

Study Notes for NISM Series-III-A: Securities Intermediaries Compliance (Non-Fund) Certification Examination

modelexam.in



NISM Exam Preparation

modelexam.in provides with basic information, study material & online model exams to help you succeed in NISM exams. (NISM – National Institute of Securities Markets – A SEBI Institute)

Both Premium (Paid)& Demo (Free) Versions are available on the website.
HARDCOPY / SOFTCOPY of the tests will NOT be provided.

Modelexam website provides ONLINE Mock Test for the following exams.

[NISM Exam Mock Tests](#)

[Insurance Exams Mock Tests](#)

[JAIIB, CAIIB, IIBF Certificate Exams Mock Tests](#)

[Financial Planning Exams Mock Tests](#)

TRAINING FOR COLLEGE STUDENTS

Training can be given for MBA, M.Com, B.Com & BBA students to pass NISM exams. This will help them to get placed in Banks, Share broking Offices, Mutual Fund Companies etc.

Kindly Whatsapp **98949 49987** for queries on training for NISM Certifications.

EXAMINATION DETAILS

Questions	Mcq - 100x1 mark
Total marks	100
Duration	2 hours
Pass mark	60
Negative marking	-0.25

WEIGHTAGE

Chapter No.	Chapter Name	Weightage
Part A: Understanding the Securities Market and Securities Markets Regulatory Structure in India		
1	Introduction to the Financial System	5
2	Regulatory Framework - General View	9
3	Introduction to Compliance	4
4	Securities and Exchange Board of India Act, 1992	7
5	Securities Contracts (Regulation) Act, 1956 and Securities Contracts (Regulation) Rule, 1957	4
6	SEBI (Intermediaries) Regulations, 2008	6
7	SEBI (Prohibition of Insider Trading) Regulations, 2015	6
8	SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities Market) Regulations, 2003	6
9	Prevention of Money Laundering Act, 2002	7
10	SEBI (KYC Registration Agency) Regulations, 2011	2
Part B: Understanding Intermediary Specific Regulations		
11	SEBI (Foreign Portfolio Investors) Regulations, 2019	3
12	SEBI (Stock Brokers) Regulations, 1992	6
13	SEBI (Merchant Bankers) Regulations 1992, SEBI (SAST) Regulations, 2011 & SEBI (Bankers to an Issue) 1994	6
14	SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018	6
15	Depositories Act 1996	2
16	SEBI (Depositories and Participants) Regulations 2018	3

17	SEBI (Registrar to an issue and Share Transfer Agents) Regulations, 1993	3
18	SEBI (Research Analyst) Regulations, 2014	2
19	SEBI (Investment Advisers) Regulations, 2013	2
20	SEBI (Debenture Trustees) Regulations, 1993	3
21	SEBI (Credit Rating Agencies) Regulations, 1999	3
22	SEBI (Custodian) Regulations, 1996	3
23	Proxy Advisors	2

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

CHAPTER 1: INTRODUCTION TO THE FINANCIAL SYSTEM

Financial System: The financial system facilitates the transfer of funds from surplus units (households) to deficit units (corporations, governments) for economic development.

Financial Markets: These are mechanisms for creating or transferring financial assets like equities, bonds, currencies, and derivatives at low costs.

Money Market: A market for short-term funds with maturities of one year or less, dealing in instruments like T-bills, commercial papers, and repos.

Capital Market: A market for long-term funds, including stock markets (equity) and bond markets (debt), divided into primary and secondary segments.

Primary Market: Issuers raise fresh capital through IPOs, rights issues, or offers for sale, with direct contact between issuers and investors.

Secondary Market: Provides liquidity through trading and settlement on stock exchanges, involving transactions between investors.

Forex Market: A highly integrated market for exchanging currencies at applicable rates to facilitate international trade.

Credit Market: Involves banks, FIs, and NBFCs providing short, medium, and long-term loans to corporates and individuals.

Insurance Market: Transfers risks from individuals or businesses to insurance companies.

Depositories: Institutions holding securities in electronic form, with investors as beneficial owners, accessed via Depository Participants (DPs).

Depository Participants: Agents of depositories interacting with investors, managing portfolios, and facilitating securities transactions.

Stock Exchanges: Bodies regulating the buying, selling, or dealing in securities, critical to the secondary market.

Clearing Corporations: Entities handling clearing and settlement of trades on recognized stock exchanges.

Social Stock Exchange: A SEBI-regulated segment for registering and listing securities of Not-for-Profit Organizations (NPOs).

Merchant Bankers: Assist companies in issuing securities, advising on timing, underwriters, and regulatory interactions.

Bankers to Issues: Scheduled banks managing application money, allotments, refunds, and dividend/interest payments for companies.

Registrars and Share Transfer Agents: Handle data collation, allotment, and share transfers for public or rights issues.

Stock Brokers: SEBI-registered entities executing buy/sell transactions for clients, earning brokerage, and marketing new issues.

Portfolio Managers: Manage individual portfolios or provide investment advice for a fee or profit share.

Mutual Funds: Trusts mobilizing funds from investors to invest according to specified objectives, issuing units in open-end or closed-end schemes.

Custodians: Hold securities or gold for institutional investors, managing trade settlement, safekeeping, and corporate actions.

Credit Rating Agencies: Rate securities like bonds or fixed deposits, requiring SEBI registration.

Debenture Trustees: Trustees securing debenture issues, ensuring compliance with trust deeds.

Vault Managers: Provide storage and safekeeping for gold in Electronic Gold Receipts (EGRs), coordinating with depositories.

Securities Definition: As per SCRA, 1956, securities include shares, bonds, derivatives, and other instruments like units or security receipts.

Equity Shares: Represent ownership with residual claims on earnings/assets, offering dividends and voting rights.

Preference Shares: Hybrid securities with preferential dividend and capital repayment rights but limited voting rights.

Debentures: Debt securities paying periodic coupons with a fixed maturity, unsecured in India.

Bonds: Long-term debt securities issued by governments or corporates, typically secured internationally.

Warrants: Long-term call options allowing holders to buy equity shares at a specified price.

Derivatives: Financial contracts deriving value from underlying assets, including options and futures.

Options: Contracts granting the right (not obligation) to buy (call) or sell (put) an asset at a specified price.

Futures: Contracts ensuring delivery of an asset at a future date at a quoted price, offsettable before delivery.

Index Derivatives: Futures based on stock indices like BSE Sensex or NSE Nifty 50.

Structured Products: Combine bonds, equities, and derivatives, offering capital protection or diversification for high net-worth investors.

Alternative Investment Funds (AIFs): Privately pooled vehicles investing in real estate, private equity, or hedge funds.

American Depositary Receipts (ADRs): Dollar-denominated securities representing foreign company shares traded on US exchanges.

Global Depositary Receipts (GDRs): Foreign currency-denominated instruments representing shares of foreign companies.

Indian Depositary Receipts (IDRs): Rupee-denominated securities representing foreign company shares traded in India.

Mutual Fund Units: Represent investor shares in a scheme's assets, managed to achieve specific investment objectives.

Exchange-Traded Funds (ETFs): Open-ended mutual funds traded throughout the day, passively managed.

Currency Derivatives: Risk management tools like options or futures to lock in currency exchange rates.

Interest-Rate Derivatives: Contracts like futures or swaps to hedge against interest rate fluctuations.

Interest-Rate Futures: Contracts on debt securities like T-bills to lock in yields or borrowing rates.

Interest-Rate Swaps: Agreements to exchange cash flows in the same currency to manage interest rate exposure.

Interest-Rate Options: Caps or floors to limit interest rate risks on floating-rate borrowings or investments.

Forward Rate Agreements (FRAs): Contracts locking in future interest rates for borrowing.

Securities Lending and Borrowing (SLB): Allows short sellers to borrow securities for delivery via clearing corporations.

E-Warehouse Receipts: Negotiable electronic receipts issued by WDRA-regulated repositories for stored goods.

REITs and InvITs: Investment vehicles monetizing real estate/infrastructure assets, offering liquidity and tax benefits.

CHAPTER 2: REGULATORY FRAMEWORK - GENERAL VIEW

SEBI Objectives: Protect investors, promote securities market development, and regulate markets.

Regulatory Need: Ensures transparency, fairness, and protection against speculative or unethical activities like insider trading.

Securities Appellate Tribunal (SAT): Appellate authority for SEBI rulings, with appeals further to the Supreme Court.

Civil Courts: Cannot entertain suits on matters under SEBI or SAT jurisdiction.

Ministry of Finance (MOF): Oversees financial policy and regulation in India.

Ministry of Corporate Affairs (MCA): Regulates corporate governance and company law compliance.

SEBI Role: Regulates capital, commodities, and futures markets to ensure integrity and investor protection.

RBI Role: Central bank managing monetary policy, banking supervision, and foreign exchange.

IRDAI Role: Regulates and promotes the insurance sector, protecting policyholders.

PFRDA Role: Oversees pension funds to ensure their orderly growth.

IFSCA Role: Unified authority for regulating financial products and services in India's IFSC.

Self-Regulatory Organizations (SROs): Intermediary groups upholding ethical standards, requiring SEBI recognition.

SEBI Establishment: Formed as a non-statutory body in 1988, statutory in 1992 under SEBI Act.

SEBI Functions: Regulate stock exchanges, register intermediaries, promote SROs, and prohibit unfair practices.

SEBI Powers: Include inspection, suspension of trading, and attachment of assets for investigations.

SEBI Disclosure: Can require information disclosure from intermediaries, banks, or other entities.

SEBI Penalties: Can levy penalties or direct disgorgement of wrongful gains.

SEBI Investigations: Can order investigations into intermediaries for suspected violations.

RBI Monetary Policy: Ensures price stability and adequate credit flow to productive sectors.

RBI Financial Supervision: Oversees banks, FIs, and NBFCs to maintain public confidence.

RBI Forex Management: Administers FEMA, 1999, to facilitate trade and maintain forex market order.

RBI Currency Issuance: Issues and manages currency notes and coins of good quality.

RBI Developmental Role: Supports national objectives through promotional functions.

RBI Payment Systems: Regulates safe and efficient payment and settlement systems.

RBI Banking Functions: Acts as banker to government and banks, managing securities issuances.

Board for Financial Supervision (BFS): RBI committee overseeing financial sector supervision.

BFS Initiatives: Include off-site surveillance, risk-based supervision, and fraud risk management.

IRDAI Mission: Promotes insurance sector growth while protecting policyholders.

ROC Role: Registers companies and ensures compliance with the Companies Act.

EOW Role: Investigates economic offenses like fraud or financial misconduct.

FIU-India: Monitors suspicious transactions under PMLA to combat money laundering.

Legislative Framework: Includes SEBI Act, SCRA, Depositories Act, and Companies Act.

Stock Exchange Bye-Laws: Govern member conduct, trading, and settlement processes.

Taxes on Securities: Include STT, capital gains tax, and stamp duty, subject to Finance Act changes.

SEBI Act Section 11(2): Empowers SEBI to regulate intermediaries and markets.

SEBI Act Section 11(2A): Allows inspection of listed companies for insider trading or unfair practices.

SEBI Act Section 11(3): Grants SEBI civil court powers for specific matters like document inspection.

SEBI Act Section 11(4): Permits actions like trading suspension or asset attachment.

SEBI Act Section 11(5): Credits disgorged amounts to Investor Protection and Education Fund.

SEBI Act Section 11A: Regulates prospectus issuance and listing requirements.

SEBI Act Section 11B: Allows directions to intermediaries for investor protection.

SEBI Act Section 11C: Authorizes investigations into detrimental securities transactions.

RBI Act 1934: Governs RBI's operations and responsibilities.

Banking Regulation Act 1949: Regulates the financial sector under RBI's oversight.

SRO Conditions: Must meet SEBI (SRO) Regulations, 2004, for recognition.

Investor Protection: SEBI's primary focus is safeguarding investor interests.

Market Integrity: SEBI ensures transparency and fairness in market transactions.

RBI Local Boards: Advise on regional issues and represent local banking interests.

BFS Supervision: Oversees banking, non-banking, and financial institutions.

IRDAI Policyholder Protection: Ensures insurance products meet policyholder needs.

IFSCA in IFSC: Regulates financial services in GIFT City for global integration.

SEBI Research: Conducts research to support regulatory objectives.

SAT Jurisdiction: Handles appeals against SEBI decisions, ensuring due process.

CHAPTER 3: INTRODUCTION TO COMPLIANCE

Compliance Definition: Ensuring adherence to laws, regulations, and guidelines in securities markets.

Compliance Officer Role: Monitors compliance, reports non-compliance, and addresses investor grievances.

SEBI (CAPSM) Regulations, 2007: Mandates certification for compliance officers of specified intermediaries.

Compliance Officer Appointment: Mandatory for intermediaries like stock brokers, DPs, and merchant bankers.

Compliance Officer Responsibilities: Ensure regulatory adherence, internal controls, and investor protection.

Reporting Structure: Compliance officers report independently to SEBI on non-compliance.

Stakeholder Responsibilities: Protect investors, issuers, and intermediaries through compliance.

Certification Objective: Establishes a common knowledge benchmark for compliance officers.

Intermediaries Covered: Include stock brokers, DPs, merchant bankers, underwriters, and CRAs.

Compliance Scope: Covers SEBI Act, SCRA, PMLA, insider trading, and intermediary-specific regulations.

Compliance Officer Duties: Monitor rules, guidelines, and notifications issued by SEBI.

Investor Grievance Redressal: Compliance officers handle investor complaints promptly.

Internal Controls: Compliance officers ensure robust systems to prevent violations.

SEBI Certification: NISM-Series-III-A exam tests compliance knowledge for non-fund intermediaries.

Regulatory Awareness: Compliance officers must understand financial and regulatory structures.

Penal Actions: Non-compliance leads to penalties, suspension, or cancellation of registration.

Code of Conduct: Compliance officers adhere to ethical standards in their duties.

Risk Management: Compliance officers oversee internal controls to mitigate operational risks.

SEBI Guidelines: Compliance officers ensure adherence to SEBI's circulars and master circulars.

Financial Structure Knowledge: Compliance officers understand India's financial system and intermediaries.

Regulatory Framework: Compliance officers are aware of SEBI, RBI, IRDAI, and PFRDA roles.

Intermediary Obligations: Compliance officers ensure intermediaries meet SEBI regulations.

Documentation: Compliance officers maintain records of compliance activities.

Training Requirement: Compliance officers may need continuous professional education (CPE).

Market Integrity: Compliance ensures fair and transparent market operations.

Investor Confidence: Effective compliance enhances trust in securities markets.

SEBI Inspections: Compliance officers facilitate SEBI's inspection and audit processes.

Disciplinary Proceedings: Compliance officers report violations for SEBI action.

Legal Compliance: Ensures adherence to laws like PMLA and SCRA.

Role in Governance: Compliance officers contribute to corporate governance standards.

Client Protection: Compliance officers safeguard client interests in transactions.

Regulatory Updates: Compliance officers stay updated on SEBI's regulatory changes.

Cyber Security Compliance: Ensure adherence to SEBI's cyber security framework.

AI and ML Compliance: Monitor use of artificial intelligence in intermediary operations.

ODR Framework: Compliance officers handle disputes via SEBI's online dispute resolution.

Fit and Proper Criteria: Compliance officers ensure intermediaries meet SEBI's fit and proper standards.

Anti-Money Laundering: Compliance officers implement PMLA guidelines.

Insider Trading Prevention: Monitor compliance with insider trading regulations.

Fraud Prevention: Ensure adherence to SEBI's FUTP regulations.

KYC Compliance: Oversee KYC processes as per SEBI KRA regulations.

Client Interaction: Compliance officers ensure fair dealings with clients.

Record Keeping: Maintain records as per regulatory requirements.

Audit Facilitation: Assist in audits of intermediaries' books and records.

SEBI Reporting: Submit compliance reports to SEBI as required.

Ethical Standards: Uphold integrity and professionalism in compliance activities.

Investor Education: Support SEBI's investor education initiatives.

Regulatory Liaison: Act as a point of contact with SEBI for regulatory matters.

Transaction Monitoring: Ensure transactions comply with SEBI regulations.

Policy Implementation: Develop and enforce internal compliance policies.

Grievance Redressal Mechanism: Establish systems for resolving investor complaints.

Compliance Training: Educate staff on regulatory requirements and compliance.

CHAPTER 4: SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

SEBI Act Objective: Protects investors, promotes, and regulates securities markets.

SEBI Establishment: Non-statutory in 1988, statutory under SEBI Act, 1992.

SEBI Functions: Regulate stock exchanges, intermediaries, and prohibit unfair practices.

Investor Protection: SEBI's primary goal is safeguarding investor interests.

Market Regulation: Ensures transparency and fairness in securities transactions.

Intermediary Registration: SEBI registers brokers, DPs, merchant bankers, and CRAs.

Prohibition of Unfair Practices: Prevents insider trading and fraudulent activities.

Investor Education: SEBI promotes training and education for intermediaries.

Inspection Powers: SEBI can inspect books of listed companies for violations.

Disciplinary Actions: SEBI can suspend trading or restrain market access.

Asset Attachment: SEBI can attach assets involved in violations for up to 90 days.

Disgorgement: SEBI can direct disgorgement of wrongful gains to the Investor Protection Fund.

Prospectus Regulation: SEBI regulates issuance of offer documents and advertisements.

Penalties: SEBI can levy penalties for violations after recording reasons.

Investigation Powers: SEBI can investigate intermediaries for detrimental transactions.

Civil Court Powers: SEBI has powers like a civil court for certain matters.

SAT Appeals: SEBI rulings can be appealed to the Securities Appellate Tribunal.

Supreme Court Appeals: SAT rulings can be challenged in the Supreme Court.

Prohibition of Manipulative Devices: SEBI prohibits deceptive practices in securities.

Insider Trading Prohibition: SEBI regulates to prevent insider trading.

Takeover Regulation: SEBI oversees substantial share acquisitions and takeovers.

Disclosure Requirements: SEBI can mandate disclosures from intermediaries or banks.

SRO Promotion: SEBI supports self-regulatory organizations for market integrity.

Fee Levy: SEBI can impose fees for regulatory implementation.

Research: SEBI conducts research to support its regulatory functions.

Information Sharing: SEBI collaborates with domestic and foreign authorities.

SCRA Powers: SEBI exercises powers delegated under the SCRA, 1956.

Section 11(2): Outlines SEBI's regulatory powers over intermediaries and markets.

Section 11(2A): Allows inspection for insider trading or unfair practices.

Section 11(3): Grants SEBI civil court powers for inspection and enforcement.

Section 11(4): Empowers SEBI to suspend trading or attach assets.

Section 11(5): Directs disgorged amounts to the Investor Protection Fund.

Section 11A: Regulates prospectus and listing requirements.

Section 11B: Allows SEBI to issue directions to protect investors.

Section 11C: Authorizes investigations into securities transactions.

Investor Protection Fund: Utilizes disgorged amounts for investor education and protection.

Market Development: SEBI promotes orderly growth of securities markets.

Intermediary Oversight: SEBI ensures intermediaries adhere to regulations.

Fraud Prevention: SEBI prohibits fraudulent and unfair trade practices.

Regulatory Framework: SEBI Act provides a comprehensive regulatory structure.

Transparency: SEBI ensures full disclosure in market transactions.

Penal Framework: Outlines penalties for non-compliance with SEBI regulations.

Inquiry Powers: SEBI can conduct inquiries into intermediary activities.

Stock Exchange Regulation: SEBI oversees stock exchange operations.

Mutual Fund Regulation: SEBI registers and regulates mutual funds.

Venture Capital Funds: SEBI oversees their registration and operations.

SEBI Orders: Can issue general or special orders to regulate securities issuance.

Compliance Monitoring: SEBI ensures intermediaries comply with regulations.

Investor Confidence: SEBI's actions enhance trust in securities markets.

Regulatory Collaboration: SEBI shares information with other regulators.

CHAPTER 5: SECURITIES CONTRACTS (REGULATION) ACT, 1956 AND SECURITIES CONTRACTS (REGULATION) RULES, 1957

SCRA Objective: Regulates securities contracts and stock exchanges.

Securities Definition: Includes shares, bonds, derivatives, and other instruments.

Stock Exchange Recognition: Requires Central Government approval under SCRA.

Periodical Returns: Stock exchanges must submit returns to SEBI.

Contracts in Securities: Must comply with SCRA provisions for validity.

Options in Securities: Regulated to prevent speculative trading.

SCRA Penalties: Imposes penalties for violations like non-compliance.

Stock Exchange Bye-Laws: Govern trading, membership, and settlement.

Membership Eligibility: SCRR, 1957, outlines criteria for stock exchange membership.

Member Audit: Stock exchanges audit members' books annually.

Books of Accounts: Members must maintain records as per SCRR.

Contract Notes: Members issue notes for securities transactions.

Derivative Contracts: Valid if traded and settled on recognized exchanges.

Zero Coupon Instruments: Declared as securities for Social Stock Exchange.

Stock Exchange Powers: Can make bye-laws for trading and member conduct.

SCRA Section 18A: Validates derivative contracts traded on exchanges.

Government Securities: Included in SCRA's securities definition.

SEBI Delegation: Exercises SCRA powers delegated by the Central Government.

Member Obligations: Include maintaining books and submitting returns.

Listing Requirements: SCRR specifies conditions for securities listing.

Trading Regulation: SCRA ensures orderly securities trading.

Penal Provisions: SCRA outlines penalties for non-compliance.

Exchange Governance: Bye-laws ensure fair and transparent operations.

Securities Transfer: Regulated to ensure proper ownership changes.

SCRR Membership Criteria: Include financial soundness and experience.

Audit Compliance: Members submit to annual audits by exchanges.

Contract Validity: Securities contracts must meet SCRA requirements.

Derivative Regulation: Ensures derivatives are traded on recognized platforms.

Investor Protection: SCRA safeguards investors through regulated trading.

Exchange Supervision: Stock exchanges oversee member compliance.

Record Keeping: Members maintain transaction records for audits.

SCRA Applicability: Applies to all securities contracts in India.

Bye-Law Enforcement: Exchanges enforce bye-laws for market integrity.

SCRR Rule 8: Specifies eligibility for stock exchange membership.

Periodic Reporting: Exchanges submit reports to SEBI for oversight.

Securities Definition Expansion: Includes new instruments like EGRs.

Trading Platforms: Recognized exchanges provide regulated trading platforms.

Member Conduct: Governed by SCRA and exchange bye-laws.

SCRA Penalties: Include fines or imprisonment for violations.

Exchange Rules: Ensure fair trading and dispute resolution.

SCRR Compliance: Members adhere to rules for market participation.

Securities Listing: Governed by SCRR for transparency.

Contract Notes Format: Specified under SCRR for transaction clarity.

Exchange Inspections: Ensure member compliance with SCRA.

SCRA Objectives: Promote market integrity and investor confidence.

Derivative Trading: Regulated to prevent market manipulation.

Membership Suspension: Exchanges can suspend non-compliant members.

SCRR Record Keeping: Mandates detailed transaction records.

Exchange Oversight: Ensures compliance with SCRA and SCRR.

Investor Safeguards: SCRA protects investors from unfair practices.

CHAPTER 6: SEBI (INTERMEDIARIES) REGULATIONS, 2008

Intermediary Registration: Mandatory for entities like brokers, DPs, and merchant bankers.

General Obligations: Intermediaries must maintain high ethical standards.

Fit and Proper Criteria: Intermediaries must meet SEBI's integrity standards.

Code of Conduct: Specifies ethical behavior for intermediaries.

Inspection by SEBI: Intermediaries subject to periodic inspections.

Disciplinary Proceedings: SEBI can initiate actions for non-compliance.

Default Actions: Include suspension or cancellation of registration.

Compliance Officer: Intermediaries appoint officers to monitor compliance.

Cyber Security Framework: Intermediaries comply with SEBI's cyber security guidelines.

AI and ML Compliance: Regulate use of artificial intelligence in operations.

ODR Framework: SEBI's online dispute resolution for intermediary disputes.

Capital Adequacy: Intermediaries maintain prescribed net worth.

Record Maintenance: Keep records for at least five years.

Client Agreements: Intermediaries enter agreements specifying services.

Segregation of Activities: Separate intermediary activities from other businesses.

Internal Controls: Implement systems to prevent record manipulation.

SEBI Inspections: Cover books, records, and compliance adherence.

Action on Default: SEBI can impose penalties or suspend registration.

Code of Conduct Adherence: Ensures integrity and professionalism.

Investor Grievance Redressal: Intermediaries resolve client complaints.

Compliance Reporting: Report non-compliance to SEBI immediately.

Inspection Reports: Submit reports post-SEBI inspections.

Disciplinary Measures: Include fines, suspension, or debarment.

Fit and Proper Standards: Assess integrity, reputation, and competence.

Client Protection: Intermediaries safeguard client assets and interests.

Cyber Security Compliance: Protect systems from cyber threats.

AI Usage: Ensure AI/ML applications comply with SEBI regulations.

ODR Mechanism: Facilitates mediation, conciliation, or arbitration.

Record Keeping: Maintain detailed transaction and client records.

Ethical Standards: Intermediaries uphold fairness and transparency.

SEBI Directions: Follow SEBI's orders to protect investors.

Capital Requirements: Vary by intermediary type, e.g., Rs. 50 crores for custodians.

Inspection Frequency: SEBI conducts regular and surprise inspections.

Default Consequences: Loss of registration or financial penalties.

Compliance Officer Role: Monitor adherence to SEBI rules.

Client Agreements Specificity: Detail services, fees, and obligations.

Segregation of Funds: Client funds kept separate from intermediary's.

Internal Audit: Conduct audits to ensure compliance.

Investor Protection: Prioritize client interests in all activities.

Regulatory Updates: Stay updated on SEBI circulars and guidelines.

Dispute Resolution: Use SEBI's ODR for client disputes.

Code of Conduct Violations: Lead to disciplinary actions by SEBI.

Inspection Scope: Covers financial, operational, and compliance aspects.

Record Access: SEBI can access intermediary records anytime.

Client Confidentiality: Maintain confidentiality of client data.

Ethical Operations: Avoid conflicts of interest in services.

SEBI Oversight: Ensures intermediaries operate within regulations.

Compliance Training: Staff trained on regulatory requirements.

Penalties for Non-Compliance: Include monetary fines and suspension.

Intermediary Accountability: Responsible for all regulatory compliance.

CHAPTER 7: SEBI (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

Insider Definition: Person with unpublished price-sensitive information (UPSI).

Insider Trading Prohibition: Dealing or communicating UPSI is prohibited.

Code of Conduct: Entities must establish codes to prevent insider trading.

Compliance Officer Role: Monitors adherence to insider trading regulations.

Trading Plan: Allows insiders to trade under pre-approved plans.

UPSI Preservation: Entities ensure confidentiality of price-sensitive information.

Disclosure Requirements: Insiders report transactions to compliance officers.

Connected Persons: Include those with access to UPSI, like auditors or relatives.

Trading Restrictions: Insiders cannot trade during closed periods.

Code of Conduct Elements: Include monitoring, reporting, and restrictions.

Compliance Officer Duties: Ensure UPSI is not misused.

Trading Plan Approval: Must be approved by compliance officer.

UPSI Definition: Information impacting security prices, not publicly available.

Insider Penalties: Fines or imprisonment for violating regulations.

Disclosure Timelines: Transactions reported within specified periods.

Code Implementation: Mandatory for listed companies and intermediaries.

Trading Window: Closed during sensitive periods to prevent trading.

UPSI Handling: Restricted to need-to-know basis.

Compliance Monitoring: Regular checks to prevent insider trading.

Reporting Requirements: Insiders report shareholdings and transactions.

Penal Actions: SEBI can impose penalties or disgorge profits.

Code of Conduct Scope: Covers employees, directors, and connected persons.

Trading Plan Disclosure: Publicly disclosed before implementation.

UPSI Communication: Prohibited unless for legitimate purposes.

Compliance Officer Reporting: Reports violations to SEBI.

Insider Accountability: Insiders liable for UPSI misuse.

Trading Restrictions Period: Typically during results announcements.

Disclosure Formats: Specified by SEBI for uniformity.

Code Review: Periodically reviewed to ensure effectiveness.

Employee Training: Educate staff on insider trading regulations.

UPSI Access Control: Restrict access to authorized personnel.

Penalties for Violation: Include fines up to Rs. 25 crores or imprisonment.

Trading Plan Flexibility: Allows scheduled trading to avoid violations.

Compliance Officer Independence: Reports directly to board or SEBI.

UPSI Examples: Include financial results, mergers, or dividends.

Code Enforcement: Strict enforcement to maintain market integrity.

Insider Definition Expansion: Includes anyone with UPSI access.

Trading Window Closure: Notified to employees in advance.

Disclosure Exemptions: Certain transactions may be exempt.

SEBI Oversight: Monitors compliance with insider trading rules.

Connected Person Liability: Liable for trading on UPSI.

Trading Plan Conditions: Must be irrevocable and disclosed.

UPSI Confidentiality: Maintained through NDAs or agreements.

Compliance Officer Records: Maintain records of trading plans.

Insider Trading Impact: Undermines investor confidence and market fairness.

Regulatory Framework: SEBI Act and PIT Regulations govern compliance.

Disclosure Triggers: Significant shareholding changes or UPSI events.

Code of Conduct Updates: Aligned with SEBI circulars.

Penal Framework: Ensures deterrence against insider trading.

Investor Protection: Regulations safeguard market transparency.

CHAPTER 8: SEBI (PROHIBITION OF FRAUDULENT AND UNFAIR TRADE PRACTICES) REGULATIONS, 2003

FUTP Objective: Prohibits fraudulent and unfair trade practices in securities.

Fraudulent Practices: Include misrepresentation, deceit, or market manipulation.

Unfair Trade Practices: Actions harming investors or market integrity.

SEBI Investigation: Can probe suspected fraudulent transactions.

Prohibited Dealings: Include front-running, pump-and-dump, and spoofing.

Investigation Process: SEBI appoints officers to investigate violations.

Penalties for Violations: Fines, suspension, or disgorgement of profits.

Market Manipulation: Prohibited to maintain fair market operations.

Disclosure Misrepresentation: False statements in offer documents are prohibited.

Investigation Scope: Covers intermediaries, issuers, and market participants.

Fraud Definition: Includes acts to deceive or induce trading.

SEBI Powers: Can issue directions to stop fraudulent practices.

Front-Running: Trading based on advance knowledge of client orders.

Pump-and-Dump: Artificially inflating stock prices to sell at a profit.

Spoofing: Placing fake orders to manipulate market prices.

Investigation Triggers: Complaints, market surveillance, or SEBI discretion.

Penal Actions: Include monetary penalties or market bans.

Investor Protection: FUTP regulations safeguard investor interests.

Compliance Officer Role: Monitors adherence to FUTP regulations.

Market Surveillance: SEBI monitors trading to detect violations.

Fraudulent Intent: Must be proven for penal actions.

Investigation Reports: Submitted to SEBI for further action.

Disgorgement: SEBI can order return of wrongful gains.

Code of Conduct: Intermediaries adhere to ethical trading standards.

Regulatory Framework: SEBI Act and FUTP Regulations govern compliance.

Client Misrepresentation: Prohibited to mislead clients in transactions.

Market Integrity: FUTP ensures transparent and fair markets.

Investigation Timelines: SEBI specifies timelines for probes.

Penalties Scope: Vary based on violation severity.

False Statements: Prohibited in public communications or filings.

Compliance Monitoring: Regular checks to prevent unfair practices.

SEBI Directions: Can restrict trading or access to markets.

Investor Grievances: Addressed through SEBI's complaint mechanisms.

Fraud Examples: Include circular trading or price rigging.

Investigation Confidentiality: Maintained to protect market stability.

Penal Framework: Ensures deterrence against unfair practices.

Market Manipulation Impact: Undermines investor trust and market fairness.

Compliance Officer Duties: Report suspected fraudulent activities.

SEBI Oversight: Ensures adherence to FUTP regulations.

Trading Restrictions: Imposed on violators to protect markets.

Disclosure Requirements: Accurate disclosures prevent fraud.

Investigation Powers: SEBI can summon records or persons.

FUTP Scope: Applies to all securities market participants.

Regulatory Updates: Aligned with SEBI circulars and guidelines.

Client Protection: Safeguards clients from deceptive practices.

Market Surveillance Systems: Detect unusual trading patterns.

Penalties for Intermediaries: Include suspension or cancellation.

Fraud Prevention: Intermediaries implement internal controls.

Investor Confidence: FUTP enhances trust in market operations.

SEBI Enforcement: Strict enforcement to deter violations.

CHAPTER 9: PREVENTION OF MONEY LAUNDERING ACT, 2002

PMLA Objective: Prevents money laundering and terrorist financing.

Reporting Entities: Include intermediaries like brokers and DPs.

KYC Requirements: Mandatory client identification and verification.

Suspicious Transactions: Reported to Financial Intelligence Unit (FIU)-India.

Record Maintenance: Transactions recorded for at least five years.

Compliance Officer Role: Monitors PMLA compliance and reports STRs.

Client Due Diligence: Verify client identity and beneficial ownership.

PMLA Penalties: Fines or imprisonment for non-compliance.

SEBI AML Guidelines: Specify obligations for intermediaries.

Transaction Monitoring: Detect and report suspicious activities.

Cash Transactions: Report transactions above Rs. 10 lakhs.

Principal Officer: Appointed to oversee AML compliance.

AML Policies: Intermediaries maintain anti-money laundering policies.

Client Risk Assessment: Categorize clients as low, medium, or high risk.

Suspicious Transaction Reports (STRs): Filed with FIU-India promptly.

Record Keeping: Include client identity and transaction details.

PMLA Applicability: Covers all SEBI-registered intermediaries.

Beneficial Ownership: Identify ultimate owners of accounts.

Compliance Training: Staff trained on AML/CFT procedures.

SEBI Master Circular: Guides AML/CFT obligations for intermediaries.

Client Identification: Use Aadhaar, PAN, or other approved IDs.

High-Risk Clients: Enhanced due diligence for high-risk clients.

Transaction Records: Maintained in retrievable formats.

FIU-India Role: Analyzes STRs to combat money laundering.

PMLA Offenses: Include laundering proceeds of crime.

Internal Controls: Prevent misuse of financial systems.

Compliance Officer Duties: Ensure adherence to PMLA guidelines.

Reporting Timelines: STRs filed within seven days of suspicion.

Client Screening: Against watchlists for terrorist financing.

PMLA Enforcement: FIU-India enforces compliance with PMLA.

Intermediary Obligations: Implement robust AML programs.

Record Access: Available to FIU-India or SEBI on request.

Client Verification: Conducted at account opening and periodically.

Suspicious Activity Examples: Include large cash transactions or layering.

PMLA Penalties Scope: Vary based on offense severity.

Compliance Monitoring: Regular audits to ensure AML adherence.

SEBI Oversight: Monitors intermediary AML compliance.

Client Data Confidentiality: Protected under PMLA guidelines.

Enhanced Due Diligence: For politically exposed persons (PEPs).

Transaction Patterns: Monitored for unusual activities.

PMLA Framework: Aligns with global FATF standards.

Compliance Officer Reporting: Reports directly to FIU-India.

Investor Protection: PMLA safeguards financial system integrity.

Record Retention: Five years post-account closure or transaction.

AML Training Programs: Mandatory for intermediary staff.

SEBI Circular Compliance: Follow latest AML guidelines.

Beneficial Owner Disclosure: Mandatory for corporate clients.

PMLA Violations: Lead to fines or legal action.

Transaction Reporting: Includes cross-border wire transfers.

Client Risk Profiling: Guides due diligence intensity.

FIU-India Coordination: Intermediaries collaborate with FIU.

CHAPTER 10: SEBI (KYC REGISTRATION AGENCY) REGULATIONS, 2011

KRA Definition: Agencies maintaining KYC records for intermediaries.

KRA Registration: Requires SEBI approval and compliance.

KRA Functions: Store, retrieve, and share KYC data.

Intermediary Obligations: Upload client KYC to KRAs.

Code of Conduct: KRAs maintain integrity and confidentiality.

In-Person Verification (IPV): Mandatory for client KYC.

KRA Surrender: Must transfer records to another KRA on surrender.

Interoperability: KRAs share data to avoid duplication.

KRA Obligations: Ensure accuracy and security of KYC data.

Compliance Officer: KRAs appoint officers to monitor compliance.

KYC Guidelines: Specify documents like PAN, Aadhaar for verification.

Client Data Security: KRAs protect client information from breaches.

KRA Record Keeping: Maintain KYC records for five years.

SEBI Oversight: Monitors KRA operations and compliance.

Intermediary KYC: Submit client data to KRAs within timelines.

IPV Process: Conducted by intermediaries or authorized agencies.

KRA Registration Conditions: Include infrastructure and fit criteria.

Client Consent: Required for KYC data sharing with KRAs.

KRA Code of Conduct: Ensures transparency and professionalism.

Record Transfer: On KRA surrender, data moves to another KRA.

KYC Updates: Intermediaries update client KYC periodically.

SEBI Circulars: Guide KRA and intermediary KYC processes.

Data Accuracy: KRAs verify and correct client data errors.

Client Verification: Ensures compliance with AML requirements.

KRA Inspections: SEBI conducts audits of KRA operations.

Intermediary Compliance: Adhere to KRA regulations for KYC.

KYC Interoperability: Allows seamless data access across KRAs.

Penalties for Non-Compliance: Fines or KRA registration cancellation.

Client Data Access: Authorized intermediaries access KYC via KRAs.

KRA Infrastructure: Must support secure data storage and retrieval.

Compliance Officer Role: Monitors KRA regulatory adherence.

KYC Simplification: KRAs reduce duplication in client onboarding.

Data Confidentiality: KRAs ensure client data privacy.

SEBI Guidelines: Specify KYC norms for intermediaries and KRAs.

IPV Requirements: Include physical or digital verification methods.

KRA Record Access: SEBI can access KYC records for inspections.

Client KYC Updates: Triggered by changes in client details.

KRA Obligations to SEBI: Submit compliance and audit reports.

KYC Data Sharing: Only with authorized intermediaries.

Intermediary Responsibilities: Ensure accurate KYC submissions.

KRA Code Violations: Lead to penalties or disciplinary actions.

Client Data Protection: KRAs implement robust security measures.

KYC Compliance Monitoring: Regular checks by KRAs and intermediaries.

SEBI KRA Regulations: Govern KRA registration and operations.

KYC Record Retention: Five years as per SEBI guidelines.

Intermediary KYC Process: Standardized through KRA systems.

KRA Audit: Ensures compliance with SEBI regulations.

Client Data Accuracy: Intermediaries verify before KRA submission.

KRA Role in AML: Supports PMLA compliance through KYC.

KYC Intermediary Link: KRAs centralize KYC for market efficiency.

CHAPTER 11: SEBI (FOREIGN PORTFOLIO INVESTORS) REGULATIONS, 2019

FPI Definition: Foreign entities investing in Indian securities.

Eligibility Criteria: FPIs must meet SEBI's fit and proper standards.

FPI Categories: Category I (low risk) and Category II (others).

Designated Depository Participant (DDP): Facilitates FPI registration.

Investment Conditions: FPIs adhere to investment limits and restrictions.

Registration Process: FPIs apply through DDPs to SEBI.

Certificate Surrender: FPIs can surrender registration with SEBI approval.

Offshore Derivative Instruments (ODIs): Issued with SEBI conditions.

Code of Conduct: FPIs maintain integrity and transparency.

Investment Limits: Cap on equity holdings, e.g., 10% per FPI.

DDP Obligations: Monitor FPI compliance with regulations.

FPI Registration Fee: Paid to SEBI for processing applications.

KYC Requirements: FPIs submit KYC details via DDPs.

Investment Restrictions: Prohibited in certain securities or sectors.

SEBI Oversight: Monitors FPI activities and compliance.

ODI Issuance: Restricted to regulated entities with disclosures.

FPI Disclosures: Report shareholding changes to SEBI.

Certificate Cancellation: SEBI can cancel for non-compliance.

FPI Code Violations: Lead to penalties or suspension.

Investment Monitoring: DDPs track FPI investment limits.

FPI KYC Norms: Align with PMLA and SEBI guidelines.

Transparency: FPIs disclose beneficial ownership details.

SEBI Circulars: Guide FPI registration and operations.

Investment Routes: FPIs invest via stock exchanges or ODIs.

Compliance Officer: FPIs appoint officers for regulatory adherence.

FPI Categories Criteria: Based on entity type, e.g., government funds.

ODI Restrictions: Cannot be issued to unregulated entities.

FPI Reporting: Submit periodic reports to SEBI via DDPs.

Market Access: FPIs access Indian markets through DDPs.

Investment Limits Breach: Triggers SEBI action or divestment.

FPI Registration Validity: Valid until suspended or cancelled.

Code of Conduct Scope: Covers FPI dealings and disclosures.

KYC Updates: FPIs update KYC with changes in details.

SEBI Inspections: FPIs subject to audits and inspections.

ODI Disclosures: Include details of underlying securities.

FPI Investment Scope: Includes equities, bonds, and derivatives.

Compliance Monitoring: DDPs ensure FPI regulatory adherence.

Penalties for FPIs: Fines or market bans for violations.

FPI Record Keeping: Maintain transaction records for five years.

SEBI Guidelines: Specify FPI investment and reporting norms.

Beneficial Ownership: FPIs identify ultimate owners.

FPI Suspension: SEBI can suspend for regulatory breaches.

Investment Conditions Compliance: Monitored by DDPs and SEBI.

FPI Code Adherence: Ensures ethical investment practices.

KYC Interoperability: FPIs use KRA systems for KYC.

ODI Conditions: Include transparency and regulatory compliance.

FPI Market Impact: Enhances liquidity in Indian markets.

Registration Denial: SEBI can deny for unfit applicants.

FPI Transparency: Disclose investment strategies and holdings.

DDP Role: Acts as intermediary between FPIs and SEBI.

CHAPTER 12: SEBI (STOCK BROKERS) REGULATIONS, 1992

Stock Broker Definition: SEBI-registered entity with trading rights on exchanges.

Registration Requirements: Include capital adequacy and fit criteria.

Code of Conduct: Brokers maintain integrity and professionalism.

Client Agreements: Specify services, fees, and obligations.

Direct Market Access (DMA): Allows clients direct exchange access.

Algorithmic Trading: Requires SEBI and exchange approval.

Margin Trading: Brokers provide funds for client trades with limits.

Authorised Persons: Agents providing trading platform access.

Underwriting by Brokers: Permitted with SEBI approval.

Portfolio Managers: Regulated under SEBI (Portfolio Managers) Regulations, 2020.

Broker Obligations: Include client fund segregation and record keeping.

Compliance Officer: Monitors adherence to SEBI regulations.

Client Fund Settlement: Settle running accounts periodically.

Risk Disclosure Document (RDD): Mandatory for clients.

Broker Penalties: Fines or suspension for non-compliance.

Trading Platform Access: Provided through authorised persons.

DMA Conditions: Include risk management and client approval.

Algo Trading Controls: Ensure no market manipulation.

Margin Trading Limits: Specified by SEBI and exchanges.

Broker Record Keeping: Maintain records for five years.

SEBI Inspections: Audit broker operations and compliance.

Client Protection: Brokers safeguard client funds and securities.

Code of Conduct Violations: Lead to disciplinary actions.

Broker Registration: Valid until suspended or cancelled.

Underwriting Obligations: Include due diligence and disclosures.

Portfolio Manager Role: Manage client portfolios per agreement.

Compliance Monitoring: Regular checks for regulatory adherence.

Client KYC: Brokers conduct KYC as per SEBI norms.

Transaction Reporting: Report trades to exchanges and SEBI.

Broker Fee Structure: Disclosed to clients in agreements.

Risk Management: Brokers implement robust risk controls.

SEBI Circulars: Guide broker operations and compliance.

Client Grievance Redressal: Brokers resolve complaints promptly.

Algo Trading Approval: Requires system audits and controls.

Margin Trading Disclosure: Inform clients of risks and costs.

Authorised Person Oversight: Brokers monitor agent activities.

Portfolio Manager Reports: Submit performance reports to clients.

Broker Capital Adequacy: Maintain prescribed net worth.

Client Fund Segregation: Keep client funds separate.

DMA Risk Controls: Ensure secure and compliant access.

Broker Audits: Conducted by exchanges and SEBI.

Compliance Officer Duties: Report non-compliance to SEBI.

Underwriting Conditions: Include financial capacity and disclosures.

Portfolio Manager Code: Adhere to ethical investment practices.

Broker Dispute Resolution: Use SEBI's ODR framework.

Client Data Confidentiality: Brokers protect client information.

Algo Trading Monitoring: Prevent misuse or market disruption.

Margin Trading Funding: Brokers fund within SEBI limits.

Broker Transparency: Disclose fees, risks, and services.

Portfolio Manager Performance: Calculated using Time Weighted Rate of Return.

CHAPTER 13: SEBI (MERCHANT BANKERS) REGULATIONS 1992, SEBI (SUBSTANTIAL ACQUISITION OF SHARES & TAKEOVERS) REGULATIONS, 2011 & SEBI (BANKERS TO AN ISSUE) REGULATION 1994

Merchant Banker Role: Assist in securities issuance and regulatory compliance.

Merchant Banker Registration: Requires SEBI approval and capital adequacy.

Capital Adequacy: Minimum net worth of Rs. 5 crores for merchant bankers.

Code of Conduct: Merchant bankers maintain integrity and professionalism.

Due Diligence: Conduct thorough checks for issue-related documents.

SAST Regulations: Govern substantial share acquisitions and takeovers.

Bankers to Issue: Manage application money and allotments.

Merchant Banker Obligations: Include disclosures and investor protection.

SAST Disclosure: Report share acquisitions above specified thresholds.

Banker Registration: Requires SEBI approval and infrastructure.

Merchant Banker Penalties: Fines or suspension for non-compliance.

SAST Open Offer: Mandatory for acquiring significant shares.

Banker Obligations: Handle refunds and dividend payments.

Merchant Banker Code: Ensures transparency in issue management.

SAST Trigger: Acquisitions exceeding 25% require open offer.

Banker Code of Conduct: Maintains ethical standards in operations.

Due Diligence Scope: Covers prospectus accuracy and compliance.

SAST Exemptions: Certain acquisitions exempt from open offer.

Banker Record Keeping: Maintain records for five years.

Merchant Banker Reporting: Submit due diligence certificates to SEBI.

SAST Compliance: Acquirers adhere to disclosure timelines.

Banker Penalties: Fines or cancellation for violations.

Merchant Banker Role in IPOs: Advise on timing and underwriting.

SAST Definitions: Include acquirer, target company, and control.

Banker Infrastructure: Adequate systems for issue management.

Merchant Banker Disclosures: Provide accurate issue-related information.

SAST Penalties: Fines or restrictions for non-compliance.

Banker Client Agreements: Specify services and responsibilities.

Merchant Banker Audits: Subject to SEBI inspections.

SAST Reporting: Disclose shareholding changes to exchanges.

Banker Compliance Officer: Monitors regulatory adherence.

Merchant Banker Responsibilities: Ensure issue compliance with SEBI.

SAST Control Definition: Ability to influence company management.

Banker Dispute Resolution: Use SEBI's ODR framework.

Merchant Banker KYC: Conduct KYC for issue-related clients.

SAST Offer Price: Based on market price or negotiated price.

Banker Transparency: Disclose fees and services to clients.

Merchant Banker Record Keeping: Maintain issue-related records.

SAST Escrow Account: Mandatory for open offer funds.

Banker Due Diligence: Verify application and allotment data.

Merchant Banker Role in Takeovers: Advise on SAST compliance.

SAST Voluntary Offer: Optional offer to acquire additional shares.

Banker Reporting: Submit compliance reports to SEBI.

Merchant Banker Client Protection: Safeguard investor interests.

SAST Disclosure Timelines: Within specified days of acquisition.

Banker Code Violations: Lead to disciplinary actions.

Merchant Banker Underwriting: Ensure issue subscription with due diligence.

SAST Market Impact: Enhances transparency in takeovers.

Banker KYC Compliance: Align with SEBI KRA regulations.

Merchant Banker Advisory Role: Guide issuers on regulatory requirements.

CHAPTER 14: SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2018

ICDR Applicability: Governs public and rights issues of securities.

IPO Requirements: Include eligibility, disclosures, and SEBI approval.

Rights Issue: Allows existing shareholders to buy additional shares.

Merchant Banker Role: Advise issuers on ICDR compliance.

Due Diligence: Merchant bankers verify offer document accuracy.

Underwriter Role: Ensure issue subscription with financial backing.

ICDR Disclosures: Detailed information in offer documents.

SEBI Circular on Rights Issue: Streamlines process and timelines.

General Obligations: Merchant bankers ensure regulatory compliance.

IPO Eligibility: Companies meet net worth and profitability criteria.

Rights Issue Process: Includes record date and letter of offer.

Merchant Banker Advisor: Guides on issue timing and structure.

Underwriting Obligations: Include risk assessment and disclosures.

ICDR Penalties: Fines or restrictions for non-compliance.

Offer Document: Includes prospectus or letter of offer.

SEBI Approval: Required for public and rights issues.

Due Diligence Certificates: Submitted by merchant bankers to SEBI.

Issue Pricing: Based on market demand or fixed price.

ICDR Compliance: Ensures transparency in capital raising.

Rights Issue Timelines: Specified by SEBI circulars.

Merchant Banker Reporting: Submit compliance reports to SEBI.

IPO Disclosures: Include financials, risks, and business details.

Underwriter Liabilities: Cover shortfall in issue subscription.

ICDR Objectives: Protect investors and ensure market integrity.

Rights Issue ISIN: Required for renounceable rights entitlements.

Merchant Banker Code: Adhere to ethical standards in issues.

Issue Monitoring: Merchant bankers oversee issue processes.

ICDR Record Keeping: Maintain records for five years.

SEBI Inspections: Audit issuer and merchant banker compliance.

Rights Issue Disclosures: Include purpose and pricing details.

Underwriting Agreements: Specify terms with issuers.

ICDR Transparency: Ensures full disclosure to investors.

Merchant Banker Penalties: Fines or suspension for violations.

Rights Issue Streamlining: Reduces processing time per SEBI.

IPO Application Process: Handled through ASBA mechanism.

Underwriter Due Diligence: Verify issuer financials and risks.

ICDR Investor Protection: Safeguards through disclosures and compliance.

Rights Issue Letter of Offer: Filed with SEBI and exchanges.

Merchant Banker Responsibilities: Include investor grievance redressal.

ICDR Listing Requirements: Specify conditions for stock exchanges.

Underwriter Risk Management: Assess issue subscription risks.

Rights Issue Monitoring: Merchant bankers track application data.

ICDR Compliance Officer: Monitors adherence to regulations.

IPO Allotment Process: Managed by registrars and bankers.

Underwriting Code: Ensures ethical underwriting practices.

ICDR Disclosure Timelines: Strict deadlines for offer documents.

Merchant Banker KYC: Conduct KYC for issue-related clients.

Rights Issue Renunciation: Shareholders can renounce rights.

ICDR Penalties Scope: Vary based on violation severity.

Merchant Banker Advisory Scope: Covers regulatory and market aspects.

CHAPTER 15: DEPOSITORIES ACT 1996

Depository Definition: Holds securities in electronic form for investors.

Depository Registration: Requires SEBI approval and infrastructure.

Rights of Depositories: Facilitate securities transfer and safekeeping.

Obligations of Depositories: Ensure accuracy and security of records.

Enquiry and Inspection: SEBI conducts audits of depositories.

Penalties for Violations: Fines or suspension for non-compliance.

Depository Participants (DPs): Agents facilitating investor services.

Beneficial Ownership: Investors retain ownership of securities.

Depository Functions: Include dematerialization and transfer.

SEBI Oversight: Monitors depository operations and compliance.

Record Keeping: Depositories maintain records for five years.

Investor Protection: Depositories safeguard client securities.

Inspection Scope: Covers records, systems, and compliance.

Depository Code of Conduct: Ensures integrity and transparency.

Pledge Creation: Depositories facilitate pledge or hypothecation.

Penal Framework: Outlines fines for regulatory breaches.

Depository Agreements: Specify services with DPs and investors.

Compliance Officer: Monitors depository regulatory adherence.

Securities Transfer: Handled electronically for efficiency.

Depository Infrastructure: Requires robust systems for operations.

Investor Grievances: Depositories address client complaints.

SEBI Inspections: Regular and surprise audits of depositories.

Record Access: SEBI can access depository records.

Depository Penalties: Include fines or operational restrictions.

Client Data Security: Depositories protect investor information.

Pledge Obligations: Ensure proper documentation and execution.

Depository Transparency: Disclose services and fees to clients.

Compliance Monitoring: Regular checks for regulatory adherence.

Depository KYC: Conduct KYC for investor accounts.

Inspection Reports: Submitted to SEBI post-audits.

Depository Services: Include demat, remat, and transfers.

Penalties Scope: Vary based on violation severity.

Investor Account Maintenance: Managed through DPs.

Depository Code Violations: Lead to disciplinary actions.

SEBI Guidelines: Govern depository operations and compliance.

Client Agreements: Specify rights and obligations of investors.

Depository Record Keeping: Maintains detailed transaction records.

Compliance Officer Role: Reports non-compliance to SEBI.

Pledge Monitoring: Depositories track pledge activities.

Investor Data Confidentiality: Protected under depository regulations.

Depository Audits: Ensure compliance with SEBI norms.

Securities Safekeeping: Depositories ensure secure storage.

Depository Dispute Resolution: Use SEBI's ODR framework.

KYC Compliance: Align with SEBI KRA regulations.

Depository Oversight: SEBI ensures regulatory adherence.

Client Account Segregation: Separate accounts for each investor.

Depository Infrastructure Standards: Meet SEBI requirements.

Penal Actions: SEBI can suspend or cancel registration.

Investor Rights: Include access to account details and transfers.

Depository Transparency: Disclose operational processes to SEBI.

CHAPTER 16: SEBI (DEPOSITORIES AND PARTICIPANTS) REGULATIONS 2018

DP Registration: Requires SEBI approval and net worth.

DP Obligations: Include client servicing and record keeping.

Code of Conduct: DPs maintain integrity and professionalism.

Pledge Creation: DPs facilitate pledge or hypothecation.

Default Actions: SEBI can suspend or cancel DP registration.

Compliance Officer: Monitors DP regulatory adherence.

Client Agreements: Specify services and responsibilities.

Record Keeping: DPs maintain records for five years.

SEBI Inspections: Audit DP operations and compliance.

Investor Protection: DPs safeguard client securities.

KYC Requirements: DPs conduct client KYC per SEBI norms.

Pledge Process: Involves documentation and depository approval.

DP Penalties: Fines or suspension for non-compliance.

Client Data Security: DPs protect investor information.

Code Violations: Lead to disciplinary actions by SEBI.

DP Infrastructure: Requires systems for secure operations.

Compliance Monitoring: Regular checks for regulatory adherence.

Investor Grievances: DPs resolve client complaints promptly.

SEBI Oversight: Monitors DP activities and compliance.

Record Access: SEBI can access DP records for inspections.

DP Services: Include demat, remat, and securities transfers.

Client Account Segregation: Separate accounts for each client.

Pledge Monitoring: DPs track pledge and hypothecation activities.

DP Transparency: Disclose fees and services to clients.

Compliance Officer Duties: Report non-compliance to SEBI.

KYC Compliance: Align with SEBI KRA regulations.

DP Dispute Resolution: Use SEBI's ODR framework.

Record Retention: Five years post-account closure.

DP Code of Conduct: Ensures ethical client dealings.

Penalties Scope: Vary based on violation severity.

Client Data Confidentiality: Protected under DP regulations.

DP Audits: Conducted by SEBI and depositories.

Investor Rights: Include access to account and transfer details.

DP Infrastructure Standards: Meet SEBI requirements.

Pledge Documentation: Ensure accuracy and compliance.

SEBI Guidelines: Govern DP operations and compliance.

Client KYC Updates: Triggered by changes in client details.

DP Reporting: Submit compliance reports to SEBI.

Securities Safekeeping: DPs ensure secure storage.

Compliance Officer Role: Monitors adherence to regulations.

DP Registration Validity: Valid until suspended or cancelled.

Investor Account Maintenance: Managed through depository systems.

Pledge Obligations: DPs ensure proper execution.

DP Transparency: Disclose operational processes to clients.

SEBI Inspections Scope: Cover records and compliance.

Client Agreements Specificity: Detail rights and obligations.

DP Penalties: Include fines or operational restrictions.

KYC Interoperability: DPs use KRA systems for efficiency.

Investor Data Protection: DPs implement security measures.

DP Oversight: SEBI and depositories ensure compliance.

CHAPTER 17: SEBI (REGISTRAR TO AN ISSUE AND SHARE TRANSFER AGENTS) REGULATIONS, 1993

RTA Definition: Entities handling issue and share transfer services.

RTA Registration: Requires SEBI approval and infrastructure.

General Obligations: Include data collation and investor servicing.

Code of Conduct: RTAs maintain integrity and professionalism.

Compliance Officer: Monitors RTA regulatory adherence.

Record Keeping: Maintain records for five years.

SEBI Inspections: Audit RTA operations and compliance.

Investor Protection: RTAs safeguard client interests.

KYC Requirements: RTAs conduct client KYC per SEBI norms.

RTA Penalties: Fines or suspension for non-compliance.

Client Agreements: Specify services and responsibilities.

Data Collation: RTAs manage subscription and allotment data.

Code Violations: Lead to disciplinary actions by SEBI.

RTA Infrastructure: Requires systems for secure operations.

Compliance Monitoring: Regular checks for regulatory adherence.

Investor Grievances: RTAs resolve complaints promptly.

SEBI Oversight: Monitors RTA activities and compliance.

Record Access: SEBI can access RTA records for inspections.

Share Transfer Process: RTAs handle ownership changes.

RTA Transparency: Disclose fees and services to clients.

Compliance Officer Duties: Report non-compliance to SEBI.

KYC Compliance: Align with SEBI KRA regulations.

RTA Dispute Resolution: Use SEBI's ODR framework.

Record Retention: Five years post-transaction or closure.

RTA Code of Conduct: Ensures ethical client dealings.

Penalties Scope: Vary based on violation severity.

Client Data Confidentiality: Protected under RTA regulations.

RTA Audits: Conducted by SEBI and exchanges.

Investor Rights: Include access to transfer and allotment details.

RTA Infrastructure Standards: Meet SEBI requirements.

Share Transfer Documentation: Ensure accuracy and compliance.

SEBI Guidelines: Govern RTA operations and compliance.

Client KYC Updates: Triggered by changes in client details.

RTA Reporting: Submit compliance reports to SEBI.

Allotment Process: RTAs manage share crediting to demat accounts.

Compliance Officer Role: Monitors adherence to regulations.

RTA Registration Validity: Valid until suspended or cancelled.

Investor Account Maintenance: Managed through RTA systems.

RTA Transparency: Disclose operational processes to clients.

SEBI Inspections Scope: Cover records and compliance.

Client Agreements Specificity: Detail rights and obligations.

RTA Penalties: Include fines or operational restrictions.

KYC Interoperability: RTAs use KRA systems for efficiency.

Investor Data Protection: RTAs implement security measures.

RTA Oversight: SEBI ensures regulatory compliance.

Dividend Payouts: RTAs handle dividend distribution.

Corporate Actions: RTAs manage rights issues and buybacks.

RTA Due Diligence: Verify data accuracy for issues.

Client Servicing: RTAs provide timely investor support.

RTA Record Access: Available to SEBI for audits.

CHAPTER 18: SEBI (RESEARCH ANALYST) REGULATIONS, 2014

Research Analyst Definition: Entities providing securities research reports.

Registration Requirements: Include SEBI approval and qualifications.

Conflict of Interest: Analysts manage and disclose conflicts.

Disclosure Requirements: Include interests in securities analyzed.

General Responsibilities: Provide unbiased and accurate reports.

Record Maintenance: Keep records for five years.

Compliance Officer: Monitors adherence to SEBI regulations.

Code of Conduct: Analysts maintain integrity and professionalism.

SEBI Inspections: Audit analyst operations and compliance.

Investor Protection: Analysts ensure transparent research.

KYC Requirements: Conduct KYC for clients per SEBI norms.

Penalties for Violations: Fines or suspension for non-compliance.

Research Report Standards: Must be objective and substantiated.

Compliance Officer Duties: Report non-compliance to SEBI.

Conflict Disclosure: Include analyst's securities holdings.

Record Keeping Scope: Covers reports and client interactions.

SEBI Oversight: Monitors analyst activities and compliance.

Code Violations: Lead to disciplinary actions by SEBI.

Research Analyst Infrastructure: Requires systems for operations.

Compliance Monitoring: Regular checks for regulatory adherence.

Investor Grievances: Analysts resolve complaints promptly.

Disclosure Timelines: Specified for conflict and interest disclosures.

Analyst Certification: Requires NISM-Series-XV exam.

KYC Compliance: Align with SEBI KRA regulations.

Research Report Access: SEBI can access reports for inspections.

Analyst Transparency: Disclose methodologies and assumptions.

Compliance Officer Role: Ensures regulatory adherence.

Penalties Scope: Vary based on violation severity.

Client Data Confidentiality: Protected under analyst regulations.

Research Analyst Audits: Conducted by SEBI for compliance.

Investor Rights: Access to unbiased research reports.

Analyst Infrastructure Standards: Meet SEBI requirements.

Conflict Management: Policies to mitigate conflicts of interest.

SEBI Guidelines: Govern analyst operations and compliance.

Client KYC Updates: Triggered by changes in client details.

Analyst Reporting: Submit compliance reports to SEBI.

Research Report Accuracy: Analysts verify data before publication.

Code of Conduct Scope: Covers all research activities.

Analyst Registration Validity: Valid until suspended or cancelled.

Investor Data Protection: Analysts implement security measures.

Research Analyst Oversight: SEBI ensures regulatory compliance.

Disclosure of Interests: Include family or employer holdings.

Research Report Standards: Avoid misleading or exaggerated claims.

Compliance Monitoring Systems: Detect violations in reports.

Analyst Dispute Resolution: Use SEBI's ODR framework.

Client Agreements: Specify research services and fees.

Record Retention: Five years post-report issuance.

Analyst Penalties: Include fines or operational restrictions.

KYC Interoperability: Analysts use KRA systems for efficiency.

Research Analyst Transparency: Disclose research processes to clients.

CHAPTER 19: SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013

Investment Adviser Definition: Entities providing investment advice.

Registration Requirements: Include SEBI approval and qualifications.

General Responsibilities: Provide suitable and unbiased advice.

Risk Profiling: Assess client risk appetite and suitability.

Disclosure Requirements: Include conflicts and adviser interests.

Client Segregation: Separate advisory and distribution activities.

Implementation of Advice: Advisers execute or guide client investments.

Record Maintenance: Keep records for five years.

Compliance Officer: Monitors adherence to SEBI regulations.

Code of Conduct: Advisers maintain integrity and professionalism.

SEBI Inspections: Audit adviser operations and compliance.

Investor Protection: Advisers prioritize client interests.

KYC Requirements: Conduct client KYC per SEBI norms.

Penalties for Violations: Fines or suspension for non-compliance.

Risk Profiling Process: Includes client financial goals and risk tolerance.

Compliance Officer Duties: Report non-compliance to SEBI.

Client Agreements: Specify advisory services and fees.

Disclosure Timelines: Specified for conflict and interest disclosures.

Adviser Certification: Requires NISM-Series-X-A and X-B exams.

KYC Compliance: Align with SEBI KRA regulations.

Record Keeping Scope: Covers advice and client interactions.

SEBI Oversight: Monitors adviser activities and compliance.

Code Violations: Lead to disciplinary actions by SEBI.

Adviser Infrastructure: Requires systems for operations.

Compliance Monitoring: Regular checks for regulatory adherence.

Investor Grievances: Advisers resolve complaints promptly.

Client Data Confidentiality: Protected under adviser regulations.

Adviser Audits: Conducted by SEBI for compliance.

Investor Rights: Access to suitable investment advice.

Adviser Infrastructure Standards: Meet SEBI requirements.

Conflict Management: Policies to mitigate conflicts of interest.

SEBI Guidelines: Govern adviser operations and compliance.

Client KYC Updates: Triggered by changes in client details.

Adviser Reporting: Submit compliance reports to SEBI.

Advice Accuracy: Advisers verify data before recommendations.

Code of Conduct Scope: Covers all advisory activities.

Adviser Registration Validity: Valid until suspended or cancelled.

Investor Data Protection: Advisers implement security measures.

Disclosure of Interests: Include family or employer holdings.

Advice Standards: Avoid misleading or unsuitable recommendations.

Compliance Monitoring Systems: Detect violations in advice.

Adviser Dispute Resolution: Use SEBI's ODR framework.

Client Segregation Rules: Prevent mixing advisory and distribution.

Record Retention: Five years post-advice issuance.

Adviser Penalties: Include fines or operational restrictions.

KYC Interoperability: Advisers use KRA systems for efficiency.

Adviser Transparency: Disclose advisory processes to clients.

Risk Profiling Standards: Ensure advice aligns with client needs.

IFSC Guidelines: Specify adviser operations in IFSC.

Adviser Oversight: SEBI ensures regulatory compliance.

CHAPTER 20: SEBI (DEBENTURE TRUSTEES) REGULATIONS, 1993

Debenture Trustee Definition: Trustees securing debenture issues.

Registration Requirements: Include SEBI approval and capital adequacy.

Capital Adequacy: Minimum net worth of Rs. 2 crores.

Responsibilities: Protect debenture holders' interests.

Code of Conduct: Maintain integrity and professionalism.

Monitoring Requirements: Oversee issuer compliance with trust deeds.

Compliance Officer: Monitors adherence to SEBI regulations.

Disclosure Requirements: Disseminate issue-related information.

SEBI Inspections: Audit trustee operations and compliance.

Investor Protection: Trustees safeguard debenture holder interests.

KYC Requirements: Conduct KYC for debenture holders.

Penalties for Violations: Fines or suspension for non-compliance.

Trust Deed: Specifies trustee and issuer obligations.

Compliance Officer Duties: Report non-compliance to SEBI.

Record Keeping: Maintain records for five years.

SEBI Oversight: Monitors trustee activities and compliance.

Code Violations: Lead to disciplinary actions by SEBI.

Trustee Infrastructure: Requires systems for operations.

Compliance Monitoring: Regular checks for regulatory adherence.

Investor Grievances: Trustees resolve complaints promptly.

Disclosure Timelines: Specified for issue-related information.

Trustee Certification: Requires NISM-Series-III-A exam.

KYC Compliance: Align with SEBI KRA regulations.

Record Access: SEBI can access trustee records for inspections.

Trustee Transparency: Disclose services and fees to holders.

Compliance Officer Role: Ensures regulatory adherence.

Penalties Scope: Vary based on violation severity.

Debenture Holder Rights: Include access to issue details.

Trustee Infrastructure Standards: Meet SEBI requirements.

Trust Deed Monitoring: Ensure issuer compliance with terms.

SEBI Guidelines: Govern trustee operations and compliance.

Client KYC Updates: Triggered by changes in holder details.

Trustee Reporting: Submit compliance reports to SEBI.

Issue Monitoring: Trustees track issuer obligations.

Code of Conduct Scope: Covers all trustee activities.

Trustee Registration Validity: Valid until suspended or cancelled.

Investor Data Protection: Trustees implement security measures.

Disclosure of Defaults: Inform holders of issuer defaults.

Trustee Audits: Conducted by SEBI for compliance.

Investor Rights Enforcement: Trustees act on behalf of holders.

KYC Interoperability: Trustees use KRA systems for efficiency.

Trustee Dispute Resolution: Use SEBI's ODR framework.

Record Retention: Five years post-issue closure.

Trustee Penalties: Include fines or operational restrictions.

Issuer Oversight: Trustees monitor issuer financial health.

Compliance Monitoring Systems: Detect violations in trustee activities.

Trustee Transparency: Disclose operational processes to SEBI.

Debenture Holder Grievances: Addressed promptly by trustees.

SEBI Oversight: Ensures trustee regulatory compliance.

Trustee Due Diligence: Verify issuer compliance with regulations.

CHAPTER 21: SEBI (CREDIT RATING AGENCIES) REGULATIONS, 1999

CRA Definition: Entities rating securities like bonds or fixed deposits.

Registration Requirements: Include SEBI approval and net worth.

Net Worth Requirement: Minimum Rs. 25 crores for CRAs.

General Obligations: Provide accurate and unbiased ratings.

Code of Conduct: CRAs maintain integrity and professionalism.

Compliance Officer: Monitors adherence to SEBI regulations.

Confidentiality: CRAs protect client and rating data.

Rating Process: Follows standardized and transparent methods.

Promoter Restrictions: CRAs cannot rate promoter-issued securities.

SEBI Inspections: Audit CRA operations and compliance.

Investor Protection: CRAs ensure reliable ratings for investors.

KYC Requirements: Conduct KYC for rated entities.

Penalties for Violations: Fines or suspension for non-compliance.

Rating Disclosure: Include methodologies and assumptions.

Compliance Officer Duties: Report non-compliance to SEBI.

Record Keeping: Maintain records for five years.

SEBI Oversight: Monitors CRA activities and compliance.

Code Violations: Lead to disciplinary actions by SEBI.

CRA Infrastructure: Requires systems for rating operations.

Compliance Monitoring: Regular checks for regulatory adherence.

Investor Grievances: CRAs resolve complaints promptly.

Rating Process Transparency: Disclose rating criteria to public.

CRA Certification: Requires NISM-Series-III-A exam.

KYC Compliance: Align with SEBI KRA regulations.

Record Access: SEBI can access CRA records for inspections.

CRA Transparency: Disclose rating processes and conflicts.

Compliance Officer Role: Ensures regulatory adherence.

Penalties Scope: Vary based on violation severity.

Client Data Confidentiality: Protected under CRA regulations.

CRA Audits: Conducted by SEBI for compliance.

Investor Rights: Access to accurate rating information.

CRA Infrastructure Standards: Meet SEBI requirements.

Conflict Management: Policies to mitigate rating conflicts.

SEBI Guidelines: Govern CRA operations and compliance.

Client KYC Updates: Triggered by changes in entity details.

CRA Reporting: Submit compliance reports to SEBI.

Rating Accuracy: CRAs verify data before issuing ratings.

Code of Conduct Scope: Covers all rating activities.

CRA Registration Validity: Valid until suspended or cancelled.

Investor Data Protection: CRAs implement security measures.

Rating Restrictions: Avoid conflicts with promoter securities.

CRA Dispute Resolution: Use SEBI's ODR framework.

Record Retention: Five years post-rating issuance.

CRA Penalties: Include fines or operational restrictions.

Rating Process Standards: Ensure consistency and reliability.

Compliance Monitoring Systems: Detect violations in ratings.

CRA Transparency: Disclose operational processes to SEBI.

Investor Confidence: CRAs enhance trust in rated securities.

SEBI Oversight: Ensures CRA regulatory compliance.

Rating Methodology: Publicly disclosed for transparency.

CHAPTER 22: SEBI (CUSTODIAN) REGULATIONS, 1996

Custodian Definition: Entities providing safekeeping and settlement services.

Registration Requirements: Include SEBI approval and net worth.

Net Worth Requirement: Minimum Rs. 50 crores for custodians.

General Obligations: Include safekeeping and record maintenance.

Code of Conduct: Custodians maintain integrity and professionalism.

Compliance Officer: Monitors adherence to SEBI regulations.

Segregation of Activities: Separate custodial from other businesses.

Internal Controls: Prevent record manipulation and ensure security.

Client Agreements: Specify services, fees, and obligations.

SEBI Inspections: Audit custodian operations and compliance.

Investor Protection: Custodians safeguard client assets.

KYC Requirements: Conduct KYC for clients per SEBI norms.

Penalties for Violations: Fines or suspension for non-compliance.

Record Keeping: Maintain records for five years.

SEBI Oversight: Monitors custodian activities and compliance.

Code Violations: Lead to disciplinary actions by SEBI.

Custodian Infrastructure: Requires vaults and systems for operations.

Compliance Monitoring: Regular checks for regulatory adherence.

Investor Grievances: Custodians resolve complaints promptly.

Client Account Segregation: Separate accounts for each client.

Compliance Officer Duties: Report non-compliance to SEBI.

KYC Compliance: Align with SEBI KRA regulations.

Record Access: SEBI can access custodian records for inspections.

Custodian Transparency: Disclose services and fees to clients.

Compliance Officer Role: Ensures regulatory adherence.

Penalties Scope: Vary based on violation severity.

Client Data Confidentiality: Protected under custodian regulations.

Custodian Audits: Conducted by SEBI for compliance.

Investor Rights: Access to secure asset safekeeping.

Custodian Infrastructure Standards: Meet SEBI requirements.

Safekeeping Measures: Protect assets from theft or hazards.

SEBI Guidelines: Govern custodian operations and compliance.

Client KYC Updates: Triggered by changes in client details.

Custodian Reporting: Submit compliance reports to SEBI.

Asset Monitoring: Track client securities and corporate actions.

Code of Conduct Scope: Covers all custodial activities.

Custodian Registration Validity: Valid until suspended or cancelled.

Investor Data Protection: Custodians implement security measures.

Dispute Resolution: Use SEBI's ODR framework.

Record Retention: Five years post-transaction or closure.

Custodian Penalties: Include fines or operational restrictions.

Client Agreements Specificity: Detail rights and obligations.

KYC Interoperability: Custodians use KRA systems for efficiency.

Asset Safekeeping: Ensure secure storage of securities and goods.

Compliance Monitoring Systems: Detect violations in operations.

Custodian Transparency: Disclose operational processes to SEBI.

Investor Grievances Redressal: Addressed promptly by custodians.

SEBI Oversight: Ensures custodian regulatory compliance.

Custodial Services Scope: Includes settlement and benefit collection.

Custodian Due Diligence: Verify client and asset details.

CHAPTER 23: PROXY ADVISORS

Proxy Advisor Definition: Provide voting advice to shareholders.

SEBI Regulation: Governed by SEBI (Research Analyst) Regulations, 2014.

Registration Requirements: Include SEBI approval and qualifications.

Conflict of Interest: Disclose and manage potential conflicts.

Voting Recommendations: Based on detailed corporate analysis.

Code of Conduct: Maintain integrity and professionalism.

Compliance Officer: Monitors adherence to SEBI regulations.

Disclosure Requirements: Include research extent and conflicts.

Record Maintenance: Keep voting recommendation records.

SEBI Inspections: Audit proxy advisor operations and compliance.

Investor Protection: Enhance shareholder decision-making.

KYC Requirements: Conduct KYC for clients per SEBI norms.

Penalties for Violations: Fines or suspension for non-compliance.

Voting Policy Disclosure: Share policies with clients annually.

Research Methodology: Disclose processes to clients.

Error Correction: Alert clients of factual errors within 24 hours.

Client Communication: Defined process for client and company interaction.

Report Sharing: Share reports with clients and companies simultaneously.

Conflict Disclosure: On every document with voting advice.

SEBI Oversight: Monitors proxy advisor activities and compliance.

Code Violations: Lead to disciplinary actions by SEBI.

Proxy Advisor Infrastructure: Requires systems for operations.

Compliance Monitoring: Regular checks for regulatory adherence.

Investor Grievances: Resolve complaints promptly.

Disclosure Timelines: Specified for conflicts and revisions.

Proxy Advisor Certification: Requires graduate qualification.

KYC Compliance: Align with SEBI KRA regulations.

Record Access: SEBI can access recommendation records.

Transparency: Disclose voting policies and methodologies.

Compliance Officer Role: Ensures regulatory adherence.

Penalties Scope: Vary based on violation severity.

Client Data Confidentiality: Protected under advisor regulations.

Proxy Advisor Audits: Conducted by SEBI for compliance.

Shareholder Rights: Enhance participation in corporate governance.

Infrastructure Standards: Meet SEBI requirements.

Conflict Management: Policies to mitigate conflicts of interest.

SEBI Guidelines: Govern proxy advisor operations and compliance.

Client KYC Updates: Triggered by changes in client details.

Advisor Reporting: Submit compliance reports to SEBI.

Recommendation Accuracy: Verify data before issuing advice.

Code of Conduct Scope: Covers all advisory activities.

Registration Validity: Valid until suspended or cancelled.

Investor Data Protection: Implement security measures.

Grievance Redressal: Listed entities approach SEBI for disputes.

Corporate Governance: Proxy advisors enhance transparency.

Voting Recommendation Records: Maintained for SEBI review.

Conflict Disclosure Scope: Includes shareholding or consulting conflicts.

Advisor Transparency: Disclose operational processes to SEBI.

Shareholder Meetings: Advisors analyze mergers, appointments, and pay.

SEBI Oversight: Ensures proxy advisor regulatory compliance.

Client and Company Interaction: Include company comments in reports.

IMPORTANT NOTE :

1. Attend **ALL** Questions.
2. For the questions you don't know the right answer – Try to eliminate the wrong answers and take a guess on the remaining answers.
3. DO NOT MEMORISE the questions & answers. It's not the right way to prepare for any NISM exam. Good understanding of Concepts is essential.

July 2025

All the Best ☺

MODELEXAM

Online Mock tests for NISM, IIBF, IRDA & FP Exams

94, 1st Floor, TPK Road, Andalpuram, Madurai – 625 003.

Email: akshayatraining@gmail.com

WhatsApp only - 98949 49987