

## **Annexure II - Test Objectives**

### **NISM-Series-XXIII: Social Auditors Certification Examination**

#### **Chapter 1: Introduction to Social Sector and Indian Financial Markets**

##### **Section-I Introduction to Social Sector**

- 1.1 Know the Overview of Social Sector in Indian Economy
- 1.2 Know the Sustainable Development Goals (SDGs)
- 1.3 Understand the Concept of Social Enterprises
- 1.4 Learn the Taxonomy related to Social Enterprises
  - 1.4.1 Primacy of Social Intent/Impact
  - 1.4.2 Social Objective
- 1.5 Understand Social Intervention
  - 1.5.1 Know the Concepts and Terms in Social Sector Interventions
  - 1.5.2 Learn the Methodologies for Social Interventions
  - 1.5.3 Learn the Inherent risks and errors faced during social interventions
- 1.6 Know the International standards applicable for social development
- 1.7 Learn the Challenges of comparability faced by social sector organisations
- 1.8 Understand the Social Sector Landscape in India
  - 1.8.1 Learn about the Spectrum of Development interventions
  - 1.8.2 Know the need of different types of development interventions
  - 1.8.3 Learn about the Spectrum of stakeholders and their role in the development landscape
- 1.9 Understand Social Sector Inequities
  - 1.9.1 Learn about Sectoral Thrust
  - 1.9.2 Learn about Geographical Thrust
  - 1.9.3 Learn about Technological Thrust

##### **Section-II Indian Financial Markets**

- 1.1 Learn about the Indian Financial Markets
  - 1.1.1 Introduction
  - 1.1.2 Know the Types of Financial Markets in India
  - 1.1.3 Know the Intermediaries in Financial Markets in India
    - 1.1.3.1 Market Infrastructure Institutions
    - 1.1.3.2 Custodians
    - 1.1.3.3 Stock Brokers /Authorized Persons

- 1.1.3.4 Investment Banks
- 1.1.3.5 Insurance Companies
- 1.1.3.6 Pension Funds
- 1.1.3.7 Asset Management Companies and Portfolio Managers
- 1.1.3.8 Investment Advisers
- 1.1.3.9 Credit Rating Agencies
- 1.1.3.10 KYC Registration Agencies
- 1.1.3.11 Registrar and Transfer Agents
- 1.1.3.12 Non-bank finance companies and housing finance companies
- 1.1.3.13 Credit Bureaus
- 1.1.4 Know the different type of investors
  - 1.1.4.1 Retail Investors
  - 1.1.4.2 Institutional Investors
  - 1.1.4.3 Accredited Investors
  - 1.1.4.4 Role of Issuers
  - 1.1.4.5 Financial Market Regulators
    - 1.1.4.5.1 Ministry of Finance
    - 1.1.4.5.2 Ministry of Corporate Affairs
    - 1.1.4.5.3 Reserve Bank of India
    - 1.1.4.5.4 Securities and Exchange Board of India
    - 1.1.4.5.5 Insurance Regulatory and Development Authority of India
    - 1.1.4.5.6 Pension Fund Regulatory and Development Authority
- 1.2 Learn about various types of securities
  - 1.2.1 Equity
  - 1.2.2 Derivatives
  - 1.2.3 Fixed Income
  - 1.2.4 Commodities
  - 1.2.5 Real Estate
  - 1.2.6 Mutual Funds

## **Chapter 2: Introduction to Trading, Clearing Settlement and Risk Management**

- 2.1 Know the Trading Mechanism
  - 2.1.1 Know the Trade Life Cycle Process
  - 2.1.2 Learn about the Order Management
  - 2.1.3 Know the Different types of orders
    - 2.1.3.1 Market Order
    - 2.1.3.2 Limit Order
    - 2.1.3.3 Stop order
    - 2.1.3.4 IOC order
  - 2.1.4 Learn about the Order Routing Process through exchanges

2.1.5 Learn about the Order Modification and Cancellation

2.2 Know the Clearing, Settlement and Risk management

2.2.1 Learn about the Clearing and Settlement Process

2.2.2 Clearing banks and their functions

2.2.3 Role of Custodians

2.2.4 Settlement Obligations

2.2.5 Risk management framework

2.2.6 Role of clearing corporation

2.2.7 Auction of Securities

### **Chapter 3: Introduction to Social Stock Exchange**

3.1 Understand the Concept of Social Stock Exchange

3.1.1 Understanding Definition of Social Stock Exchange

3.1.2 Rationale of Social Stock Exchange

3.1.3 Objectives of Social Stock Exchange

3.1.4 Functions of Social Stock Exchange

3.2 Know the Stakeholders of Social Stock Exchange

3.2.1 Know about the Trading Members

3.2.2 Understand Non-Profit Organisation and For-Profit Enterprises

3.2.3 Learn about Social Auditors

3.2.4 Learn about the Information Repositories

3.2.5 Learn about the Market Infrastructure Institutions

3.2.6 Learn about Regulator and SRO

3.2.7 Learn about Investors

3.2.8 Learn about the Primary Stakeholder: Communities/target groups

3.3 Understanding the Funding Structures

3.3.1 Explain the Funding Structures for NPOs

3.3.1.1 Pay-for-success Structure

- Pay-for-success through Social/ Development Impact Bonds
- Pay-for-success through Lending Partners
- Pay-for-success through Grants

3.3.1.2 Social/ Development Impact Bond (DIB)\_Structure

- Key Partners in DIB structure
  - Implementation Agencies or NPOs
  - Outcome funders
  - Risk investors
  - Third-party evaluator

- Intermediary (Project Manager/ AIF-SIF in SSE)
- Pros and Cons of DIB Structure
- Examples of DIBs in India and other Jurisdictions
- Benefits for DIBs for India

#### 3.3.1.3 Financing Instruments for NPOs

- Zero Coupon Zero Principal Instruments
- Social Impact Fund
- Equity/ Debt

### 3.3.2 Explain the Funding Structures for FPEs

#### 3.3.2.1 Financing Instruments for FPEs

- Equity/ Debt
- Social Impact Fund/ Development Impact Bonds

## **Chapter 4: Registration and Listing on Social Stock Exchanges**

### 4.1 Learn the Registration process on Social Stock Exchanges

#### 4.1.1 Know the Eligibility Criteria for registration

#### 4.1.2 Know the Initial Qualifying Criteria for Onboarding on Social Stock Exchanges

##### 4.1.2.1 Know the on boarding process for NPOs

##### 4.1.2.2 Know the Mandatory Qualification Criteria

### 4.2 Learn about the Rights, Obligations and Disclosures Document

### 4.3 Learn about the Key Guidelines for Listing

#### 4.3.1 Know the Listing guidelines FPSEs and NPOs

## **Chapter 5: Social Audit and Social Auditors**

### 5.1 Understand the Evolution of Social Audit

#### 5.1.1 Know different definitions of Social Audit

#### 5.1.2 Understand the difference between social audit and financial audit

### 5.2 Learn the Principles of Auditing

### 5.3 Learn about the Code of Conduct for Social Auditors

### 5.4 Learn about the Certification requirements for Social Auditors

### 5.5 Learn about the Competencies and Skills required for Social Auditor

### 5.6 Learn about the Empanelment of Social Auditors with SROs

### 5.7 Scope of Work for Social Auditors

### 5.8 Understand the Social Audit Process

#### 5.8.1 Collecting and verifying information

5.8.2 Audit Evidence

5.8.3 Audit Conclusions

5.9 Know the Accounting System and Internal Control

5.10 Understand the Social audit report

5.11 Know the Challenges related to Social Auditing

## **Chapter 6: Social Audit Standard Framework**

6.1 Understand the Social Audit Standard

6.1.1 List of SAS

6.1.2 Scope of Social Audit Standard

6.1.3 Compliance with SAS

6.2 Understand Social Audit Standard (SAS) Framework

6.2.1 Applicability of SAS Framework

6.2.2 Objective of the SAS Framework

6.2.3 Scope of SAS Framework

6.3 Understand Social Audit Engagement

6.3.1 Three Party Relationship

6.3.2 Social project/ program/ intervention scope

6.3.3 Social Project Monitoring Framework

6.3.4 Audit Evidence

6.3.5 Social Audit Report

6.4 Social Audit Scope

6.5 Stakeholders

6.6 Ethical Principles and Social Audit Standards

6.7 Social Audit Engagement Acceptance

6.8 Communication with those charged with governance

6.9 Social Audit Quality Control for Social Auditor/ Audit firm

6.10 Social Audit Planning

6.11 Understanding the Entity and its environment

6.12 Social Auditor's Responses to Assessed Risk

6.12.1 Documentation

6.12.2 Materiality

6.12.3 Internal Controls

6.12.4 Fieldwork Process - Sampling and Data collection

6.13 Field level research agency and/or subject matter experts

## Chapter 7: Social Impact Analysis

### 7.1 Understand Social Impact Assessment

- 7.1.1 Learn about the Steps in conducting Social Impact Assessment
- 7.1.2 Learn about the Approaches to Social Impact Assessment
- 7.1.3 Learn the Importance of conducting social impact analysis for different stakeholders

### 7.2 Understand Different organisational models for structuring evaluation

- 7.2.1 Learn about Outsourcing Model
- 7.2.2 Learn about the Partnership Model
- 7.2.3 Learn about the Fully Integrated Model
- 7.2.4 Learn about Do it yourself 'DIY'

### 7.3 Understand the Theory of Change

- 7.3.1 Learn the Importance of Theory of change in Social Impact Assessment

### 7.4 Learn about the Guidelines and Tools for Social Impact Assessment

- 7.4.1 Learn about the National Guidelines on Responsible Business Conduct
- 7.4.2 Learn about Framework introduced Global Global Investment Community
  - A. IRIS+
  - B. Global Impact Investment Rating System and
  - C. Global Reporting Initiative
- 7.4.3 Learn about Framework introduced by Multilateral Development Agency
  - A. UNGC
- 7.4.4 Learn about Framework of impact funders with operations in India
  - A. Omidyar network
  - B. Aavishkar
  - C. Indian Social Responsibility Network

### 7.5 Impact Reporting

- 7.5.1 Types of Impact reporting
  - A. Direct Impact on target Community
  - B. Systemic Impact
- 7.5.2 Components of Impact Reporting

### 7.6 Issues or Challenges in conducting SIA.

## **Chapter 8: Impact Assessment and Social Auditing -Case-Studies**

### 8.1 Case study 1: Watershed Management

(Social Audit Standard (SAS) 500 Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation)

### 8.2 Case study 2: Health Care

(SAS 200: Promoting health care including mental healthcare, sanitation and making available safe drinking water)

### 8.3 Case study 3: Women Empowerment

(SAS 400: Promoting gender equality, empowerment of women and LGBTQIA+ communities)

(SAS 1000: Promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector)

### 8.4 Case study 4: Financial Inclusion

(SAS 1300: Promotion of Financial Inclusion)

### 8.5 Case study 5: Affordable Housing

(SAS 1100: Slum area development, affordable housing and other interventions to build sustainable and resilient cities)

## **Chapter 9: Disclosure Norms, Reporting Requirements by Social Auditors and Penalties**

### 9.1 Understand Disclosures as per SEBI ICDR Regulations

#### 9.1.1 Disclosure for NPOs on SSE

### 9.2 Understand Disclosures norms under SEBI LODR Regulations

#### 9.2.1 Know the Disclosures by For Profit Social Enterprises (FPSEs)

#### 9.2.2 Know the Disclosures for Not for Profit Organization (NPOs)

#### 9.2.3 Learn about Intimations and disclosures by Social enterprises of events or information to Social Stock Exchange(s) (SSE)

#### 9.2.4 Learn about Disclosures of Annual Impact Report for Social Enterprises

#### 9.2.5 Learn about Statement of Utilisation of funds in terms of Regulation 91F of the LODR Regulations

### 9.3 Know about Penalties as per the SEBI Act, 1992

### 9.4 List different books to be maintained as per SC(R)R, 1957

## **Chapter 10: Taxation**

- 10.1 Know about Securities Transaction Tax (STT)
- 10.2 Know about Capital Gains Tax (CGT)
  - 10.2.1 Tax on Short Term Capital Gains
  - 10.2.2 Tax on Long Term Capital Gains
- 10.3 Know about the Deductions and Exemptions for Social Enterprises
  - 10.3.1 Deductions under Section 80 G of Income Tax Act
  - 10.3.2 Exemptions under Income Tax Act

## **Chapter 11: Key Regulations**

- 11.1 Know about The Securities Contracts Regulation Act (SCRA 1956)
- 11.2 Know about The SEBI Act 1992
- 11.3 Know about The Depositories Act, 1996
- 11.4 Know about SEBI (Stock Brokers) Regulation, 1992
- 11.5 Know about SEBI (Prevention of Insider Trading) Regulations, 2015
- 11.6 Know about The Prevention of Money-laundering Act, 2002
- 11.7 Know about SEBI Prevention of Fraudulent and Unfair Trade Practices Regulations, 2003

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