भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India



INDIAN SECURITIES MARKET

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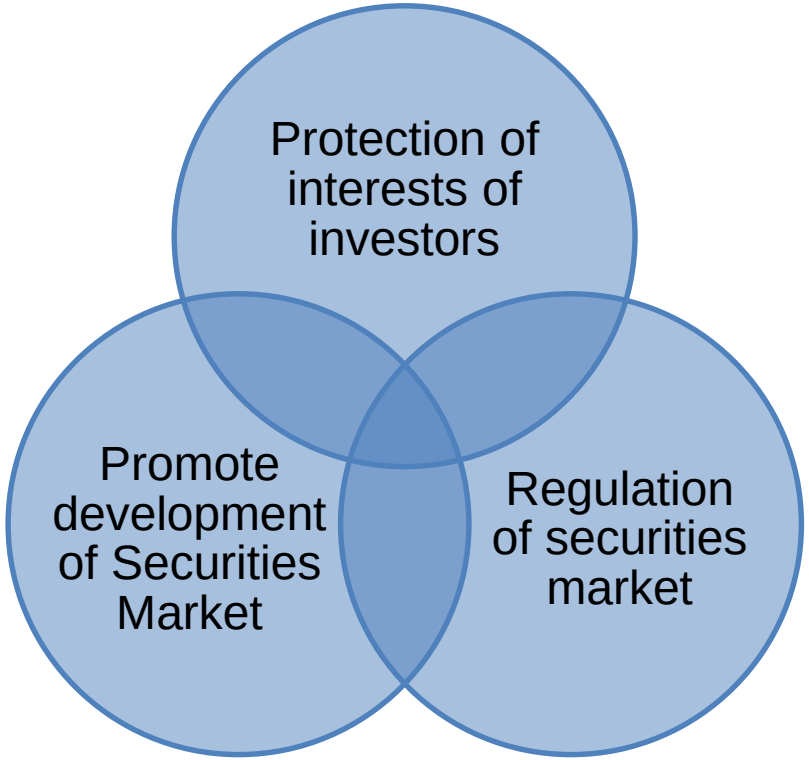
FLOW OF PRESENTATION

- Introduction to SEBI and Indian Securities Market (MIIs, Companies and Investors).
- Introduction to Primary Market and Secondary Market.
- Pre-requisite and Due Diligence for buying/ selling shares in Securities Market.
- Rights of a Shareholder.
- Introduction to Mutual Funds.
- Do’s and Dont’s of buying/ selling shares in securities market.
- Investor Grievance Redressal – SCORES.
- Information/ Help Desk of SEBI.

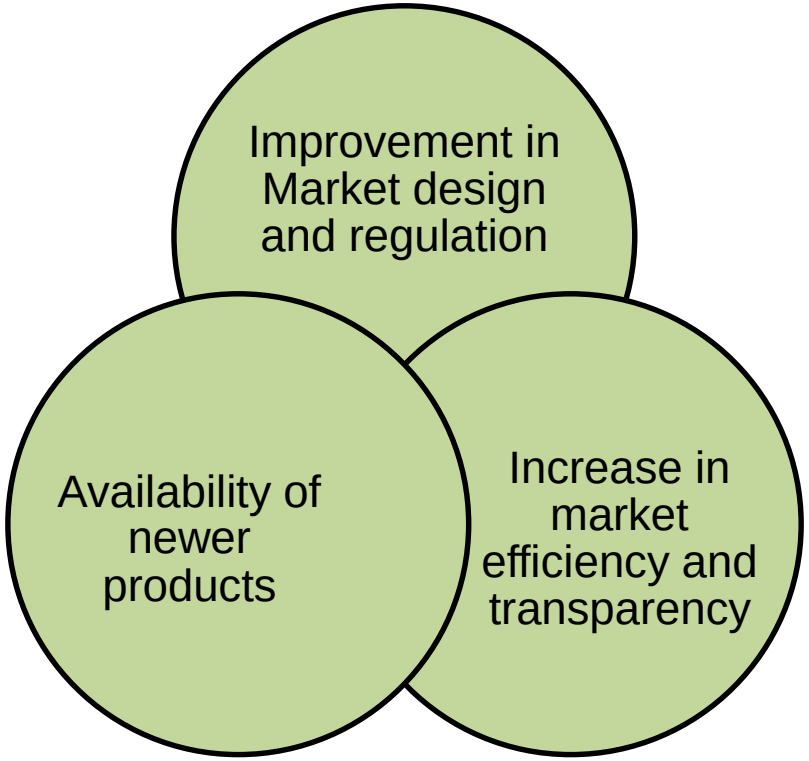
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Securities and Exchange Board of India (SEBI)

Three Key Mandates of SEBI

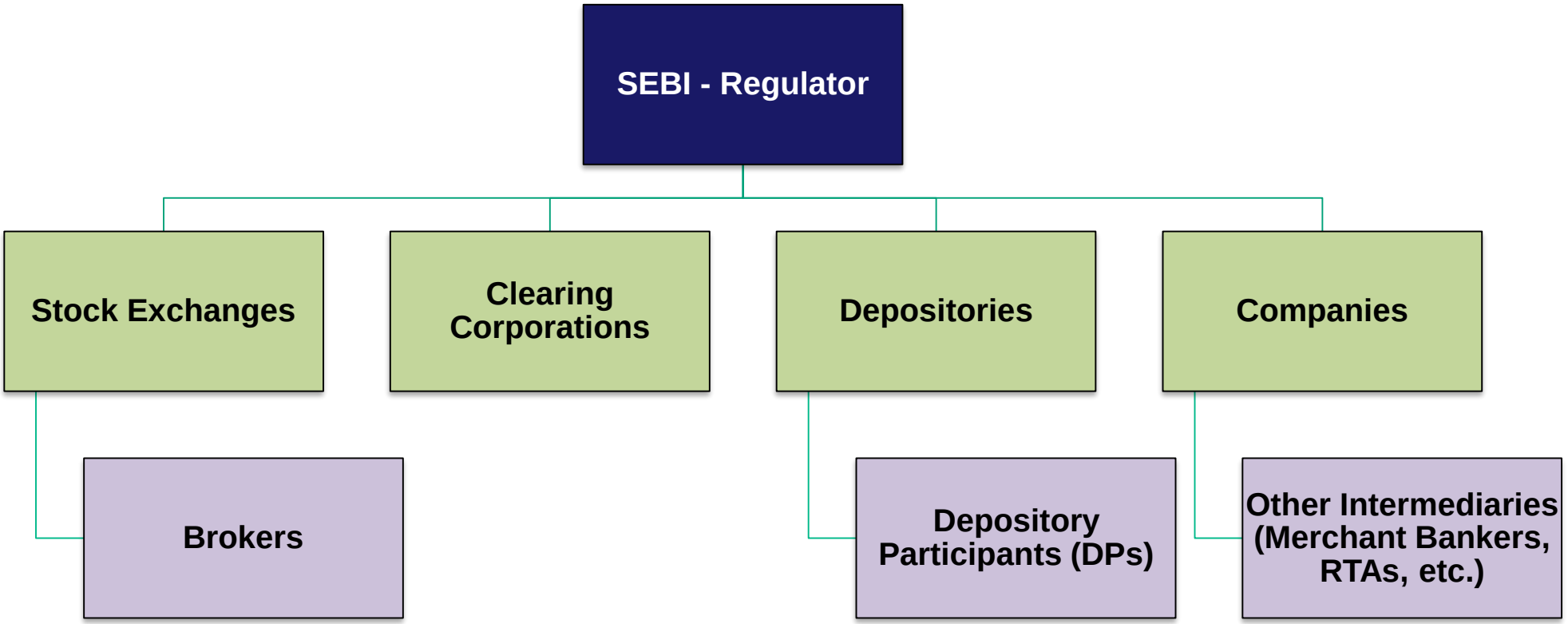


Major Work done by SEBI



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Indian Securities Market – Structure



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Pre-requisites for buying/ selling shares in Securities market

Savings Bank Account

- Savings Account can be in any bank
- Transfer/ receipt of funds from buying/ selling of securities

Accounts needed to trade in securities market

Trading Account

- With SEBI registered Stock Broker(Trading Member/ TM)
- To buy/ sell securities

Demat Account

- With a SEBI registered Depository Participant (DP)
- To hold shares in Demat (electronic) mode

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Pre-requisite for buying/ selling shares in Securities Market – Trading and Demat Account

Basic Requirements

Proof of Identity		Proof of Address
PAN	Bank account	Passport/ Driving License/ Voter Identity card/ Aadhar Card / MGNREGA Job Card & Proof of Identity/ any other govt. approved Proof of Address

Opening of Accounts

Demat Account	**Trading Account**

*AADHAR Card is not a compulsory document.

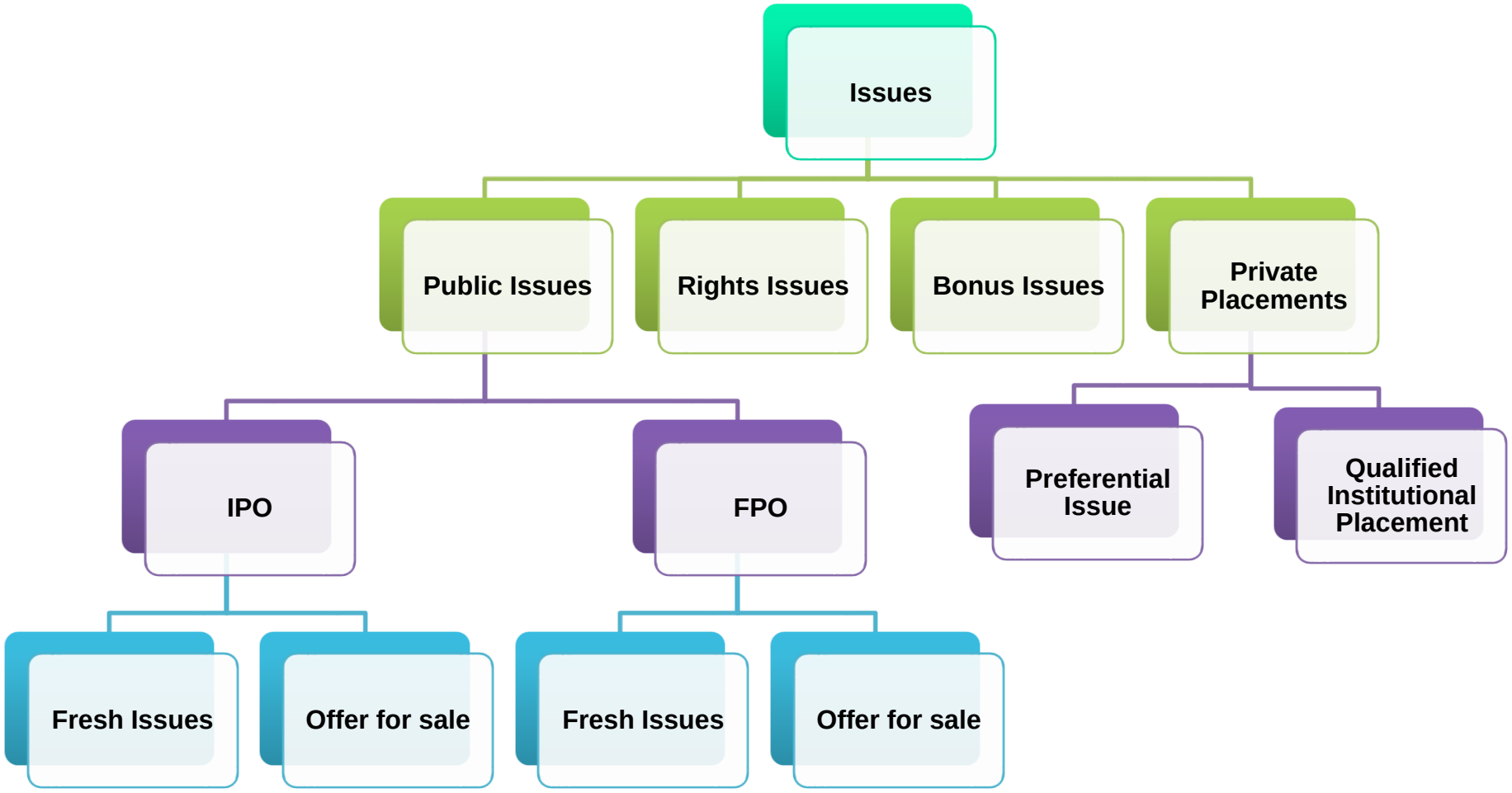
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Primary Market v/s Secondary Market

Features	Primary Market	Secondary Market
Definition	- Securities issued first time to the public.	- Trading of already issued and listed securities.
Also called as	- New Issue Market.	- Post Issue Market.
Price Determination	- By Issuer Company in consultation with Merchant Bankers.	- Supply and Demand Forces of Market.
Key Intermediaries	- Merchant Bankers and RTAs	- Stock Brokers and DPs.
Purpose	- Raise capital for expansion, diversification, etc.	- Trading of securities. - Providing liquidity to investors. - Raising further capital for expansion.

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Primary Market - Types of Public issues



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Investing - Due Diligence

Why Due Diligence?

- Investment without analysis is like driving on a highway blindfolded.
- Pro active approach enabling investors to know about prospective investment.
- Better understanding about the past performance.
- Greater possibility of securing future growth of the investment.

What questions to ask before investing?

- Is the company's revenue increasing?
- Is the company actually making a profit?
- Is the company able to repay its debts?
- Is the company in a position strong enough to compete with its peers?

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How to apply in Public Issue?

ASBA	- Application Supported by Blocked Amount. - Facility provided by Self Certified Syndicate Banks (SCSCBs) - Full Bid Amount blocked in the bank account of the bidder.
UPI in ASBA	- For → a) Retail Individual Investors. b) Bidding for retail investors reserved up to Rs.2,00,000/-. - Application via UPI facility of Sponsor Bank.
3-in-1 Account	- Applying in IPO through 3-in-1 account (demat, trading and bank account).

OFFLINE MODE and ONLINE MODE	
Filled Form	- To open a Demat Account first. - Investors may obtain Application Form from Stock Broker/ Sponsor Bank/ Exchange Website. - Form submitted to Stock Broker/ Sponsor Bank.

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How to apply in Public Issue?

OFFLINE MODE and ONLINE MODE	
Filled Form	- To open a Demat Account first. - Investors may obtain Application Form from Stock Broker/ Sponsor Bank/ Exchange Website. - Form submitted to Stock Broker/ Sponsor Bank.

How to make payment	
ASBA	- Application Supported by Blocked Amount. - Facility provided by Self Certified Syndicate Banks (SCSCBs) - Full Bid Amount blocked in the bank account of the bidder.
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3-in-1 Account	- Applying in IPO through 3-in-1 account (demat, trading and bank account).

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Rights of a Shareholder

- Part-owner of the company.
- Right to receive corporate benefits like dividend, whenever declared.
- Right to receive:
  - Annual Reports
  - Audited Financial Statements
  - Notices of General Meetings and other notices
  - Other information disseminated by company.
- Right to attend company meetings.
- Right to contribute in key corporate governance decisions through postal ballot/ e-voting.

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Rights of a Shareholder (subject to certain limitations/ restrictions)

- Right to:
  - Ask questions to the board of directors.
  - Place items on the agenda of general meetings.
  - Propose resolutions, etc.

- Right to participate in matters needing shareholder approval like:
  - To vote in company proceedings.
  - To approve mergers & acquisitions, appointment of directors on company board, changing auditors, etc.

- Right to Inspect company's statutory books and records.

- Right to Transfer shares by applicable laws.

- To raise grievances, if any, against the company (using SCORES, etc.).

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SEBI's recent Investor Protection measures

E-KYC

- Online KYC Process
- Aadhaar authentication
- e-Sign signature framework

Power of Attorney (PoA)

- Not a compulsory document
- Only required for availing internet trading facility

Pledge/ Re-pledge framework

- Acceptance of securities by way of pledge by client

Basic Services Demat Account (BSDA)

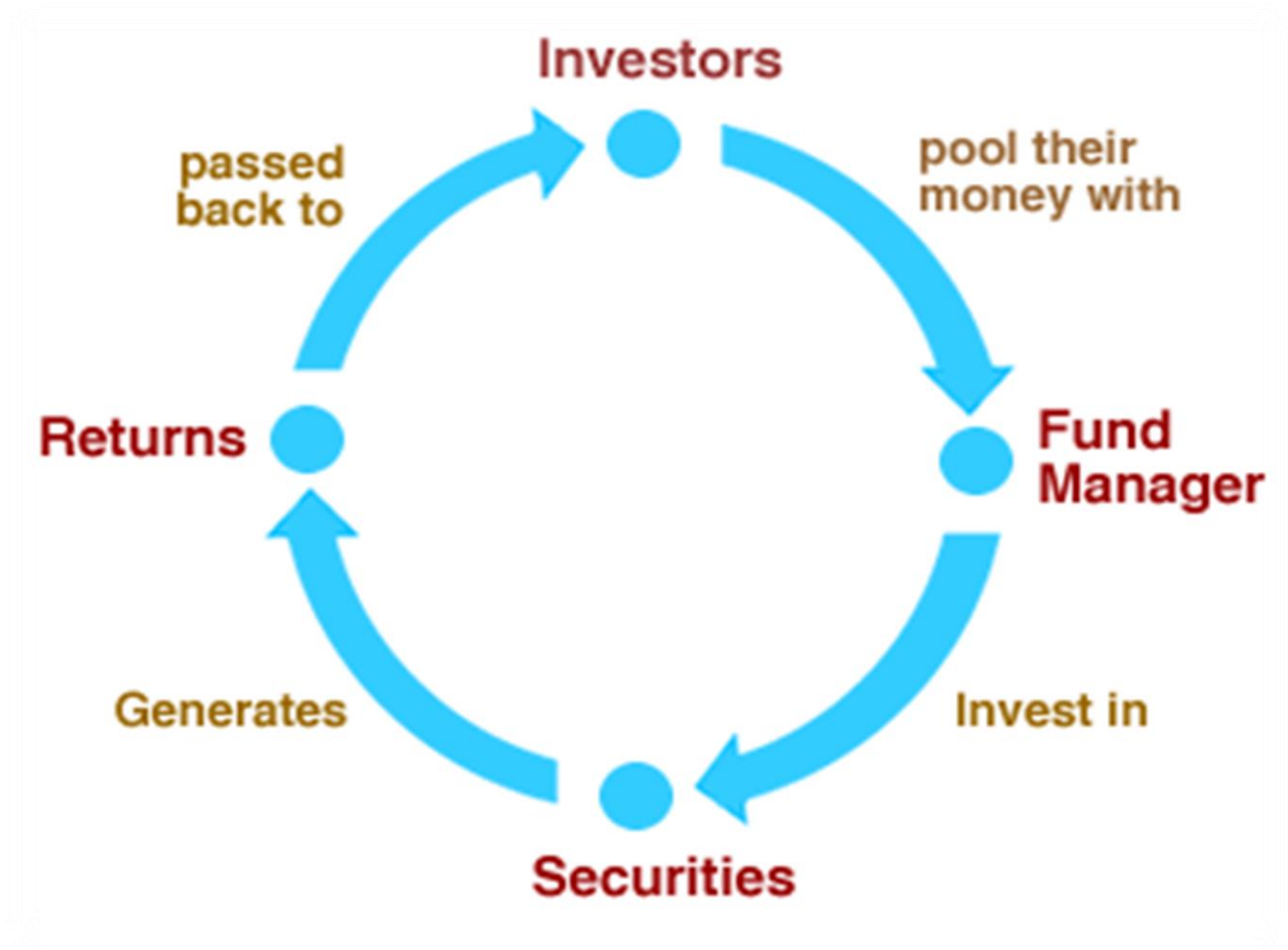
- Demat account at reduced costs
- For Retail Investors

Mutual Funds

- Product labelling on basis of risk associated with the scheme.

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What is a Mutual Fund?



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Why Mutual Fund?



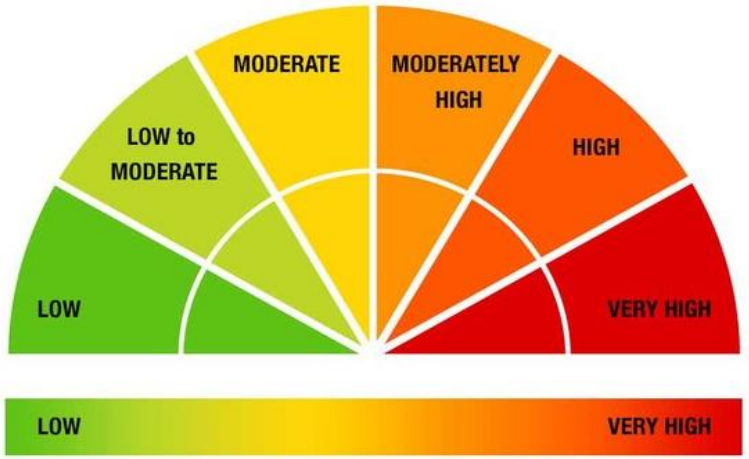
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Major Development and Investor Protection Measures of SEBI

- **Mutual Funds**

a) Classification of mutual funds into 5 schemes:
   - Equity Schemes
   - Debt Schemes
   - Hybrid Schemes
   - Solution Oriented Schemes
   - Other Schemes.

b) Product labelling of Mutual Funds as under:
   - Low - principal at low risk
   - Low to Moderate - principal at moderately low risk
   - Moderate - principal at moderate risk
   - Moderately High - principal at moderately high risk
   - High - principal at high risk
   - Very High- Principal at very high risk.



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Do's and Dont's of buying/ selling shares in securities market

- Make sure to receive funds/ securities in your account within one (1) day of pay-out date.

- Please read and understand Power of Attorney (PoA) before executing it. Please remember that PoA is not a mandatory document.

- Ensure to receive Contract Notes within 24 hours of your trades.

- Ensure to receive statement of account at least once a quarter from your stock broker.

- Avoid keeping excess money in broking account.

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Do's and Dont's of buying/ selling shares in securities market

- Ensure that Stock Broker doesn't pledge your securities to raise funds.
- Don't keep signed delivery instruction slip with DP/ stock broker.
- **Regularly verify balances of securities in your demat account.**
- **To receive Email / SMS Alerts : Please ensure that your email id and mobile number are updated periodically with the stock broker/ DP.**
- Don't trust any hot investment tips promising unrealistic returns on investments.

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Do’s and Dont’s of buying/ selling shares in securities market

- Don't blindly imitate investment decisions of others who may have profited from their investment decisions.
- Get clear about all brokerage, commissions, fees, other charges levied by broker.
- Make payments by banking channel/cheque only in favour of stock broker.
- Don’t share your internet trading account password with anyone.
- Don't blindly follow advertisements/ media reports about the financial performance of companies, as they may be misleading.

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Advice to Investors

- Be aware of your Rights and Responsibilities.
- Take informed decision and do proper due diligence while investing.
  - No impulsive buying or panic selling.
- Deal only with SEBI registered Intermediaries.
- Caution against unsolicited investment tips.

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Investor Grievance Redressal - SCORES

- Complaints can be filed against entities like:
  - Listed companies; Stock Brokers; Stock Exchanges; Depository / Depository Participants; Registrars to an Issue / Share Transfer Agent; Mutual Funds / Portfolio Managers; Bankers to an Issue; Collective Investment Schemes; Credit Rating Agencies; Custodians of Securities; Debenture Trustees; Merchant Bankers / Underwriters.

- www.scores.gov.in : **S**EBI **CO**mplaints **R**edressal **S**ystem (SCORES)
  - launched on 08.06.2011.

- Investor friendly, Centralized Web based complaints redress system.

- Online filing of complaints and status can be viewed online.

- SCORES Mobile App: available on both iOS and Android platforms.

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Information/ Help Desk of SEBI

- SEBI Investor Website: http://investor.sebi.gov.in

- SEBI Toll-Free Help Line No's: **1800 22 7575 & 1800 266 7575**

  (Monday to Friday - 9:30 a.m. to 5:30 p.m.).

- ASK SEBI: asksebi@sebi.gov.in

  (email ID for Investor Assistance for general queries)

- Details of SEBI offices in various cities/ towns can be found on the address: https://www.sebi.gov.in/.

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How to Buy/ Sell Shares in Securities Market?

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FLOW OF PRESENTATION

- Trading & Demat Account Opening Form
- Documents in Account Opening Form - Trading & Demat Account
- Modes of Placing Orders to trade
- Contract Note
- How to settle buy and sell trade?
- Payment of Margins
- Early Pay-in
- Grievance Redressal

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Trading & Demat Account Opening Form

- Documents to open Trading and Demat account:

Proof of Identity (Any one)	Proof of Address (Any one)
Permanent account number (PAN) card (Mandatory)	Voter ID card
Voter ID card	Driving License
Driving License	Passport
Passport	Ration Card
Aadhaar Card	Aadhaar Card
Any other valid identity card issued by the Central or State government	Bank account statement or bank passbook
	Utility bills e.g. electricity bill or gas bill
Documents collected in terms of KYC (Know Your client) Requirements. KYC is a one-time process and is valid across all the stock brokers and DPs.	

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Documents in Account Opening Forms - Trading & Demat Account

- Account Opening Form has two type of documents :

MANDATORY DOCUMENTS

- Rights & Obligations of Stock Broker and Investor.
- Uniform Risk Disclosure Documents.
- Do's and Don'ts for trading on Exchanges.
- Policies and Procedures of Stock Broker.
- Tariff Sheet.

VOLUNTARY DOCUMENTS**

- Running Account Authorization.
- Power of Attorney (PoA).
- Electronic Contract Note (ECN) Declaration.
- Consent for electronic communication and receiving alerts (Email/ SMS).

**(to be submitted only if investor is availing of additional services)

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Modes of Placing Orders to trade



- While placing order to trade you receive SMS/ Email alerts on your registered mobile number and email account.

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Contract Note

What is a Contract note?

- Record of any transaction.
- Confirmation of trade done.
- In case of discrepancy, contact your broker immediately.

What does a Contract Note contain?

- Details of transaction.
- Date, Time, Price, Quantity, Trade ID, various charges/ levies, etc.

How to receive a Contract Note?

- Within 24 hours from the date of trade execution.
- Electronic Contract Note sent to registered email ID.
- Can opt for Physical Contract Note.
- Quarterly statement of funds and securities.

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How to settle buy and sell trade?

➢ Pay-in of funds and /securities:

- Pay-in of funds/ securities: Transfer of funds/ securities from broker's account to exchange's account.
- Funds / Securities:
  - ✓ Cash Segment - On or before T+2
  - ✓ Derivatives Segment - On or Before T+1

- Only Cheque/ NEFT/ RTGS to the Stock broker only.

➢ Pay out of Funds and securities:

- Pay-Out of funds/ securities: Transfer of funds/ securities from broker's account to client's account once trade of securities has been executed.
- Funds / Shares to be received in Investor's Demat Account within 24 hours of pay-out day.

➢ Counter Party Guarantee:

- Given by Stock Exchange for settlement of every buy/ sell trade, through Settlement Guarantee Fund (SGF).

➢ CASH DEALING IS STRICTLY PROHIBITED

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Payment of Margins

- Margin to be placed with broker before placing orders.
  - ✓ Money or Securities or both
- Check Margin requirement on the website of Stock Exchange.
- Margin paid in securities form : By way pledge
  - ✓ instead of transfer of shares in broker's demat account.
  - ✓ Margin payments – Authenticated by One Time Password (OTP).

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How to pay margin in Securities
Margin Pledge

- Effective from September 01, 2020.

- Investors can pay margin in form of “Securities”, if :
  - Securities are pledged in favour of Stock Broker.

- **What’s New?:**

  - Stock Brokers can accept securities (viz. shares) as collateral only in form of margin pledge created on the securities held in client’s demat account.

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Margin Pledge

- **What does the Investor need to do?:**
  - Give instruction to create margin pledge on securities.
  - Instruction may be given in:
    - Physical form
    - Electronically through “SPEED-e” (for NSDL) and “Easi/Easiest” (for CDSL).

- **Pledged to whom?**
  - Created in favor of a “specially designated” demat account of the stock broker/ clearing member.
  - Name of the account :

TM – Client Securities Margin Pledge Account or ***TM / CM – Client Securities Margin Pledge Account***).

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Early Pay-in

- Payment of funds/ delivery of shares (in case of buy/sell) to the Exchange by pay-in time on settlement date.

- Early Pay-in: When Investor pays funds / delivers shares before this designated time.

- **Exemption:**

  - ✓ Upon early pay-in of Funds: No margin needs to be paid (subject to bank confirmation)

  - ✓ Upon early pay-in of securities: No margin needs to be paid. Stock Brokers to provide early pay-in details to the Stock Exchange in a specified format.

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Investor Grievance Redressal

- If investor has dispute with his Stock Broker:

  i. Immediately question the Stock Broker about any transaction that you do not understand or you did not authorize your trading member.

  ii. Investor should raise such complaint in writing to the trading member and retain copies of all related correspondence done with the trading member.

  iii. In case your complaint has not been addressed/ redressed by the trading member file complaint with Stock Exchange.

  iv. In case you don't receive any satisfactory response/ redressal of your grievance from Stock Exchange as well, you may file your complaint on SEBI SCORES.

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Investor Grievance Redressal

- Complaints at Exchange can be filed by Investor via :
  i. Online portal of the Exchange
  ii. Email
  iii. Physical letter at any Investor Service Centre
  iv. Complaint can be filed by investor at the nearest Investor Service Centre (ISC)

- In case aggrieved by the resolution given by Stock Exchange → Approach Investor Grievance Resolution Panel (IGRP).

- In case aggrieved by the resolution given by IGRP → Take up the matter via Arbitration, a quasi judicial mechanism.

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DEPOSITORY SERVICES

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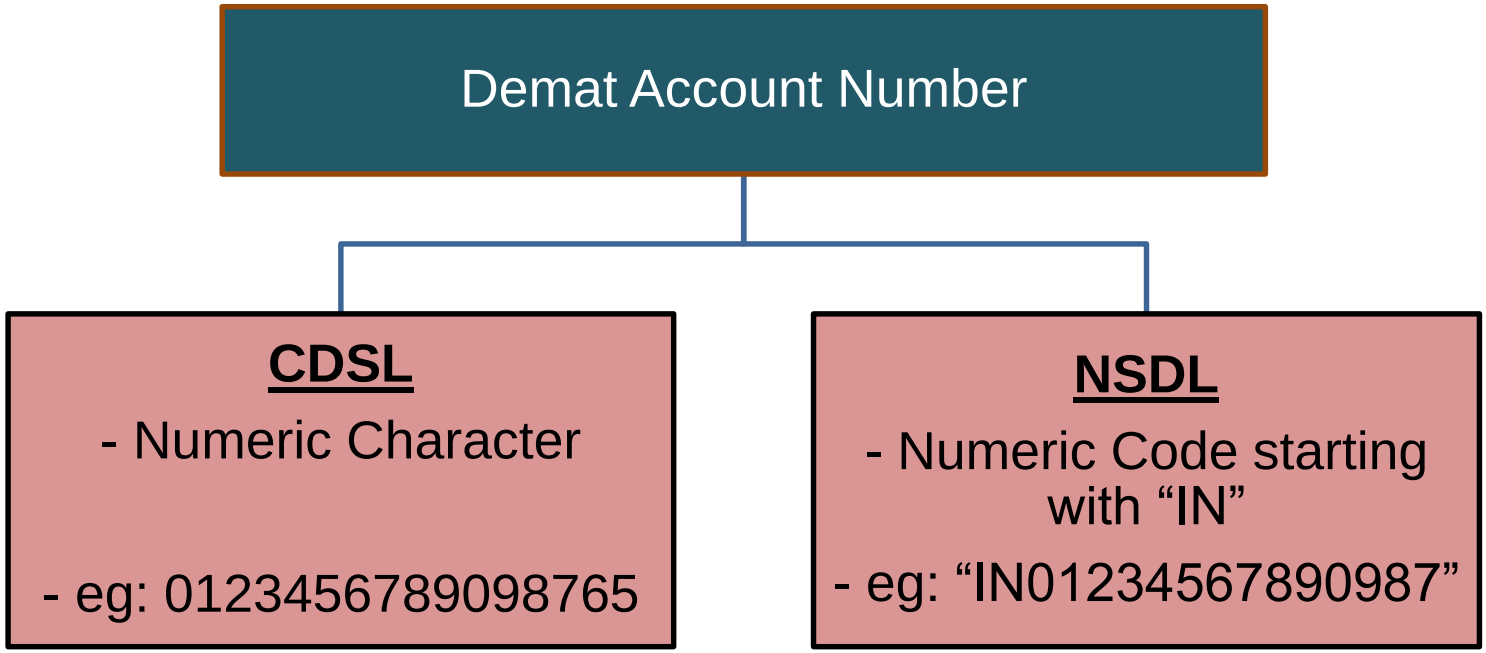
FLOW OF PRESENTATION

- Demat Account
- Basic Services Demat Account (BSDA)
- Services offered by Depositories
- Transmission of Securities
- What is a Pledge?
- Margin Pledge
- Consolidated Account Statement
- Investor Grievance Redressal

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Demat Account

- Depository Participant – Agent of Depository.
  - Opens Demat Accounts for clients on behalf of Depository.



**Demat Account Numbers are combinations of DP ID and Customer ID and are unique for every customer.

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Basic Services Demat Account (BSDA)

- Facility for retail investors

EQUITY SHARES		DEBT SECURITIES	
Holding	**AMC Charges**	**Holding**	**AMC Charges**
<Rs.50,000	NIL	<Rs.1,00,000	NIL
Between Rs.50,000 – Rs.2,00,000	Rs.100/- per year	Between Rs.1,00,000 – Rs.2,00,000	Rs.100/- per year
>Rs.2,00,000	Charges as applicable to regular (non-BSDA) accounts	>Rs.2,00,000	Charges as applicable to regular (non-BSDA) accounts

Eg: Debt securities = Rs.90,000/- & Equity Shares = Rs.40,000/- → NO AMC Charge.

Eg: Equity shares = Rs.1 lakh & Value of those shares increases to Rs 2.5 lakhs → Investor is not eligible for BSDA.

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Services offered by Depositories

- Dematerialization (Demat): converting physical certificates to electronic form.
- Rematerialisation (Remat): Reverse of Demat, i.e. converting electronic securities into physical certificates.
- Transfer of securities
- Change of beneficial ownership

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Services offered by Depositories

- Settlement of trades done on exchange connected to the Depository.

- Service can be availed through **Depository Participant (DP)**

- Many Stock Brokers and Banks function as DPs and investors can open a new demat account with them.

Demat securities in depositories - Safe and Secure.

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Transmission of Securities

- Transfer of securities balances in a demat account due to:
  - Death, bankruptcy, lunacy, etc. of the account holder,
  - To legal heir/ another holder.
- Not a voluntary act of the account holder.
- Transfer brought about by operation of law i.e. a person cannot ask for transmission of shares from his/her own Demat account.
- Transmission process – Simple and Fast.

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Transmission of Securities - Process

✓ **Steps for Transmission:**

- The surviving joint holder/s, nominee or legal heirs of the deceased account holder need to approach the Depository Participant (DP).

- For shares held in Physical Form: Approach each Company and their respective RTAs.

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What is a Pledge ?

- Pledge: Deposit of some personal property as collateral for a debt.

Investor wants to Borrow Funds to pay margin

He may pledge his owned securities (shares, bonds, etc.) to borrow funds.

Pledged securities act as collateral for the loan. Pledgee/ Creditor only has possession of pledged securities and not ownership/ title to the pledged securities.

If borrower of funds(pledger) defaults on repayment → lender of funds (pledgee) can sell the securities and recover his money

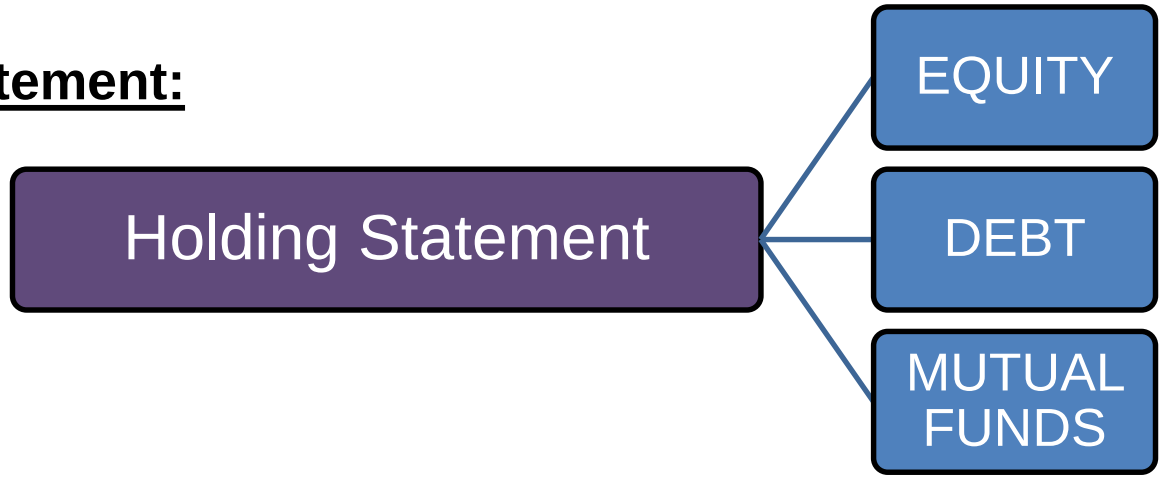
Securities are provisionally moved from pledger's/ debtor's securities account to pledgee's/ creditor's securities account.

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Consolidated Account Statement

- **Summary of Investments**

- **Holding Statement:**



- **Statement of Transactions:**
  - ✓ Debit of securities
  - ✓ Credit of securities
  - ✓ Pledge of securities
  - ✓ Margin Pledge / Re-pledge for trading

- Issued by Depository to account of Beneficial Owner (BO).

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Investor Grievance Redressal

➢Online system :

CDSL : https://www.cdslindia.com/Footer/grievances.aspx

NSDL: https://nsdl.co.in/nsdlnews/investors.php

➢Via email :

CDSL : complaints@cdslindia.com

NSDL: relations@nsdl.co.in

➢Toll Free Numbers:

CDSL : 1800-22-5533

NSDL: 1800-22-2990

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Thank You

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