Annexure- II: Test Objective

NISM-Series III-C: Securities Intermediaries Compliance (Fund) Certification Examination

Part A – Understanding the securities markets and the securities market's Regulatory Structure in India

Chapter 1: Introduction to the Financial System

1.1 Know about the various Securities Market Intermediaries

1.2 Define and Understand types of Securities
- -Define 'Security' as per the SC(R)A, 1956.
- -Describe various financial instruments available in the securities markets eg. Equities, Debentures, Bonds, Warrants, Derivatives, ADRs, GDRs, IDRs, Mutual Fund Units, ETFs, e-warehousing receipts.
- -Briefly describe other traded instruments, such as derivatives on Currency and interest rates.

Chapter 2: Regulatory Framework – General View

2.1 Securities Market Regulations in India
- -Explain the need for regulation.
- -Describe the overall framework of the Regulatory Structure, Government and Autonomous Regulators, Self-Regulation, and Interface with the Judicial System.

2.2 List the Financial Market Regulators and understand their role
- -Know about the different Regulators in the Indian financial markets
- -Discuss the role of SEBI in Financial Market Regulation
- -Describe the role of RBI and IRDA, and PFRDA in Financial Market Regulation

2.3 Other agencies in the financial market: ROC, EOW, FIU-I, NCLT, SFIO, Police Authorities

2.4 Understand the role of Appellate Authority -SAT

2.5 Discuss the Legislative Framework Governing the securities
- market Acts- SEBI, SCRA, Depositories, Companies Act
- -Discuss the main Regulations and Rules that have an impact on the Compliance function.
- -Know about the applicable taxes on securities issuance and transactions.

2.6 Discuss the functions, role and regulation of the International Financial Services Centre (IFSC)

Chapter 3: Introduction to Compliance

3.1 Understand the Compliance function
- -Meaning and importance of Compliance.
- - Role and responsibility of the compliance officer

3.2 Know the Role and Reporting Structure
- -Understand the scope and role of a compliance officer.
- -Know the Reporting Structure pertaining to the Compliance Officer.
- -Explain the reporting responsibility of the Compliance Officers.

3.3 Know the Governance and Fiduciary aspects related to Compliance

Chapter 4: SEBI Act, 1992

4.1 Salient Features of the SEBI Act, 1992

Discuss and understand the SEBI Act from a Compliance aspect:

- Registration of Intermediaries
- Prohibition of unfair trade practices, insider trading and substantial acquisition of securities or control
- Various provisions in the SEBI Act related to Penalties and Adjudications etc.

Chapter 5: Securities Contracts (Regulation) Act, 1956 and Securities Contracts (Regulation) Rules, 1957

5.1 Understand the following sections of the SC(R)A, 1956

- Types of Contracts-Spot and forward contracts and options in securities
- Listing of securities
- Penalties

Chapter 6: SEBI (Intermediaries) Regulations, 2008

6.1 Understand the SEBI (Intermediaries) Regulations.
6.2 Know the General Obligations of the Intermediaries.
6.3 Know the importance of 'fit and proper person'
6.4 Discuss the obligation of the intermediaries on inspection
6.5 Understand the action in case of default and the manner of suspension or cancellation of certificate.
6.6 Know the Code of Conduct for intermediaries.
6.7 Responsibility /Role of Compliance Officer as per SEBI Intermediaries Regulations

Chapter 7: SEBI (Prohibition of Insider Trading) Regulations, 2019

7.1 Applicability of the SEBI (Prohibition of Insider Trading) Regulations, 2019 pertaining to;

- Intermediaries and Fiduciaries
- Connected Person
- Listed Companies
- Companies proposed to get listed
- Designated Persons
- Sharing of UPSI
- Trading
- Chinese Wall
- Structured database
- Units of Mutual Funds

7.2 Discuss the Code of conduct for prevention of insider trading.
7.3 Code of fair disclosure
7.4 Responsibility /Role of Compliance Officer as per SEBI PIT Regulations

Chapter 8: SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003

8.1 Understand the Regulation with respect to the prohibition of certain dealings in securities.
8.2 Know the various prohibitions related to manipulative, fraudulent and unfair trade practices.
8.3 Responsibility /Role of Compliance Officer as per SEBI FUTP Regulations.

Chapter 9: Prevention of Money Laundering Act 2002,

9.1 Understand the significance of Anti-Money Laundering measures.
9.2 Discuss the General Obligations, keeping in mind the anti-money laundering guidelines issued by SEBI:
- Principles, Policies and Procedures
- Anti-Money Laundering Purposes

9.3 Highlights of SEBI Circular on AML/CFT

Chapter 10: SEBI (KYC Registration Agency) Regulations, 2011
10.1 Understand the SEBI (KYC Registration Agency) Regulations, 2011
10.2 Know the obligations when surrendering the certificate of registration.
10.3 Understand the Functions and Obligations of fund houses w.r.t KRA and CKYCs
10.4 Know the obligations of the KRA on inspection by SEBI.
10.5 Guidelines for Intermediaries, KRAs & In-Person Verification
10.6 Know the FATCA guidelines

Chapter 11: SEBI (Foreign Portfolio Investors) Regulations, 2019
11.1 Understand the concept of Foreign Portfolio Investors
- Categories of Foreign Portfolio Investor (FPI)
- Eligibility Criteria of FPI
- Understand the procedure for approval to act as a designated depository participant
- Know about the Investment Conditions and Restrictions for FPIs

11.2 Discuss the general obligations and Responsibilities

Chapter 12: Foreign Exchange Management Act
12.1 Introduction to FEMA
12.2 Relation between FEMA and Securities Markets in India
12.3 Foreign Direct Investment in India
12.4 Introduction to FEMA (Non-Debt) Rules
12.5 RBI Master Direction 2022
12.6 RBI Reporting Requirement

Chapter 13: SEBI (Depositories) Act, 1996
13.1 Understand the SEBI (Depositories) Act, 1996.
13.2 Know the SEBI circular relating to operations of InvIts, ReIts and AIFs
13.3 Know the enquiry and inspection procedure followed by SEBI and the penalties.

Part B – Understanding Intermediary Specific Regulations

Chapter 14: SEBI (Mutual Fund) Regulations
14.1 Understand the Structure of a Mutual Fund
14.2 Know the key features of a Mutual Fund
14.3 Discuss important concepts and terminologies
14.4 Understand the role of stakeholders in a Mutual Fund
14.4.1 Sponsor
14.4.2 Trustees
14.4.3 Asset Management Companies (AMCs)
14.4.4 Other intermediaries

14.5 Know the Schemes of Mutual Fund
14.6 Understand the Redemption and Reporting Redemptions
14.7 Discuss the Investment Objectives of a Mutual Fund
14.8 Understand the Scheme Related Disclosure
14.9 Know the Portfolio Disclosures
14.10 Discuss about the Board and Committees
14.11 Know the Norms for Shareholding in Mutual Funds
14.12 Discuss about Stewardship Code – Public Listed Companies
14.13 Understand Risk Management Framework
14.13.1 Stress tests
14.13.2 Cyber Security and Cyber Resilience Framework for Mutual Funds/ AMCs
14.13.3 Technology Committee
14.14 Discuss about Reports
14.15 Know about SEBI Prohibition of Insider Trading Regulations
14.16 Understand General Obligation
14.17 Know the Investment Rights and Obligations
14.18 Discuss about Certification and Registration of Intermediaries

Chapter 15: SEBI (AIF) Regulations
15.1 Introduction to SEBI (AIF) Regulations
15.2 Know the important terminologies
- Definitions as per SEBI (AIF) Regulations
- Categories of AIF
- Eligibility Criteria

15.3 Understand the Classification of AIFs
15.4 Know the Investment Strategy
15.5 Discuss about the Compliance Requirements
15.6 Know the General Obligations
15.7 Understand Special Types of Funds
15.8 Discuss about General Obligations and Responsibilities and Transparency – For All AIFs
15.9 Discuss about Miscellaneous

Chapter 16: SEBI (InvIT) Regulations
16.1 Know about Infrastructure investment trusts (InvITs)
16.2 Know about the Definition, structure [covering regulation 7A-declassification of the status of sponsor]
- Registration and Eligibility Requirements
- Granting of Registration Certificate
- Conditions of Certificate

16.3 Understand the Rights and Responsibilities
- Of Trustees
- Of Investment Managers
- Of the Project Manager
- Of Sponsors
- Of the Valuer and Auditor

16.4 Know about the fundraising by InvIT
16.5 Discuss the Offer of Units of InvIT and Listing of Units
16.6 Know about the Delisting of Units
16.7 Understand the Issuance of Debt Securities by InvITs
16.8 Discuss about Borrowings

16.9 Know the Valuation of Assets
16.10 Understand the Investment Conditions and Dividend Policy
16.11 Know the other significant matters
16.12 Understand the Inspections by SEBI

Chapter 17: SEBI (REITs) Regulation

17.1 Introduction of SEBI (REITs) Regulation
17.2 Know the Structure and Key Definition of REITs
- Registration of Real Estate Investment Trusts (REITs) and Eligibility Criteria

17.3 Rights and Responsibilities
- Of Trustee
- Of Manager
- Of Sponsor and Sponsor (group)
- Of Valuer
- Of the Auditor

17.4 Know about the fundraising by REIT
17.5 Understanding the Issue and listing of units
- Issue and allotment of Units
- Offer Documents and Advertisements
- Listing and Trading of Units
- Delisting of Units

17.6 Know about Delisting of Units
17.7 Understand the Issuance of Debt Securities by REITs
17.8 Discuss about Borrowings
17.9 Know the Valuation of Assets
17.10 Understand the Investment Conditions and Dividend Policy
17.11 Know the other significant matters
17.12 Discuss the Continuous Disclosures to Stock Exchanges
17.13 Know about the Board Composition and role
17.14 Discuss the Other important concepts related to REITs
17.15 Understand the Inspections by SEBI