determine.

3. Definitions

In these Rules, unless the context otherwise requires:

- a) "Authorities" mean the authorities of the Institute.
- b) "Board" means the Board of Governors constituted under Rule 5 of these Rules.
- c) "Chairman" means the Chairman / Chairperson of the Board of Governors unless otherwise specified.
- d) "Council" means Academic Council constituted under Rule 6 of these Rules.
- e) "Director" means the Director of the Institute appointed under Rule 7 of these Rules.
- f) "Governor" means a Governor of the Board under Rule 5 of these Rules.
- g) "Member" means a Member of the Academic Council constituted under Rule 6 of these Rules.
- h) "Registrar" means the Registrar of the Society appointed under Rule 8 of these Rules.
- i) "Regulations" mean the Regulations framed under Rule 9 of these Rules.
- j) "Rules" means the Rules hereby framed by the Institute and as may be amended from time to time.
- k) "SEBI" means the Securities and Exchange Board of India.
- l) "Society" and "Institute" mean "The National Institute of Securities Markets".

4. Authorities of the Institute

The following shall be authorities of the Institute:

- a) Board of Governors
- b) Academic Council
- c) Director
- d) Registrar
- e) Any other authority as may be created by the Board of Governors under the Regulations under Rule 9 of these Rules.



5. Board of Governors

A. Composition

The first Board shall be as specified in the Memorandum of Association of the Society and shall hold office until Board is reconstituted as prescribed in these Rules. The Board of the Institute shall consist of:

- a) Chairman, SEBI, who shall be the ex – officio Chairman of the Board,
- b) Director of the Institute, as may be appointed by the Board,
- c) Two Whole Time Members of SEBI,
- d) One Executive Director of SEBI,
- e) Three Representatives of Market Participants,
- f) Two Representatives of Corporate Sector,
- g) Two Academicians / Professionals of eminence and
- h) Two Representatives of Collaborating Institutions

The Governors at c to h above shall be appointed by SEBI.

The Registrar of the Institute, who shall not be a Governor, shall serve as its Secretary.

B. Term of Office

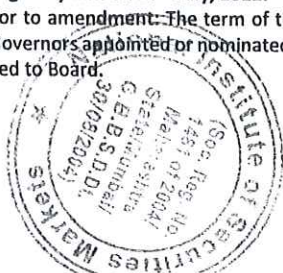
- i. The term of the Chairman of the Board of Governors and Governors at (b) to (d) in Para A above shall co-terminate with their position by virtue of which they are appointed on the Board. In all other cases, a person shall hold the Office of Governor for a period of three years and shall be eligible for reappointment once¹.
- ii. No act or proceeding of the Board shall be invalid on the ground merely of the existence of any vacancy or formal defect in the constitution of the Board, as the case may be.
- iii. A Governor of the Board may resign from Governorship by a letter addressed to Chairman.

C. Meetings of the Board

- i. The Board shall ordinarily meet at least once, physically or through video conferencing or any other suitable manner, in every quarter. On a written requisition of not less than three Governors, the Chairman shall call special meeting of the Board.
- ii. Five Governors of the Board present in person shall constitute a quorum at any meeting of the Board.
- iii. Each Governor, including Chairman, shall have one vote and the decision at the meeting shall be taken by simple majority. In case of a tie, the Chairman shall have a casting vote.

¹Amended in the Meeting of the BOG held on 22nd June, 2011: Change intimated to the Charity Commissioner on 21st July, 2011 and acknowledged by him on 27th July, 2011.

Clause prior to amendment: The term of the Board shall be 3 years and it shall be reconstituted at the end of every third year. However, the terms of Governors appointed or nominated on the Board shall co-terminate with their parent appointment by virtue of which they are appointed / nominated to Board.

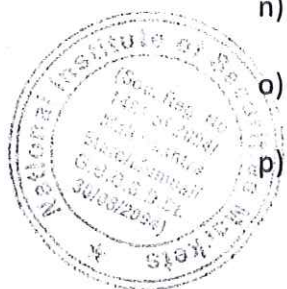


- iv. A resolution circulated in writing, signed by a majority of Governors shall be deemed to have been passed on the date on which the last signatory affixes his signature to it.

PROVIDED that any resolution passed as aforesaid shall be placed before the next meeting of the Board for its information.

D. Powers and Functions

- i. Subject to provisions of the Memorandum of Association and these Rules, the Board shall have all the administrative and financial powers to establish and conduct the affairs of the Institute and shall be responsible for the general superintendence, direction, control and management of the affairs and funds of the Institute. The Board shall exercise all powers and do all acts and things which may be exercised or done by the Institute for achievement of its aims and objectives.
- ii. Without prejudice to generality of the powers under (i) above, the Board shall have powers:
- a) To evolve strategy for growth and development of the Institute.
 - b) To prepare and approve the capital and revenue budgets of the Institute for each year.
 - c) To accept and give in grants, gifts, prizes, scholarships, donations and contributions, in cash or kind in furtherance of the aims and objectives of the Institute.
 - d) To frame regulations for governing the service conditions and emoluments of all categories of staff of the Institute.
 - e) To create academic, administrative, ministerial and other necessary posts, and determine their number, qualifications, and cadres thereof.
 - f) To appoint Director and Registrar of the Institute.
 - g) To appoint Deans, Senior Professors, Professors, Associate Professor, Assistant Professors, Faculty, Researchers and other academic staff.
 - h) To institute fellowships, scholarships, studentships, medals and prizes.
 - i) To approve introduction of various courses at the recommendation of the Academic Council.
 - j) To maintain liaison, or seek affiliation and collaboration with universities, other educational bodies and training institutions in India or abroad for the purpose of promoting education, training and research.
 - k) To establish, on the advice of the Academic Council, Divisions / Departments / Centres for the academic work and functions of the Institute and to allocate areas of Study, Teaching and Research to them.
 - l) To appoint such committee for such purpose and with such powers as it may think fit and to co-opt such persons on these committees as it thinks fit.
 - m) To appoint Auditors for the ensuing year.
 - n) To issue appeals for funds for carrying out the objects of the Institute and consistent with the provisions of the objects clause of the Institute.
 - o) To manage the finances, accounts, investments, moveable properties, business and all other administrative affairs of the Institute.
 - p) To purchase, take on lease or accept as gift or otherwise any land or buildings or works which may be necessary or convenient for the purpose of the Institute, and, on such terms and conditions as it may deem fit and proper and to construct or alter and maintain any such buildings or works.



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- q) To transfer or accept transfers of any moveable property on behalf of the Institute.
- r) To provide building or buildings, premises, furniture, fittings, equipment, appliances and other facilities required for carrying on the work of the Institute.
- s) To invest the funds of the Institute or money entrusted to the Institute in or upon such securities and in such manner as it may deem fit and from time to time.
- t) To maintain a fund to which shall be credited by all moneys provided by the SEBI / Central or State Governments/University Grants Commission/RBI/ any other authority, all fees and other charges received by the Institute, all moneys received by the Institute as grants, gifts, donations, benefactions, bequests or transfers and all moneys received by the Institute in any other manner or from any other source.
- u) To maintain proper accounts and other relevant records and prepare Annual Statements of Accounts including the Balance Sheet for every previous financial year, in such form as may be prescribed by the Regulations.
- v) To constitute, for the benefit of the teaching, academic, technical, administrative and other staff, in such manner and subject to such conditions as may be prescribed by the Regulations such pension, insurance, provident fund and gratuity as it may deem fit for the benefit of the employees of the Institute and to aid in the establishment and support of Association, Institutions, Funds, Trusts and Conveyance calculated to benefit the staff and the students of the Institute.
- w) To conduct examinations or tests for admission to the courses taught in the Institute, to conduct examinations for Degrees and Diplomas and to declare the result of such examinations and tests and to confer, grant or award Degrees, Diplomas, Certificates and other academic titles and distinction.
- x) To establish, maintain and manage hostels for the students of the Institute.
- y) To manage and administer the revenues and properties of the Institute and to conduct all administrative affairs of the Institute not otherwise specifically provided for.
- z) To do any other lawful thing as may be necessary to fulfill the objects of the Society set out in the Memorandum.
- aa) To delegate all or any of its powers to any committee or sub – committee constituted by it or the Director or Registrar or any officer of the Institute or any other person as it may consider necessary or desirable; provided that no powers as stated at a. to m. above can be delegated.
- ab) [Deleted by Board of Governors at its meeting held on 26th September, 2011.]¹
- ab)² To merge any entity with NISM, amalgamate any entity with NISM or take over any entity in any manner subject to the provisions of the Indian Trusts Act and the Societies Act³.

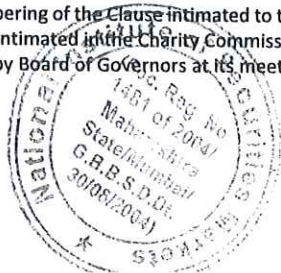
¹ Change intimated to the Charity Commissioner on 26th November, 2011 and acknowledged by him on 29th November, 2011.

The deleted Clause reads as under: "To constitute an Advisory Council to get strategic advice for NISM. The composition of the Advisory Council shall be

- a. Chairman, Board of Governors
- b. Director
- c. One Whole Time Member of SEBI
- d. Twelve persons of eminence, ability, and integrity to be appointed by the Chairman and ratified by the Board of Governors. (inserted by the Board of Governors at its meeting held on 31st August, 2006)

² Re-numbering of the Clause intimated to the Charity Commissioner on 26th November, 2011 and acknowledged by him on 29th November, 2011.

³ Change Intimated in the Charity Commissioner on 12th June 2007, and acknowledged by him on 13th June, 2007. (inserted by Board of Governors at its meeting held on 31st August, 2006)



6. Academic Council

A. Composition

The Academic Council shall consist of⁴ & ⁶:

- a. Chairman of the Academic Council,
- b. Two Academicians / Professionals of eminence,
- c. Two Senior Academic / Research Staff of eminence,
- d. One Executive Director of SEBI,
- e. Two Market Participants and
- f. Director of the Institute

The Members of the council at (a) to (e) shall be appointed by the Board.

The Registrar of the Institute, who shall not be a Member of the Council, shall serve as its Secretary.

B. Term of Office

- (i) The term of the Chairman of the Academic Council and its Members at (c), (d) and (f) in Para A above shall co-terminate with their position by virtue of which they are appointed on the Academic Council. In all other cases, a person shall hold the Office of Member of Academic Council for a period of 3 years and shall be eligible for re-appointment once⁵.
- (ii) No act or proceeding of the Council shall be invalid on the ground merely of the existence of any vacancy or formal defect in the constitution of the Council, as the case may be.
- (iii) A Member of the Council may resign from membership by a letter addressed to Director.

C. Meeting of the Council

- (i) The council shall meet as often as may be necessary but not less than four times during an academic year. It may meet physically or through video conferencing or any other suitable manner.
- (ii) One third of the total Members of the Council shall constitute the quorum for the meeting of the Council.

⁴ Change intimated to the Charity Commissioner on 12th June, 2007 and acknowledged by him on 13th June 2007. (inserted by Board of Governors at its meeting held on 31st August, 2006)

⁵ Amended in the meeting of the BOG held on 7th September, 2012: Change intimated to the Charity Commissioner on 31st October, 2012 and acknowledgement by him on 31st October, 2012.

Clause prior to amendment: The term of the Academic Council shall be 3 years and shall be reconstituted at the end of every third year. However, the terms of Members appointed or nominated on the Council shall co-terminate with their parent appointment by virtue of which they are appointed / nominated to the Council.

6. The composition of Academic Council approved for amendment by the Board at its 29th meeting held on October 17, 2014 prior clause to delete "Director of the Institute, who shall be ex-officio Chairman of the Academic Council, a) Two Academicians / Professionals of eminence; b) Two Senior Academic / Research Staff of the Institute; c) One Executive Director of SEBI, and d) Two Market Participants. The Members of the council at (b) to (e) shall be appointed by the Board." To insert the present composition. Change report filed with office of Charity Commissioner on 12th Jan 2015.



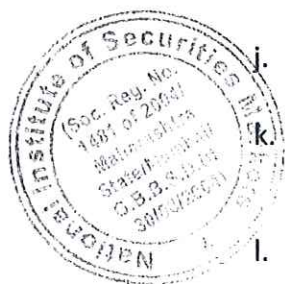
- (iii) Each Member of the Council, including Chairman of the Council, shall have one vote and the decision at the meeting shall be taken by simple majority. In case of a tie, the Chairman of the Council shall have a casting vote.
- (iv) A resolution circulated in writing, signed by a majority of Members on the Council shall be deemed to have been passed on the date on which the last signatory affixes his signature to it. PROVIDED that any resolution passed as aforesaid shall be placed before the next meeting of the Council for its information.

D. Powers and Functions

(i) The Academic Council shall be the principal academic body of the Institute and shall, subject to the provisions of the Memorandum of Association and the Rules and Regulations, have the control over and be responsible for the maintenance of standards of education, teaching and training, inter-departmental co-ordination, research, examinations, certification and tests within the Institute and shall exercise such other powers and perform such other duties and functions as may be prescribed or conferred upon it by the Rules and Regulations.

(ii) Without prejudice to generality of the powers under (i) above, the Council shall have powers:

- a. to exercise general supervision over the academic work of the Institute and to give directions regarding methods of instructions, evaluation or research or improvements in academic standards.
- b. to promote research within the Institute, require reports on such researches from time to time.
- c. to consider matters of academic interest either on its own initiative or at the instance of the Board and to take proper action thereon.
- d. to make arrangements for the conduct of examinations / certifications in conformity with the Regulations.
- e. to maintain proper standards of the examinations / certification tests.
- f. to recognize diplomas and degrees of Universities and other Institutions and to determine equivalence with the diplomas and degrees of the Institute.
- g. to prescribe courses of study leading to degrees and diplomas of the Institute.
- h. to appoint examiners, moderators, tabulators and such other personnel for different examinations / tests.
- i. to make recommendations to the Board on measures for improvement of standards of teaching, training and research, institution of fellowships, medals, prizes etc., establishment or abolition of departments/centres and the regulations covering the academic functioning of the Institute, discipline, residence, admissions, examinations, award of fellowships and studentships, freships, concessions, attendance, etc.
- j. to appoint sub-committees to advise on such specific matters as may be referred to it by the Board.
- k. to take periodical review of the activities of the Departments/Centres and to take appropriate action (including making of recommendations to the Board) with a view to maintaining and improving the standards of instructions.
- l. to exercise such other powers and perform such other duties as may be conferred or imposed upon it by the rules and regulations.



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- m. to recommend institution of academic posts such as Deans, Senior Professors, Associate Professors, Assistant Professors to be the Board.

7. Director (Equivalent to Vice Chancellor of University)

A. Appointment

- (i) Director shall be a whole time officer of the Institute and shall be appointed by the Chairman on behalf of the Board on the basis of recommendation made by a Search and Selection Committee. The Search and Selection Committee shall consist of:
- Chairman of the Board of Governors of NISM (Chairperson of the Committee)
 - A Whole Time Member of SEBI on the Board of Governors of NISM.
 - Two external experts to be nominated by Chairman of the Board of Governors of NISM.
 - A member of Academic Council^{1& 2}.
- (ii) The Director shall hold office for a term of 5 years. He shall be eligible for re-appointment for at most one further term of 5 years.

Provided that notwithstanding the expiry of the said period of 5 years, he can continue in office till his successor is appointed and assumes office, but not beyond six months from such expiry.

Provided further that a person appointed as Director shall retire from office during the tenure of his office or extension thereof, if any, when he completes the age of 65 years.

- (iii) If the office of the Director becomes vacant due to death, resignation or otherwise and in his absence due to illness or any other cause, the Registrar shall perform the duties of Director until a new Director is appointed or the existing Director resumes duties.
- (iv) The emoluments and service conditions of the Director shall be as may be prescribed in the Regulations.

B. Functions

- The Director shall be the principal academic and executive officer of the Institute and shall exercise general supervision and control over the affairs of the Institute and implement the decisions of all the authorities of the Institute.
- The Director, unless otherwise provided, shall be the Ex-officio Chairman of any committee or sub-committee that may be sent by any authority under the Memorandum, Rules or Regulations.

¹ Amended by BOG at its meeting held on 26th September, 2011: Change intimated to the Charity Commissioner on 21st December, 2011 and acknowledged by him on 21st December, 2011.

Clause prior to amendment was inserted by BOG at its meeting held on 31st August, 2006: The Director shall be a whole time officer of the Institute and shall be appointed by the Chairman on behalf of the Board from a panel of three or four names recommended by a committee. The committee to recommend names shall consist of:

- Chairman of the Governing Board of NISM,
- A Members of the Advisory Council
- A Member of the Academic Council

²Amended by BOG at its 39th meeting held on 12th December 2017: Change intimated to the Charity Commissioner on 27th April 2018

Clause prior to amendment was inserted by BOG at its 39th meeting held on 12th Dec 2017: The Director shall be a whole time officer of the Institute and shall be appointed by the Chairman on behalf of the Board from a panel of three or four names recommended by a search and selection committee. The search and selection committee, to recommend names, shall consist of:

- Chairman of HR Committee of NISM (Chairman of the Committee).
- A Member of the Academic Council.
- Two external experts to be nominated by the Chairman, Board of Governors of NISM

- iii. It shall be the duty of the Director to ensure that the Memorandum of Association, the Rules, and Regulations of the Institute are duly observed and implemented and he/she shall have all the necessary powers in this regard.
- iv. The Director shall exercise general control over the affairs of the Institute and shall be mainly responsible for implementation of the decisions of the various authorities of the Institute.
- v. All powers relating to the proper maintenance and discipline of the Institute shall be vested in the Director.
- vi. The Director shall exercise such other powers and perform such other functions as may be prescribed by the Rules and Regulations.
- vii. The Director shall exercise all other powers as may be delegated to him by the Council or Board.
- viii. The Director shall have the power to re-delegate some of his powers to any of his subordinate officers with the concurrence and approval of the Council or Board, as the case may be.
- ix. The Director may, if he is of the opinion that immediate action is called for on any matter, exercise any power conferred upon any authority of the Institute under the Memorandum of the Association and the Rules and Regulations, take such action or proceed to take such action and shall report to the concerned authority on the action taken by him/her on such matters.
- x. The Director shall report to Board.

8. Registrar (Equivalent to Registrar of University)

- (i) The Registrar shall be a whole time officer of the Institute and shall be appointed by the Director of the Institute on behalf of the Board from a panel of three or four names recommended by a Committee constituted by Board. The Committee to recommend the names shall consist of:-
 - a. A Governor, as may be nominated by Chairman
 - b. Director of the Institute, and
 - c. An administration expert, as may be nominated by the Council.
- (ii) The emoluments and other terms and conditions of service of the Registrar shall be as may be prescribed by the Regulations.
- (iii) When the office of the Registrar is vacant or when the registrar is absent by reason of illness or any other reason, the duties and functions of the Registrar shall be performed by such other person as the Director may appoint for the purpose.
- (iv) The Registrar shall be ex-officio Secretary of the Board, Senate, Academic Council and any other Committee or Sub-Committee, unless otherwise specifically provided, but shall not be deemed to be a member of any of these authorities.
- (v) The Registrar shall be directly responsible to the Director of the Institute.
- (vi) The Registrar shall assist the Director in all administrative, secretarial, accounting and financial and all in house matters.



(vii) The following shall be the duties of the Registrar:

- i. To be Custodian of the records, the funds of the Institute and such other property of the Institute as the Board may commit to his charge.
- ii. To conduct the official correspondence on behalf of the authorities of the Institute.
- iii. To issue notices convening meetings of the authorities of the Institute and all Committees and Sub-Committees appointed by any of these authorities.
- iv. To keep the minutes of the meeting of all the authorities of the Institute and of all the Committees and Sub-Committees appointed by any of these authorities.
- v. To make arrangements for and supervise the examinations conducted by the Institute.
- vi. To represent the Institute in suits or proceedings by or against the Institute, sign powers of attorney and perform pleadings or depute his representatives for this purpose.
- vii. To enter into agreement, sign documents and authenticate records on behalf of Institute.
- viii. To hold in special custody books and documents of the Institute.
- ix. To safeguard and maintain the buildings, gardens, office, canteen, cars and other vehicles, laboratories, libraries, reading rooms, equipment and other properties of the Institute.
- x. To perform such other duties as may be specified in the Rules and Regulations or as may be specified by the Council or Board or the Director from time to time.

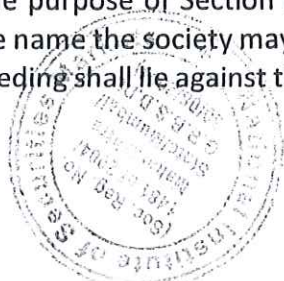
9. Regulations

Subject to the Memorandum of Association and these Rules, the Board may frame Regulations which may provide for all or any of the following matters:

- a. Establishment of Departments / Centres for teaching / learning
- b. Launch and award of courses / diplomas /degrees / fellowships
- c. Admission to courses
- d. Conduct of Examinations / tests /certifications
- e. Fees to be charged for various purposes
- f. Maintenance of discipline among staff and students
- g. Classification, emoluments, method of appointment, and determination of the terms and conditions of all kinds of staff of the institute
- h. Constitution of pension, provident fund, insurance etc. for the benefit of staff of the Institute
- i. Procedure for transacting business at the meeting of various authorities / committees

10. Legal Proceedings

For the purpose of Section 6 of the Societies Registration Act (No. XXI of 1860), the person in whose name the society may sue or be sued shall be the Director of the Institute. No suit or legal proceeding shall lie against the SEBI or any officer of the Institute or any member of any authority



of the Institute in respect of anything done or purported or intended to be done in pursuance of the Memorandum of Association or the Rules and the Regulation made thereunder.

11. Power to interpret

Where any doubt or difficulty arises as to the interpretation of any of the Rules hereby framed and as amended from time to time, the decision of the Board shall be final and binding.

12. Annual Report

An annual report describing the activities of the Institute during the preceding financial year along with the auditors report for the said year shall be submitted to the SEBI every year within 3 months of the closure of the year.

13. Amendment of Rules and Regulations

- (i) These Rules may be amended by the Board with prior approval of the SEBI.
- (ii) The regulations made under these Rules may be amended by the Board.

14. Dissolution of the Society

The dissolution of the Society and adjustment of its affairs shall be in accordance with Sections 13 and 14 of the Societies Registration Act (No. XXI of 1860) as amended from time to time, or in accordance with the provisions of any other applicable law for the time being in force relating thereto.

15. Subscription

We, the several persons, whose names and addresses are subscribed hereto, being Governors of the Board of Governors of the National Institute of Securities Markets, certify the above to be correct copy of the Rules of the said Society:

Name	Designation	Occupation and address	Signature
Mr. G. N. Bajpai	Chairman	Chairman, Securities and Exchange Board of India, Mittal Court 'B' Wing, 1 st Floor, Nariman Point, Mumbai – 400 021	Sd/-
Mr. T. M. Nagarajan	Member	Whole Time Member, Securities and Exchange Board of India, Mittal Court 'B' Wing, 1 st Floor, Nariman Point, Mumbai – 400 021	Sd/-
Mr. A. K. Batra	Member	Whole Time Member, Securities and Exchange Board of India, Mittal Court 'B' Wing, 1 st Floor, Nariman Point, Mumbai – 400 021	Sd/-
Mr. Pratip Kar	Member	Executive Director, Securities and Exchange Board of India, 29 th Floor, Centre – I Building, World Trade Centre Complex, Cuffe Parade, Mumbai – 400 005	Sd/-



