



# CONTENTS

	<i>PAGE</i>
<i>Foreword</i>	<i>I-3</i>
<i>Acknowledgement</i>	<i>I-5</i>
<i>About NISM Certifications</i>	<i>I-7</i>
<i>About the Certification Examination on Securities Operations and Risk Management</i>	<i>I-9</i>

## CHAPTER 1

### INTRODUCTION TO THE SECURITIES MARKET

1.1	Introduction	1
1.2	Securities Market	3
1.3	Money Markets	4
1.4	Products Traded in the Indian Securities Market	5

## CHAPTER 2

### MARKET PARTICIPANTS IN THE SECURITIES MARKET

2.1	Introduction	11
2.2	Investors	12
2.3	Issuers	12
2.4	Intermediaries	13
2.5	Regulators	18

### CHAPTER 3

#### INTRODUCTION TO SECURITIES BROKING OPERATIONS

3.1	Introduction to the Trade Life Cycle	33
3.2	Front Office Operations	39
3.3	Middle Office Operations	53
3.4	Back Office Operations	55

### CHAPTER 4

#### RISK MANAGEMENT

4.1	Risk Management	65
4.2	Compliances and Regulatory Reporting	81
4.3	Core Settlement Guarantee Fund	86

### CHAPTER 5

#### CLEARING PROCESS

5.1	Introduction	91
5.2	Role of the Clearing Agency	92
5.3	Clearing Banks and their function	93
5.4	Clearing members/Custodians	94
5.5	Depositories & Depository Participants	96
5.6	Clearing Process	98

### CHAPTER 6

#### SETTLEMENT PROCESS

6.1	Introduction	103
6.2	Determination of settlement obligations - Equity segment	105
6.3	Settlement of Funds	106

	<i>PAGE</i>
<b>6.4</b> Settlement of Securities	<i>108</i>
<b>6.5</b> Corporate Actions Adjustment	<i>109</i>
<b>6.6</b> Auction of Securities	<i>113</i>

## **CHAPTER 7**

### **INVESTOR GRIEVANCES AND ARBITRATION**

<b>7.1</b> Introduction	<i>117</i>
<b>7.2</b> Investor Grievance	<i>118</i>
<b>7.3</b> Investor Protection Fund	<i>121</i>
<b>7.4</b> Arbitration	<i>125</i>

## **CHAPTER 8**

### **OTHER SERVICES PROVIDED BY BROKERS**

<b>8.1</b> Introduction	<i>131</i>
<b>8.2</b> IPO Applications	<i>132</i>
<b>8.3</b> Trading of Mutual Fund Units	<i>135</i>
<b>8.4</b> Portfolio Management Service	<i>143</i>
<b>8.5</b> Research Reports	<i>146</i>
<b>8.6</b> Depository Services	<i>146</i>
<b>8.7</b> Margin Trading	<i>147</i>
<b>8.8</b> Internet Based Trading (IBT) & Securities Trading Using Wireless Technology (STWT)	<i>149</i>
<b>Abbreviations</b>	<i>153</i>