



Securities Market Awareness Campaign - A SEBI Initiative

Welcome

TO

Workshop

Under the aegis of

Securities Market Awareness Campaign

“Empowering Investors Through Education”

A

**SECURITIES AND EXCHANGE BOARD OF INDIA
Initiative**



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Securities and Exchange Board of India is established “to protect the interests of investors in securities and to promote the development of and to regulate the securities market and for matters connected therewith or incidental thereto”



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- SEBI envisages the implementation of investor protection through just and fair enforcement and various regulations/circulars stipulated by SEBI.
- Another very important aspect in realisation of SEBI's mandate is

Empowering investors through education



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Securities Market Awareness Campaign

- Inaugurated at the National level by the Hon'ble Prime Minister of India, Shri A. B. Vajpayee on the 1st of January, 2003 at Vigyan Bhawan, New Delhi.
- Commencement of State Level Programmes. By now held at Ludhiana, Punjab, Ahmedabad, Gujarat, Cochin, Kerala, Navi Mumbai, Maharashtra, New Delhi, Bangalore, Karnataka, Jaipur, Rajasthan and other places.
- State level programmes are being held at other states
- Workshops are the heart and soul of this campaign.



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Scope of the workshop

- Why should you invest?**
- What should be your investment objectives?**
- What are your investment options?**
- What care should you take while investing?**
- What if you have a grievance and whom do you contact for redressal?**



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Why should you invest?

So as to:

- earn return on your idle resources
- generate a specified sum of money for a specific goal in life
- make a provision for an uncertain future.

For this you need to:

- Invest with knowledge
- Do financial planning so as to meet your financial needs with your saving potential



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What care should I take while investing?

You should generally observe the following while investing

- Obtain written documents regarding investment,
- Read and understand such documents,
- Find out the costs and benefits associated with the investment,
- Assess risk-return profile of the investment,
- Know the liquidity and safety aspects of the investment,
- Deal only through an SEBI registered intermediary,
- Seek clarifications about the intermediary/ investment,
- Explore alternate options in case something goes wrong with the investment



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Financial planning

- You want to put aside your savings with a view to meeting expenses in the future
- These savings are invested in suitable avenues
- Financial planning seeks to match the savings and future needs



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Financial Planning

Your financial needs would depend on

- **your age**
- **your stage in your career path**
- **size of your family**
- **needs of your family members**
and
- **your other considerations**



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Investment Choices in the Securities Market

**Securities are considered
as**

**Challenging
as well as
Rewarding**

BUT

- **Investing in securities requires skill and
expertise**

AND

- **Carries the risk of loss**



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Investment Choices in the Securities Market ...contd.

For investment in securities note that

- Risks are positively correlated with probability of returns
i.e. high returns means high risk too.
- Different securities carry different risk-return profiles

Risks may take the form of

- credit risk (the counter party may default payment)
- return risk (return from investment may depend on
several contingent factors)
- liquidity risk



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Investment Choices in the Securities Market contd.

You should evaluate securities broadly on following criteria

- Liquidity
- Safety
- Returns
- Tax savings
- Whether your active involvement is required to manage your investment
- Minimum amount that you can invest



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Investment Choices in the Securities Market contd.

Equity Shares – investment through Primary Market

Equity Shares – investment through Secondary Market

Bonds and debentures– investment through Primary Market

Bonds and debentures – investment through Secondary Market

Mutual Fund Schemes

Debt-oriented mutual funds

Equity-oriented mutual funds

Derivatives

Options – on stocks and index

Futures – on stocks and index



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Investment Choices in the Securities Market ...contd.

Equity Shares

- Equity shares are primarily volatile instruments
- Equity Shares yield returns in terms of dividends and capital appreciation
- Liquidity of investment in equity shares depends upon the trading volumes of the share
- Company performance should be monitored closely, to track the investment performance
- It is possible to buy even a single share in dematerialised mode



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Investment Choices in the Securities Market.contd.

Bonds

A Bond is a loan given by the buyer to the issuer of the instrument. These are debt instruments. Over and above the scheduled interest payments as and when applicable, the holder of a bond is entitled to receive the par value/face value of the instrument at the specified maturity date

Debentures

Debentures are also debt instruments.

- **Debt instruments are required to be rated by credit rating agencies.**
- **Investors should track the ratings of the same.**



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Investment Choices in the Securities Market ...contd.

Mutual Funds

- Professionally Managed
- Provides diversification of portfolio
- Liquidity
- Transparency
- Choice of Schemes
- Regulated by SEBI



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Investment Choices in the Securities Market contd.

Mutual Funds:

- Close-ended Mutual Fund Schemes
listed on stock exchanges and traded at listed prices
- Open-ended Mutual Fund Schemes
do not have a fixed maturity
- Innovative schemes like index funds, sector funds, money market funds, gilt funds, etc

Net Asset Value of a scheme is

Market value of the assets of the scheme less liabilities
divided by
Number of units outstanding.



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Investment Choices in the Securities Market contd.

Derivatives

- Derives its value from prices or index of prices of securities.
- Clearing corporation is the legal counterparty to all trades executed on the exchange and guarantees settlement
- Elaborate and comprehensive of the exchange ensures market stability and integrity



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Transacting in the securities market

You should take into account the following factors before investing in securities:

- i. whether there is a regulatory framework in place in respect of the security and you are protected in case of any eventuality;
- ii. whether the offer of the security is in compliance with the due process of law;
- iii. whether the transaction has any counter party risk
- iv. whether the security can be liquidated to cash easily
- v. whether the security will generate returns compatible with its risk;
- vi. whether the security fits into your investment portfolio and meets your investment goals



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Transacting in the securities market..contd.

Rights:

- to receive documents regarding your investment.
- to demand certificate of registration of concerned intermediary.
- to receive the securities on allotment/transfer on time.
- to receive corporate benefits i.e. dividends, rights, bonus, interest/redemption etc.
- to participate and vote in general meetings.
- to receive Annual Reports etc.
- to apply for winding up of a company, if need be.
etc.

Responsibilities:

- to remain vigilant about the company/intermediary
- to pay/deliver securities as and when called upon to do so
- **to exercise the rights conferred on you.**



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Transacting in the securities market...contd.

Primary Market

This is the market in which you are allotted the securities by the issuer of securities in the public/rights issue.

- For Fixed-price issues: you are required to submit the amount payable on making the application along with your application form to the collecting Bank.
- For Book-built issues : you can make a bid by submitting a completed Bid-cum-Application Form and the Bid amount at any of the Bid Collection Centres of the syndicate members.



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Transacting in the securities market.....contd.

Secondary Market

This is the market where you buy or sell securities in exchanges through brokers/sub-brokers.

- Settlement guarantee is ensured for transactions on stock exchanges
- If you do not get money/securities for whatsoever reason, then there is an institutional arrangement to settle your claims in the exchange.
- If the broker defaults investors can seek protection from the Investor Protection Fund of the Exchanges.



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Transacting in the securities market....contd.

Knowing about Intermediaries:

- For the intermediary who is subject to regulatory discipline of SEBI, SEBI issues a press release as and when it punishes an intermediary for violation of any regulation, including code of conduct.

Knowing about brokers/sub-brokers:

- At the start of your relationship with a broker/sub-broker, you should sign the client-broker/client-sub-broker agreement.
- Your relation with them is governed by the terms set out in the client-broker/client-sub-broker agreement
- Keep a copy of the agreement with you.
- Receive a contract note indicating your transactions upon execution of your trades.
- Obtain receipt of all monies paid to the broker



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Transacting in the securities market....contd.

Knowing about Demat:

- the company is under obligation to offer the securities in both physical and demat mode, however you have the choice to receive the securities in either mode.
- The Delivery Instruction Slip numbers must be pre-printed and your account number [client id] should be pre-stamped.

Knowing about companies:

- SEBI provides EDIFAR (Electronic Data Information Filing And Retrieval system), which is an automated system for filing, retrieval and dissemination of time sensitive corporate information. EDIFAR is available at <http://sebiedifar.nic.in>.
- Also the websites of exchanges and other places are good places to look for such information.

FOR DETAILED INFORMATION ON VARIOUS TOPICS YOU ARE

REQUESTED TO REFER TO THE WEBSITE <http://investor.sebi.gov.in>



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Grievances

Grievance related to	Whom to contact
Issue/ Company	Compliance officer of the issuer company/Lead Manager/Stock Exchange
Trading/Broker/Sub-broker	Investor Grievance Cell of concerned Exchange
Mutual Fund	Compliance Office of Mutual Fund
Depository Services	Investor Relation Cell of Concerned Depository
Corporate Action	Concerned Company/ Exchange
Intermediary	Compliance officer of the intermediary/ Affiliated industry association/SRO



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If your grievances still remain unredressed after your taking up of the same with the concerned entity/company you may write to the Office of the Investor Assistance and Education located at:

Office of Investor Assistance and Education
Securities and Exchange Board of India,
4th Floor, Exchange Plaza,
G Block, Bandra Kurla Complex,
Bandra(E),
Mumbai – 400 051.



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The Office of Investor Assistance and Education
takes up grievances against the following:

- Bankers to Issue
- Brokers
- Clearing and settlement organizations
- Credit Rating Agencies
- Custodians
- Debenture Trustees
- Depositories
- Depository Participants
- Derivative Exchanges and related organizations



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also against:

- Foreign Institutional Investors
- Foreign Venture Capital Investors
- Merchant Bankers
- Mutual Funds
- Portfolio Managers
- Registrars and Transfer Agents
- Securities Exchanges
- Securities lending intermediaries
- Sub-brokers
- Underwriters
- Venture Capital Funds



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The Office of Investor Assistance and Education

Takes up grievances relating to the following:

Buy back of securities

- Collective Investment Schemes
- Compliance with listing conditions
- Corporate Governance
- Corporate restructuring
- Debentures
- Delisting of Securities
- Issue of securities
- Non-receipt of Dividend
- Substantial Acquisition and Takeovers
- Transfer of securities



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Thank You