

## Securities Market (Advanced) Module

### INTRODUCTION TO CAPITAL MARKET

- A. Fundamental Role
  - Equity capital
  - Debt capital
  - Preference capital
- B. Capital Market Segments
  - Primary market
  - Secondary market
- C. Products / Instruments
  - Differential Voting Rights (DVR) Shares
  - Global Depository Receipt (GDR) / American Depository Receipts (ADR) Convertible Preference Shares
  - Debentures / Bonds
    - Foreign Currency Convertible
    - Bonds Government Securities
  - Treasury Bills
  - Certificate of Deposit (CD)
  - Commercial Papers (CP)
    - Call Money / Notice Money / Term Money Repo / reverse Repo
- D. Institutions & Intermediaries
- E. Indices
- F. Capital Assets Pricing Model (CAPM)
- G. Reforms in Indian Securities Markets

### FUNDAMENTAL ANALYSIS OF EQUITY

- A. Purpose
  - Fundamental Analysis
  - Technical Analysis
- B. Financial Statement Analysis
  - Ratios commonly tracked by company's Shareholders
  - Ratios to assess company's Margins
  - Ratios to assess company's Capital Structure
  - Ratios to assess company's Solvency
  - Ratios to assess company's Assets & Liabilities
  - Efficiency
  - Ratios to assess company's Return Generation
  - Efficiency
- C. Sector-Specific Ratios

### PRIMARY MARKETS PROCESS

- A. Typical Fund Raising Stages
- B. IPO Process
- C. Why IPO?

### MEMBERSHIP ON EXCHANGES

- A. Stock Broker
- B. Trading Members
- C. Clearing Members
- D. Membership Norms
- E. Trading Membership – Admission Procedure
- F. Trading Membership – Surrender Procedure
- G. Trading Membership – Suspension & Expulsion
- H. Authorized Persons

- I. Sub – brokers
- J. Broker – Client Relationship
- K. Investors Service Cell & Arbitration
- L. Code of Advertisement

## REGULATORY FRAMEWORK

- A. Securities Contracts (Regulation ) Act, 1956
- B. Securities and Exchange Board of India Act, 1992
- C. SEBI (Intermediaries ) Regulations, 2008
- D. SEBI (Prohibition of Insider Trading ) Regulations 1992
- E. SEBI (Prohibition of fraudulent and Unfair Trade Practices relating to securities market) Regulations, 2003
- F. The Depositories Act. 1996
- G. Indian Contract Act, 1872
- H. Income Tax Act,1961
- I. Anti – Money Laundering

## INTRODUCTION TO DERIVATIVES

- A. What is Derivatives?
- B. Kinds of Derivatives Contracts
- C. OTC Derivatives & Exchange Traded Derivatives
- D. Participants
- E. Continuous Compounding
- F. Why Derivatives?

## EQUITY DERIVATIVES

- A. Contract Structures
  - Nature of Contract
  - Underlying
  - Contract Period
- B. Futures
  - Terminology
  - Future & Options Pay-off Matrix
  - Pricing of Options
  - Applications of Options

## INTEREST RATE DERIVATIVES

- A. Fixed & Floating Interest Rate
- B. Debt Securities Valuation
- C. Discounting
- D. Price Risk
- E. Duration & Modified Duration
- F. Yield to Maturity
- G. Interest Rate Futures – Underlying Concepts
- H. Interest Rate Futures on NSE
- I. Hedging through Interest Rate Futures
- J. Reducing portfolio Maturity through Interest Rate Futures
- K. Speculation Through Interest Rate Futures
- L. Calendar Spread Trading through Interest Rate Futures
- M. Cash and Futures Arbitrage through Interest Rate Futures
- N. Interest Rate Futures – NSE Contract Specifications

## CURRENCY DERIVATIVES

- A. Introduction to Exchange Rate
- B. Exchange Rate Policy
- C. Foreign Currency Quotes
- D. Tick Size

- E. Spread
- F. Forward / Future Rates
- G. Hedging through Currency Futures
- H. Speculation through Currency Futures
- I. Contract Specification
- J. Membership
- K. Participation

## **DERIVATIVES – REGULATORY FRAMEWORK**

### **DERIVATIVES ACCOUNTING**

- A. Accounting for Futures
- B. Accounting For Options

### **DERIVATIVES – TAXATION**

- A. Taxation of Profit / Loss on derivatives transactions in securities
- B. Securities Transaction Tax on derivatives transactions

## **INTRODUCTION TO MUTUAL FUNDS**

- A. Role
- B. Scheme Types
  - Nature of Investments
  - Investments Style
  - Structure of Scheme Geography
  - Other Funds
- C. Options
  - Dividend Payout Option Growth Option
  - Dividend Re-Investment Option

## **MUTUAL FUNDS – STRUCTURE & OPERATIONS**

- A. Mutual Funds Structures
- B. Mutual Fund Operations
- C. Mutual Fund Distribution Channels
- D. Distribution Commission
- E. New Fund Offer

## **MUTUAL FUNDS – INVESTOR’S TRANSACTIONS**

- A. Who can invest?
- B. Who cannot invest?
- C. Know your Customer (KYC) Requirements
- D. Investors Transactions ( Normal Physical Mode)
  - Acquisition of Units by Investors from the schemes Sale of Units by Investor to scheme
  - Secondary Market Transactions in Units by Investor Redemption of Units on closure of scheme
  - Additional Purchase by Investor Switch by Investor
  - Systematic Investment Plan Systematic Withdrawal Plan
  - Systematic Transfer Plan
- E. Investor Transactions (Through The Internet)
- F. Investor Transactions (NSE MFSS Channel)

## MUTUAL FUNDS – EXPENSES, NAV & LOAD

- A. Expenses
- B. Net Assets & NAV
- C. Valuation
- D. Load
- E. Cut-off Timing

## MF EVALUATION – RETURN & RISK METRICS

- A. Measuring Returns
  - Point to Point Returns/Simple Returns
  - Annualized Returns
  - Compounded Returns
  - Compounded Annual Growth Rate (CAGR)
- B. SEBI's Disclosure Norms on Returns
- C. Absolute and Relative Returns
- D. Measuring Risk
  - Standard Deviation
  - Variance
  - Beta
  - Weighted Average Maturity
  - Modified Duration
- E. Risk Adjusted Returns
  - Sharpe's Ratio
  - Treynor Ratio
  - Alpha
- F. Applying the metrics

## MF EVALUATION-QUALITATIVE APPROACHES

- A. Generic risk of mutual fund scheme categories
- B. Other evaluative Factors affecting mutual fund schemes

## MUTUAL FUNDS – TAXATION

- A. Securities Transaction Tax (STT)
- B. Capital Gains
  - Equity-Oriented Schemes
  - Debt-Oriented Schemes
- C. Additional tax on income Distributed
- D. Tax Deducted at Source (TDS)

## MUTUAL FUND – INFORMATION SOURCES

- A. SID, SAI & KIM
- B. Fact Sheets
- C. Fund account statements
- D. Annual Report and Portfolio Statements
- E. Other sources of information

## MUTUAL FUNDS – INVESTOR PROTECTION

- A. Structural Protection
- B. Time-Standards
- C. Other legal considerations for investors