

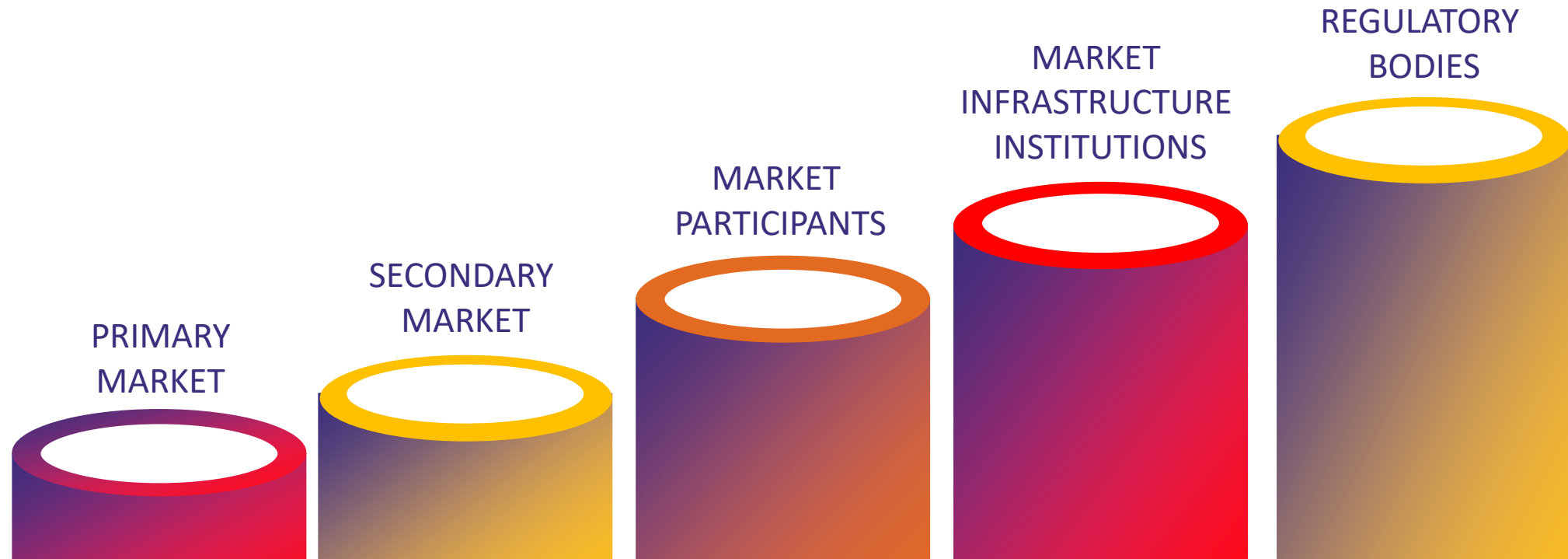
THE SECURITIES MARKET- LEVEL 3

Understanding them from
an investor's perspective



Structure of Indian Capital Markets

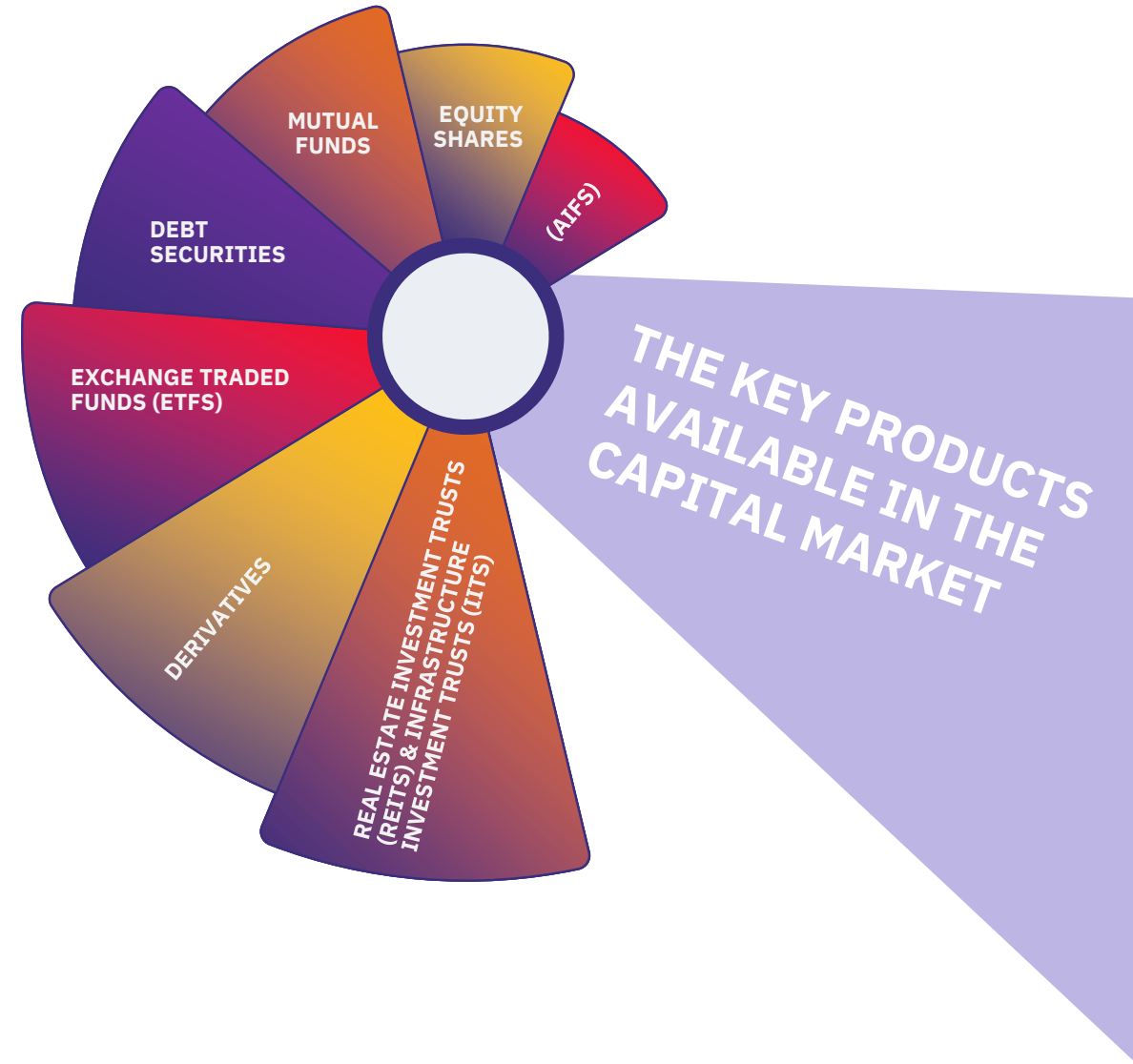
- **Primary Market** (where new securities are issued, e.g., through IPO, FPO, Rights Issue, Private Placements)
- **Secondary Market** (where existing securities are traded on Stock Exchanges or Over-the-Counter Markets)
- **Market Participants** include Investors, Issuers, and Market Intermediaries.
- **Market Infrastructure Institutions (MIIs)** support the functioning of the market and include Stock Exchanges, Clearing Corporations, and Depositories.
- **Regulatory Bodies** such as SEBI, RBI, and the Ministry of Finance provide oversight and regulation.



Product Landscape of Indian Capital Markets

The key products available in the capital market are:

- Equity Shares
- Debt Securities
- Mutual Funds
- Alternative Investment Funds (AIFs)
- Real Estate Investment Trusts (REITs) & Infrastructure Investment Trusts (InvITs)
- Exchange Traded Funds (ETFs)
- Derivatives



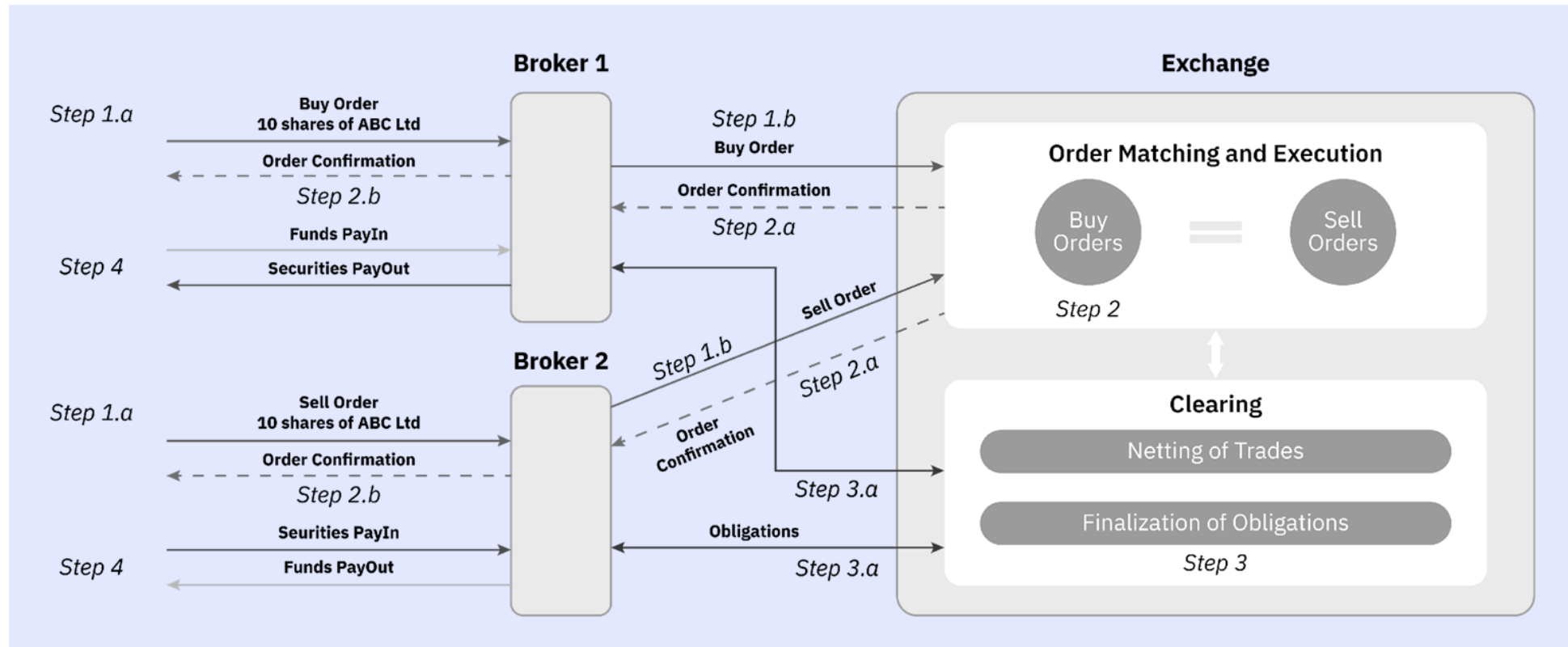
Primary Market Structure & Issuance Types

Primary Market is where companies and institutions raise capital by issuing new securities.

- Issuers of Securities – Corporate & Government
- Types of Issuances – Public Issue, IPO and FPO, Rights
- Regulatory & Compliance Process
- Investor Participation & Allotment Process Transition to the Secondary Market



Secondary Market Trading and Settlement



The secondary market is where securities are traded among investors after being issued in the primary market. It ensures liquidity and price discovery of securities.

Other Must Knows - Consolidated Account Statement (CAS)

The Consolidated Account Statement (CAS) is a combined statement sent by depositories to investors, providing a **comprehensive view of all their investments** in mutual funds and securities held in demat accounts. – (sample CAS format)

SINGLE
STATEMENT FOR
MULTIPLE
INVESTMENTS

01

TRANSACTION-
BASED AND
PERIODIC
REPORTING

02

INTEGRATION
WITH NATIONAL
PENSION
SYSTEM (NPS)

03

ELECTRONIC CAS
(ECAS) BENEFITS

04

Other Must Knows - Consolidated Account Statement (CAS)

In Securities Markets, Impersonation, and Unauthorised Market Practices

Fraudulent activities in the securities markets pose risks to investors and market integrity. SEBI regulates and monitors these activities to protect investors.



Types of Frauds in Securities Markets

- **Pump and Dump Schemes:**
Fraudsters artificially inflate stock prices by spreading false information and then sell their shares at a profit.
- **Insider Trading:**
Illegal trading based on non-public, price-sensitive information.
- **Front Running:**
Brokers or insiders trade securities ahead of large client orders to benefit from price changes.
- **Ponzi & Pyramid Schemes:**
Fraudulent investment scams that promise high returns but use funds from new investors to pay earlier ones.
- **Churning:**
Excessive trading by brokers to generate high commissions without benefiting the investor.

What is Due Diligence & Importance of Due Diligence?

Due diligence refers to the process of thoroughly assessing and verifying financial, legal, and operational aspects of a company, investment, or securities transaction before making an investment decision. It ensures that investors and market participants have complete, transparent, and accurate information.



**Protection Against
Financial Misconduct**



**Improving Investment
Decision-Making**



**Risk Identification
& Mitigation**

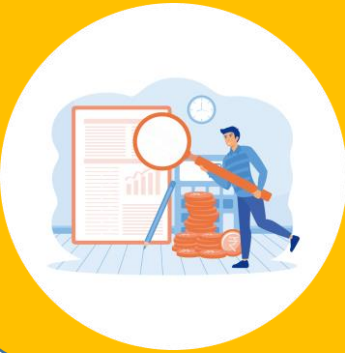


**Ensuring Regulatory
Compliance**



**Financial Transparency
& Accuracy**

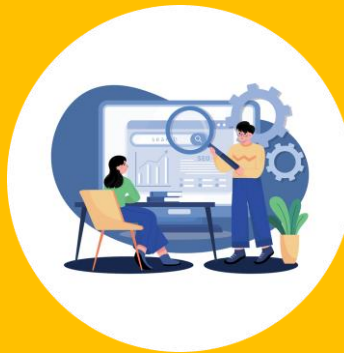
What is Due Diligence & Importance of Due Diligence?



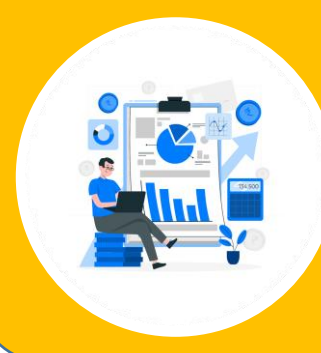
FINANCIAL DUE DILIGENCE



OPERATIONAL DUE DILIGENCE



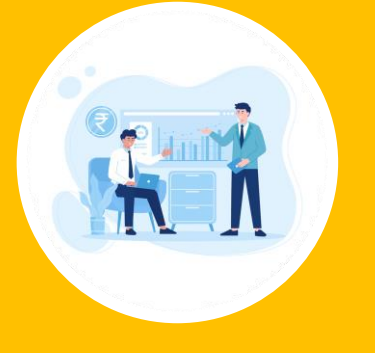
**MARKET AND
INDUSTRY DUE
DILIGENCE**



FINANCIAL DUE DILIGENCE



OPERATIONAL DUE DILIGENCE



**MARKET AND
INDUSTRY DUE
DILIGENCE**

Corporate Actions for Better Due Diligence

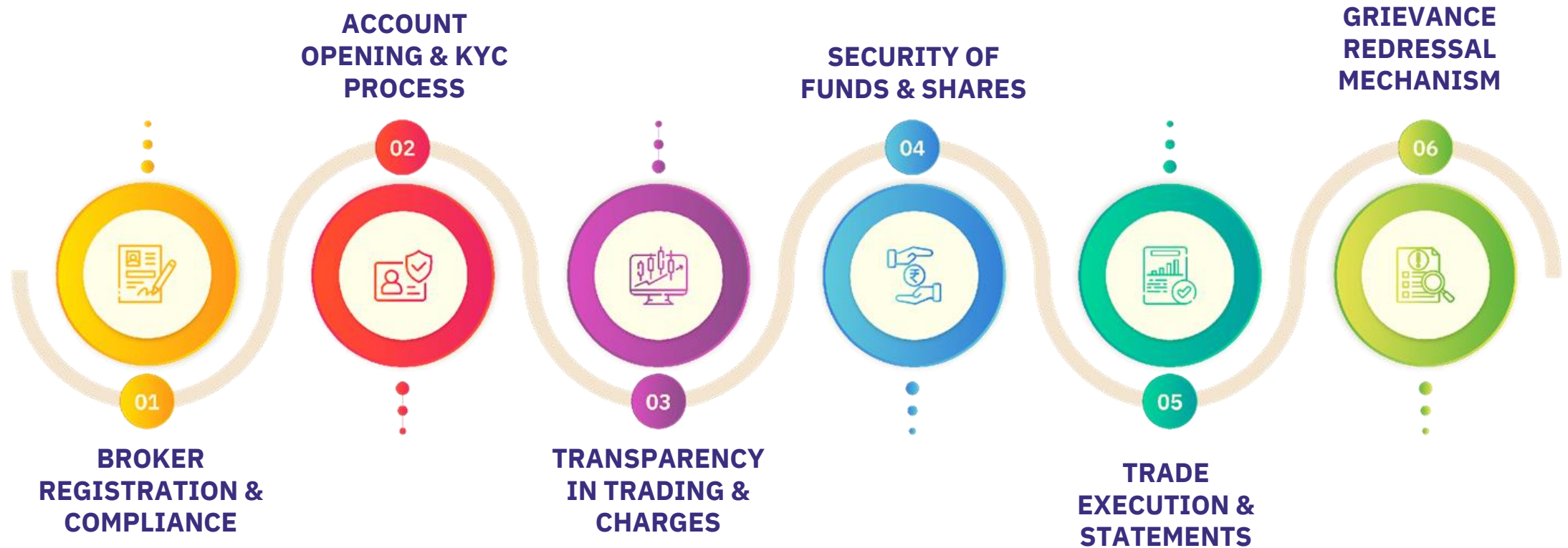
CORPORATE ACTIONS FOR BETTER DUE DILIGENCE

Corporate actions are events initiated by a company that impact its shareholders and securities. These actions can be voluntary (where investors choose to participate) or mandatory (where all shareholders are affected).

- **Dividends** (Cash or Stock Dividends i.e. Bonus)
- **Stock Splits and Reverse Splits**
- **Rights Issue:** Existing shareholders are given the right to purchase additional shares at a discounted price.
- **Buyback of Shares**
- **Mergers & Acquisitions (M&A)**



Know Your Broker



Registered Brokers

<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=30>

Other Must-Knows-BSDA

The **Basic Services Demat Account (BSDA)** is a special type of Demat account introduced in **August 2012** to promote financial inclusion and reduce maintenance costs for small investors. BSDA offers a **cost-effective solution** for retail investors to hold securities while enjoying the benefits of a Demat account.

Eligibility Criteria

- Only one Demat account across all depositories (NSDL/CDSL).
- Total value of holdings should not exceed ₹10 lakh for both debt and non-debt securities at any time.
- Investor must provide a mobile number and opt for SMS alerts.



Investor Protection and Grievance

Trading in unregulated platforms and products;

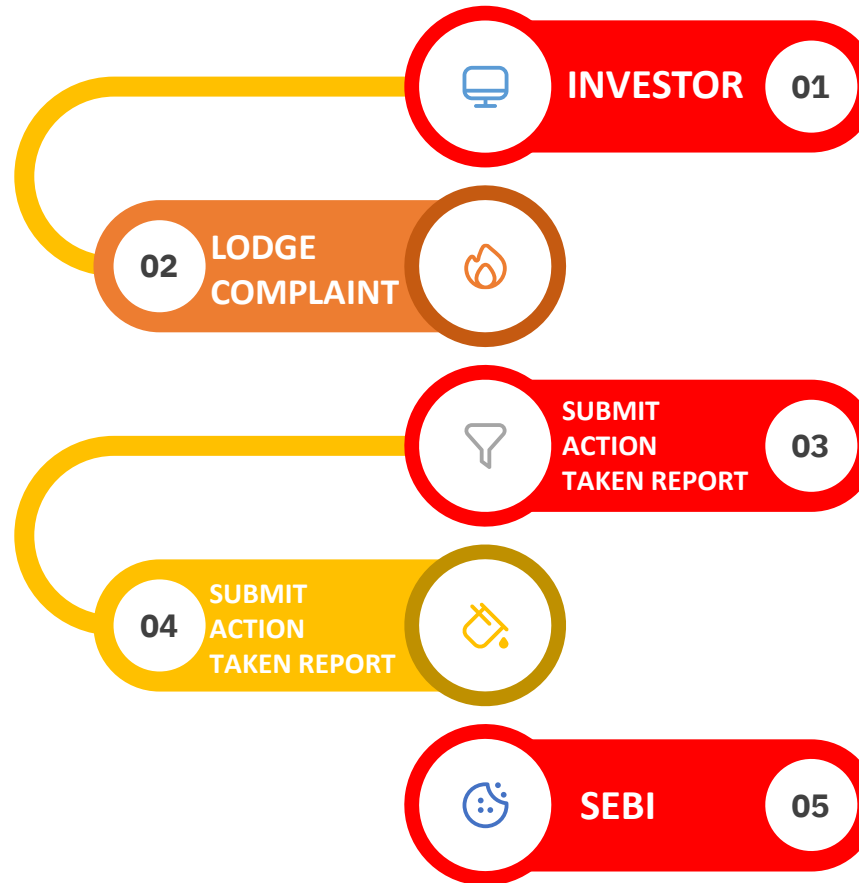
Trading in unregulated platforms and products poses significant risks as these platforms operate outside the regulatory framework set by SEBI and other regulatory authorities.

- 01 — Absence of Regulatory Oversight
- 02 — Fraud and Manipulation Risks
- 03 — Legal Consequences



Filing a Complaint in SCORES (SEBI Complaint Redressal System)

Online Dispute Resolution
Can opt for online dispute
resolution at any stage



SEBI Scores –
<https://scores.sebi.gov.in/>

Filing a Complaint in SCORES (SEBI Complaint Redressal System)

The **SMART ODR Portal – Securities Market Approach for Resolution Through ODR Portal**, has been established by the 7 Market Infrastructure Institutions together with ODR Institutions to help investors access efficient dispute resolution fully online.

Follow the steps below to resolve a dispute:

01 – Register on SMART ODR Portal

Click on Create Account to register on the platform.

02 – File a New Dispute

Click on File a New Dispute to begin.

03 – Select Intermediary

Select the Intermediary against whom you wish to file a dispute.

04 – Select Category

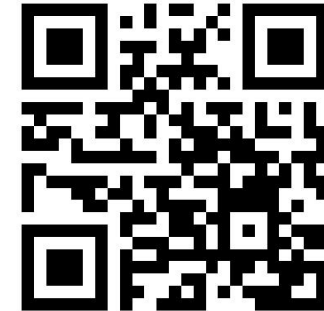
Select the relevant Categories for your dispute.

05 – Enter Dispute Details

Fill details of the dispute and attach relevant files or documents.

06 – Track Resolution Progress

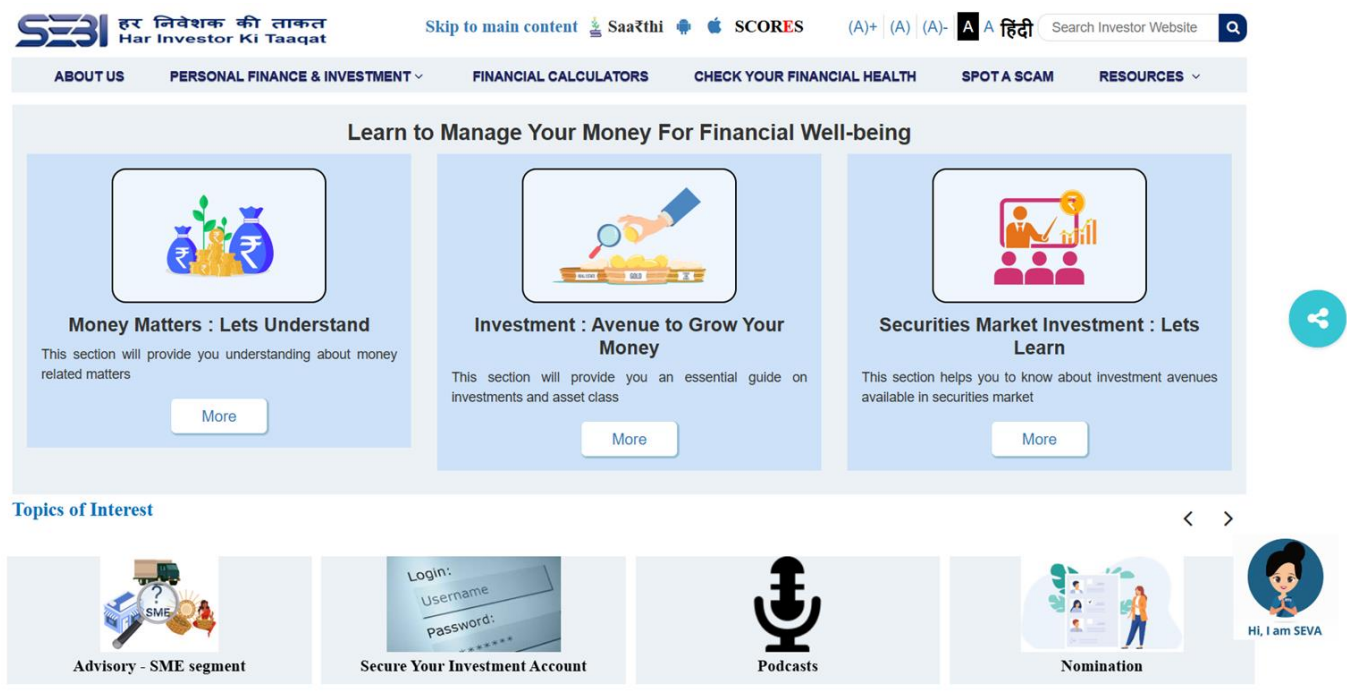
Once your dispute is filed, track progress easily under the Dispute Timeline.



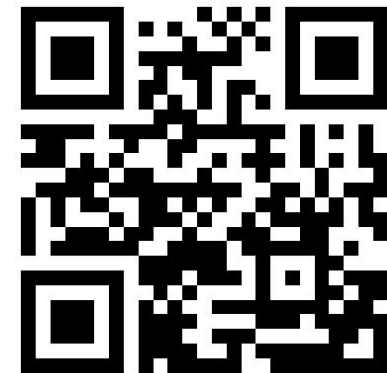
SEBI ODR -
<https://smartodr.in/login>

Filing a Complaint in SCORES (SEBI Complaint Redressal System)

SEBI Investor Website is aimed to help an individual to take control of money so that it can lead to better outcome in his/her investment journey.



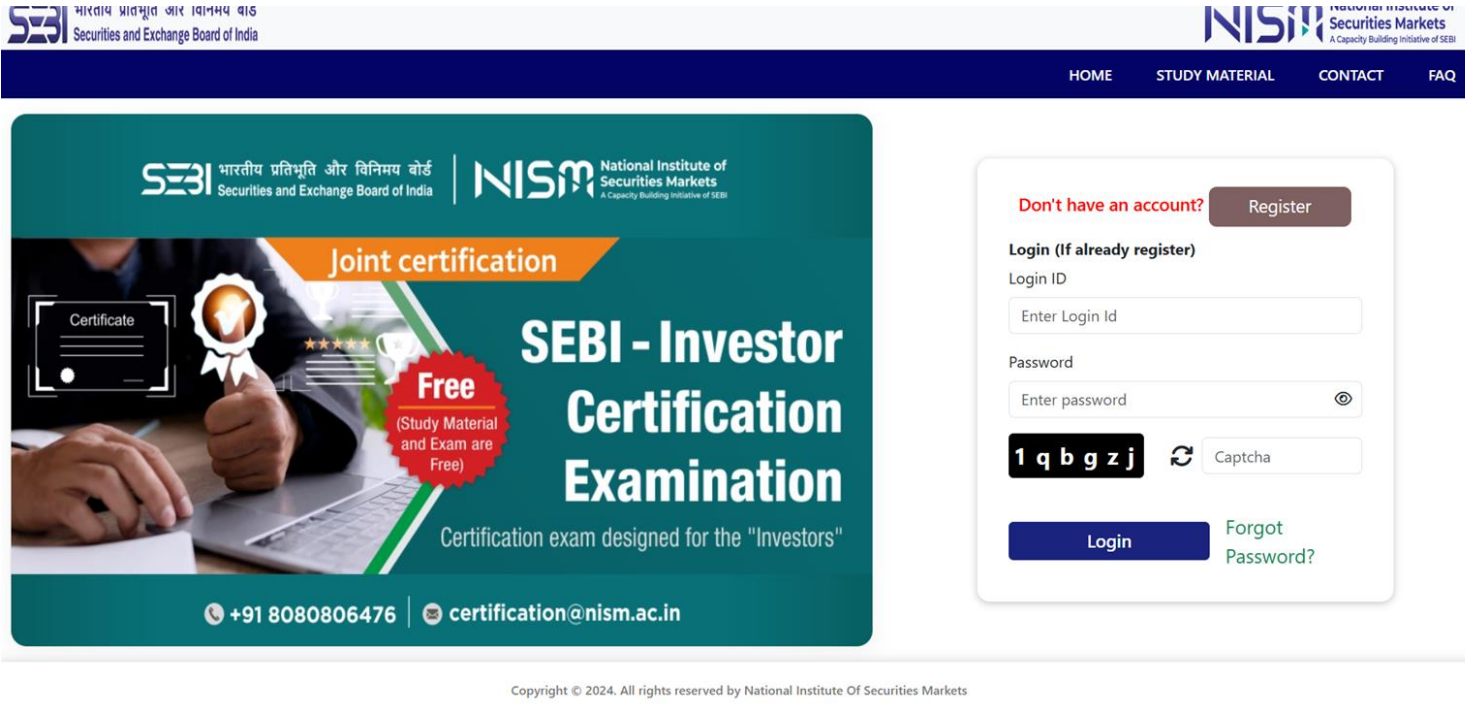
The screenshot shows the SEBI Investor Website homepage. At the top, there is a header with the SEBI logo, the tagline 'हर निवेशक की ताकत Har Investor Ki Taaqat', and navigation links including 'Skip to main content', 'SaaRthi', 'SCORES', and a search bar. Below the header is a main navigation menu with categories like 'ABOUT US', 'PERSONAL FINANCE & INVESTMENT', 'FINANCIAL CALCULATORS', 'CHECK YOUR FINANCIAL HEALTH', 'SPOT A SCAM', and 'RESOURCES'. The main content area features a section titled 'Learn to Manage Your Money For Financial Well-being' with three cards: 'Money Matters : Lets Understand', 'Investment : Avenue to Grow Your Money', and 'Securities Market Investment : Lets Learn'. Each card has a brief description and a 'More' button. Below this is a 'Topics of Interest' section with five cards: 'Advisory - SME segment', 'Secure Your Investment Account', 'Podcasts', 'Nomination', and a 'Hi, I am SEVA' chatbot icon.



SEBI Investor website -
<https://investor.sebi.gov.in/>

Filing a Complaint in SCORES (SEBI Complaint Redressal System)

The SEBI Investor Certification Examination is a free online initiative launched by the Securities and Exchange Board of India (SEBI) and aims to enhance financial literacy and empower individuals to make informed investment decisions in the Indian securities markets.



The screenshot shows the NISM Investor Certification Examination website. The header includes the SEBI logo and text in Hindi and English, and the NISM logo. The main banner features the text "Joint certification", "SEBI - Investor Certification Examination", and "Free (Study Material and Exam are Free)". It also includes a contact number and email address. On the right, there is a login and registration form with fields for Login ID, Password, and a Captcha. A QR code is visible on the right side of the page.

SEBI भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

NISM National Institute of Securities Markets
A Capacity Building Initiative of SEBI

HOME STUDY MATERIAL CONTACT FAQ

Don't have an account? Register

Login (If already register)

Login ID

Enter Login Id

Password

Enter password

1 q b g z j Captcha

Login Forgot Password?

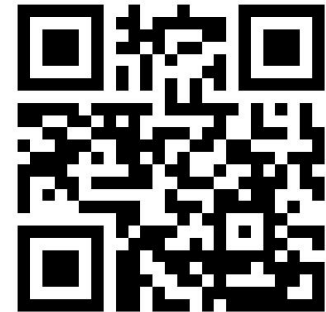
Free (Study Material and Exam are Free)

SEBI - Investor Certification Examination

Certification exam designed for the "Investors"

+91 8080806476 certification@nism.ac.in

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Investor Certification
website -
<https://sice.nism.ac.in/loginQuiz>

Filing a Complaint in SCORES (SEBI Complaint Redressal System)

SEBI's Dharohar is a digital knowledge repository launched on January 26, 2025, to commemorate over 150 years of India's securities market history and serves as an immersive platform, offering insights into the evolution of the Indian securities market



About Interactive Timeline Collections 3D Galleries



हिंदी

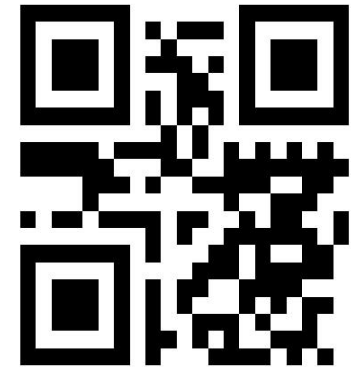


REGULATIONS

Know about evolution of Acts, Rules, Regulations, Guidelines, etc. through reports, articles, etc.

EXPLORE TIMELINE

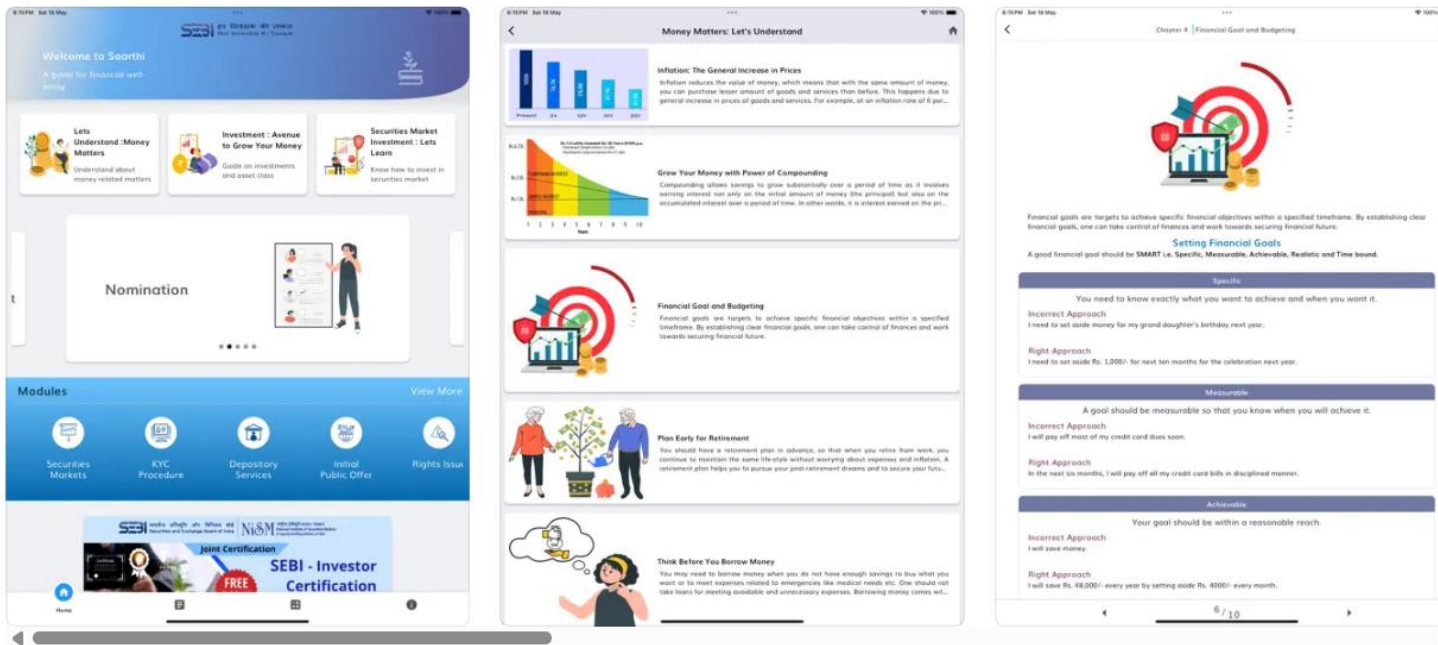
Scroll Down for Main Content



Dharohar website -
<https://mism.org/>

Filing a Complaint in SCORES (SEBI Complaint Redressal System)

Saarthi 2.0 is an enhanced mobile application launched by the Securities and Exchange Board of India (SEBI) in June 2024, aiming to empower investors with comprehensive tools and resources for effective personal finance management.



Saarthi 2.0 -
https://play.google.com/store/apps/details?id=com.sebi.invapp&hl=en_IN

Google Play store link - https://play.google.com/store/apps/details?id=com.sebi.invapp&pcampaignid=web_share

Apple iOS link - <https://apps.apple.com/in/app/saa%E2%82%B9thi/id1589426387>

Filing a Complaint in SCORES (SEBI Complaint Redressal System)

RIGHTS OF INVESTORS WHEN DEALING WITH BROKERS

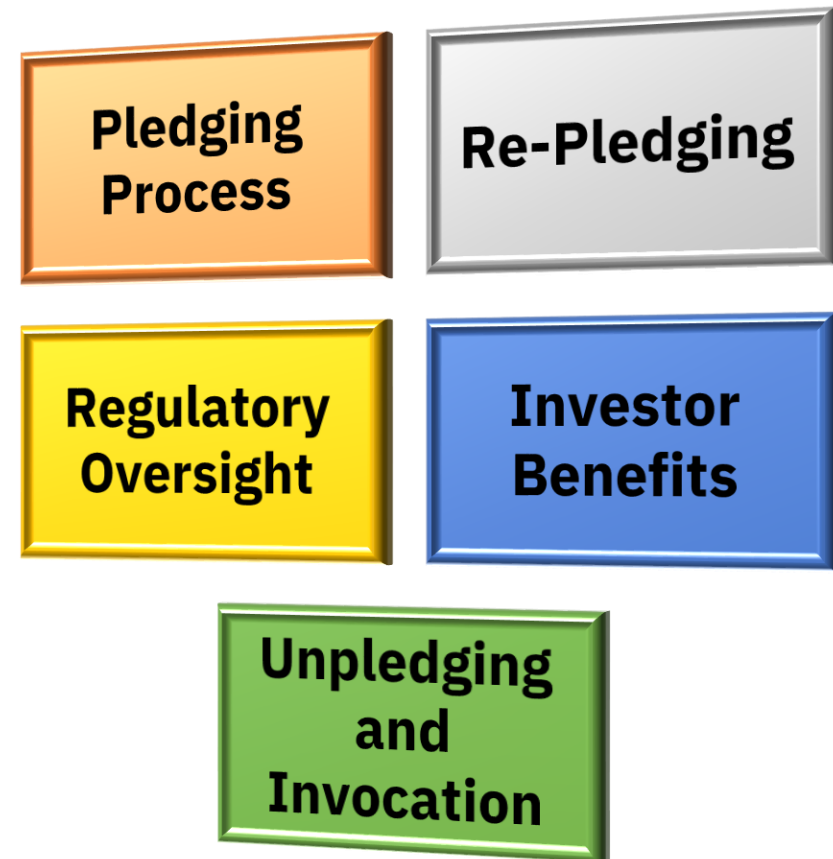
- 01 To receive contract notes and transaction details within 24 hours.
- 02 To get transparent disclosure of brokerage, charges, and taxes.
- 03 To access timely updates on fund and securities balances.
- 04 To verify trades on exchange platforms for accuracy.

RIGHTS OF INVESTORS WHEN DEALING WITH DEPOSITORY INSTITUTIONS

- 01 Receive a statement of holdings and transactions periodically.
- 02 Avail nomination facility for seamless asset transfer.
- 03 Get real-time alerts via SMS & email for any activity in the Demat account.

Filing a Complaint in SCORES (SEBI Complaint Redressal System)

The Margin Pledge mechanism allows investors to use their securities as collateral to meet margin requirements for trading without transferring ownership. This system was introduced by SEBI to enhance transparency and security in margin funding.



Filing a Complaint in SCORES (SEBI Complaint Redressal System)

Money laundering and terror financing are **serious financial crimes** that threaten the integrity of the securities market. SEBI and other regulators enforce strict measures to prevent these illegal activities.



01

Know Your Customer (KYC):

SEBI mandates strict KYC norms for all investors to verify identities.



02

Anti-Money Laundering (AML) Compliance:

SEBI-registered entities must report suspicious transactions to the Financial Intelligence Unit (FIU-IND).



03

Transaction Monitoring:

Brokers and financial institutions must track unusual trading patterns and large cash transactions.

As part of its efforts to promote safe digital banking, the RBI has produced advertisements to educate the public. One such advertisement emphasizes the importance of secure digital banking practices.



CLICK TO
PLAY

 **NSE**

**Beware of "Double
Return" Scams!**

#SEBIvsSCAM



Fake apps may look real, but the risk is real too. Check SEBI's verified app list and download only those.

CLICK TO
PLAY

A video player interface with a purple background. On the left, there is a circular video frame showing a woman with long brown hair wearing a traditional Indian headpiece (saree and crown) with a red feather. The frame is surrounded by a decorative teal and gold pattern. To the right of the video frame, the NSE logo is displayed in white. Below the logo, a dark blue rounded rectangle contains the text 'Beware of fake trading apps!' in white. At the bottom right, the hashtag '#SEBIvsSCAM' is written in white.

Every smiling face isn't real. Beware of deepfake videos — get investment information only from SEBI-authorized sources.

CLICK TO
PLAY

 **NSE**
Beware of Deepfakes!
#SEBIvsSCAM

SPOT THE SCAMMERS BEFORE THEY SPOT YOU!

- Here's how you can safeguard your investments by recognizing these everyday tactics.
- *Issued in the interest of investor safety by National Stock Exchange of India Ltd.



Here are 9 **COMMON TACTICS SCAMMERS USE** –
Investors must be aware of

1 FOREIGN PORTFOLIO

Scammers provide fraudulent trading platforms falsely claiming or suggesting affiliation with its registered Foreign Portfolio Investors (FPIs). These platforms mislead individuals by claiming to offer them trading opportunities through Foreign Institutional Investor (FII) sub-accounts or institutional accounts with special privileges.



2 FAKE TRADING APPS

Scammers create unregulated trading apps that appear legitimate to lure investors into disclosing their account information. The apps' 'apk' files are sent to investors to download using various social media and are not listed on official stores. **NEVER DOWNLOAD UNKNOWN FILES** even if sent by friends or contacts listed on your phone or computer.



3 UNREGISTERED INVESTMENT ADVICE VIA SOCIAL/MESSAGING PLATFORMS

“FOLLOW MY CHANNEL” and “JOIN MY CHAT GROUP” are amongst the biggest red flags to spot! SEBI registered stockbrokers **NEVER OFFER TIPS** and advice on chat groups. Do not trust any testimonials or credit receipts from other investors claiming to have received expert advice and returns from these chats as they are fabrications designed to lure you.



Here are 9 COMMON TACTICS SCAMMERS USE –
Investors must be aware of

4 DEEPFAKE VIDEOS OF INFLUENCERS/PUBLIC FIGURES

The faces of celebrities, public figures, professors, chief analysts, people of repute, the Govt. official emblem, and other well-established organizations are often illegally used to convince investors of their endorsements. NEVER SUBSCRIBE TO UNVERIFIED CLAIMS AND PROFILES. In a world of rapidly developing AI, ACCEPT NOTHING AT FACE VALUE.



5 OPINION TRADING

Opinion trading scams in the securities market mislead users into betting on financial outcomes under the guise of legitimate trading, without involving actual securities. These platforms mimic stock market behavior but operate outside SEBI's regulation, exposing users to high risk and no legal protection.



6 GOOD DIGITAL PRACTICES

Registered stockbrokers NEVER ASK FOR YOUR LOGIN ID & PASSWORD. Providing your account credentials to anyone gives them direct access to your funds. This ultimately leads to your account being flushed and deleted without any chance of recovery. CHANGE YOUR PASSWORDS REGULARLY and NEVER SHARE YOUR CREDENTIALS WITH ANYONE.



**Here are 9 COMMON TACTICS SCAMMERS USE –
Investors must be aware of**

7 PAID TRADING COURSE WITH GUARANTEED RETURNS

Don't fall for stock tips or investment advice provided under the guise of providing free / paid trading courses. "You'll definitely make money"—nobody can promise that. Scammers also use fake success stories and flashy ads to trick people into paying. If someone guarantees profits, it's a big warning sign—stay away! Fake agents may also present themselves as SEBI-registered intermediaries who are making large returns through stock trading. If they offer to trade on your behalf with advertisements that say – 'ASSURED' 'GUARANTEED' '5X' '10X' and sometimes even '100X RETURNS!' - it's a SCAM!

8 PUMP & DUMP SCAM

Don't fall for the hype. It is a fraudulent market practice that may leave investors with significant loss. Scammers buy stocks in large quantity and then artificially inflate its price using fake news and hype. Scammers then sell these stocks which crashes the prices.

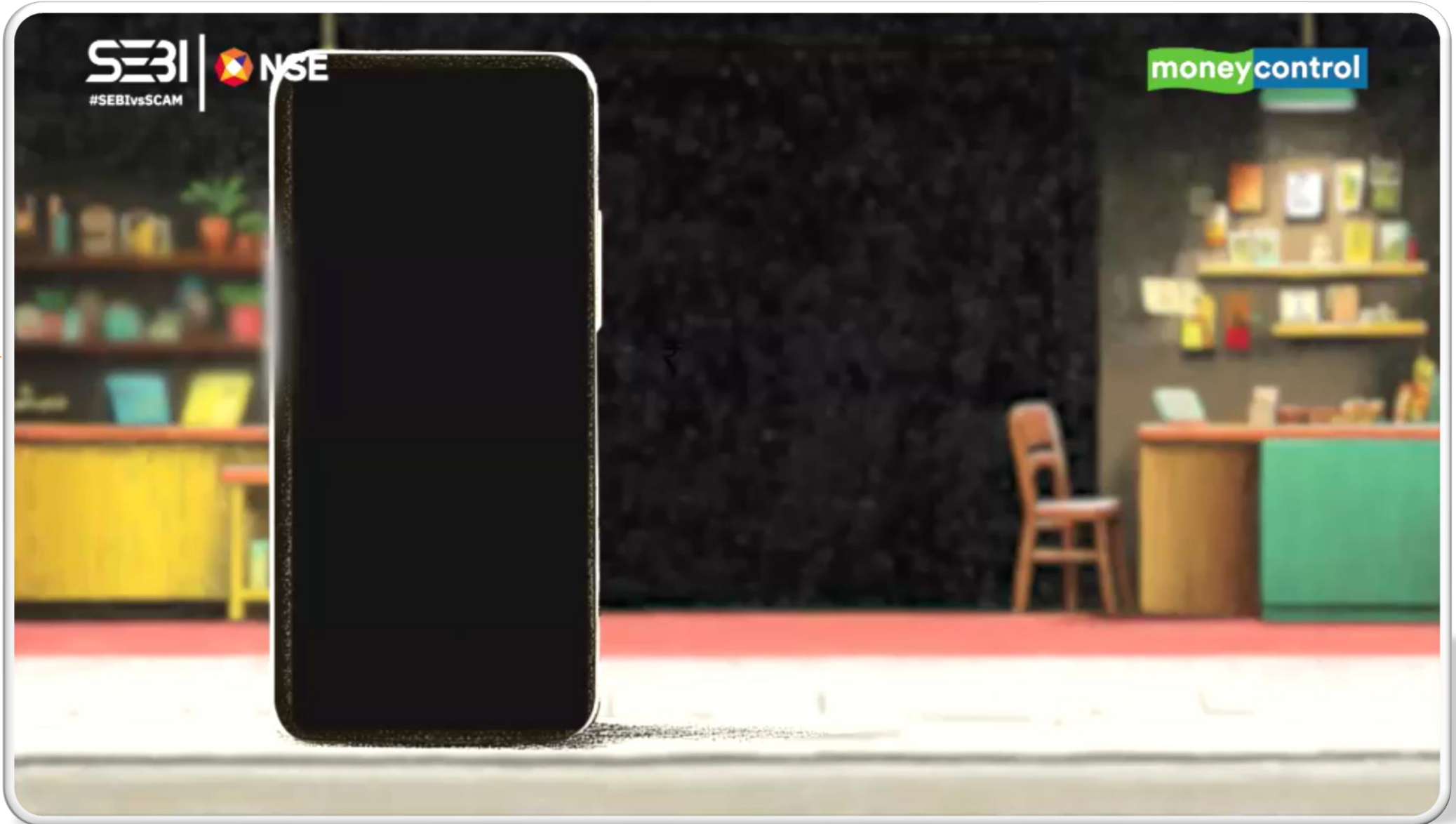
9 DABBA TRADING

Dabba Trading is an illegal trading in which prices of securities on recognized stock exchanges are used as benchmarks and the investor's trades do not get executed on the stock exchange system but in the dabba operator's books only. Trading outside the Stock Exchange through unregistered entities is prohibited by law. No compensation or support is available for such dealings. Always trade with SEBI registered intermediaries.

HOW CAN YOU PROTECT YOURSELF?

- Do not get lured with guaranteed / fixed returns in the securities market. Guaranteed returns are illegal in the securities market. Do not accept any offer at face value.
- Avoid unsolicited messages from unknown sources. Verify any news from official websites like SEBI, NSE, company website.
- Do not download unregulated trading apps or join chat groups offering advice.
- Deal only with SEBI registered intermediaries. Verify the details of the intermediary on:
<https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>
- Download trading apps only of SEBI registered Trading Members from App Store or Google. Verify the details of the apps on:
<https://investor.sebi.gov.in/Investor-support.html>
- Transfer funds only to registered client bank accounts of the stockbroker. Verify the bank accounts on:
https://enit.nseindia.com/MemDirWeb/form/tradingMemberLocator_beta.jsp
- Starting October 1st, 2025, SEBI has introduced Structured UPI mechanism with features like thumbs-up inside a green triangle & SEBI check before making payment to any SEBI registered intermediary. This feature facilitates you to make payments only to SEBI registered intermediaries.(abc.brk@validbank)
- Report any fraudulent activity to www.cybercrime.gov.in or call 1930. For investor support call 1800 266 0050.

One wrong UPI payment can wipe out your savings. SEBI has introduced validated UPI handles & SEBI check functionality for brokers, mutual funds & other intermediaries.



EMERGING THREATS IN CAPITAL MARKETS



Whaling

Targeted attacks on C-suite executives and senior leadership to gain access to sensitive information



Ransomware

Malicious software that encrypts critical data, demanding payment for restoration of access



Account Takeover (ATO)

Cyber criminals / Hackers access employees financial accounts through weak passwords, social engineering, or system vulnerabilities.



Smishing & Vishing

SMS and voice call scams exploiting trust to extract sensitive information or credentials



Phishing Attacks

Deceptive emails designed to steal credentials, deploy malware, or trick employees into fraudulent transfers

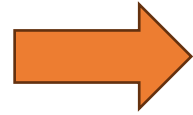


Social Engineering

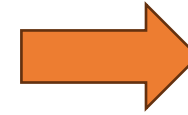
Attackers manipulate individuals into divulging confidential information or performing actions that compromise security, such as transferring funds or providing sensitive data.

Due Diligence while Trading in F&O

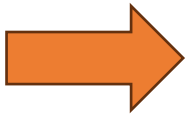
Trading in financial contracts like derivatives requires expertise



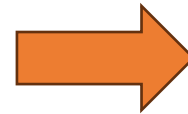
Understand the risks and only then trade in derivatives



Similarly, trade in options only if you have relevant trading experience and high-risk tolerance



Different investment avenues carry varying levels of risk and expertise. Choose your strategy after careful deliberation



In case of any issues / concerns, contact your Stockbroker. If you are not satisfied or do not receive any response, contact the Exchange on ignse@nse.co.in or 1800 266 0050

AML & CFT GUIDELINES IN SECURITIES MARKET

- SEBI mandates intermediaries to follow Anti-Money Laundering (AML) and Combating Financing of Terrorism (CFT) guidelines.
- Investor Responsibilities & Protections
- Investors must undergo Client Due Diligence (CDD) including identity verification, beneficial ownership disclosure, update personal and financial information regularly with intermediaries.
- Avoid anonymous or fictitious accounts. High-risk clients (e.g., PEPs, NGOs, foreign investors) require enhanced scrutiny/due diligence.
- Investors should be aware of the risks and cooperate with intermediaries during onboarding and transactions.
- Investors must provide accurate and complete KYC documents.
- Transactions are monitored for suspicious activity; STRs (Suspicious Transaction Reports) may be filed without investor notification.
- SEBI ensures confidentiality and protection of investor data under AML/CFT framework.



ONLINE BOND PLATFORMS

- Investors now have easier access to various fixed-income instruments through the online bond platforms.
- Investors must understand the underlying features, risks, and costs associated with such investments.
- YTM is not a guaranteed return—it can fluctuate based on factors such as changes in market interest rates, liquidity conditions, time to maturity, and the creditworthiness of the issuer.
- Coupon rate refers to the fixed annual interest paid by the issuer which provides regular income. Payments are not risk-free and dependent on the financial health and credit reliability of the issuer. Bond prices and yields have an inverse relationship
- Before investing through any online bond platform, investors must take into account several important factors such as checking the bond's credit rating, the issuer's track record in timely repayments, the liquidity of the instrument, settlement timelines, and the tax implications of the investment.
- Investors are urged to exercise caution and avoid transacting on unregistered online bond platforms. Investors should verify the registration status of the OBPPs prior to transacting, and deal only with SEBI-registered entities, in order to safeguard their interests.
- SEBI website: <https://www.sebi.gov.in/online-bond-platform-providers.html>

COMMON INVESTOR SERVICE CENTRES

With an aim to enhance access and facilitate resolution of investor complaints, Common Investor Service Centres have been operationalised across the country. To find a CISC near you, click here:

<https://www.nseindia.com/contact/investor-services-centre>

Common Investor Service Centres

A mission to empower every Indian in their investment journey

37 Common Investor Service Centers Pan India



 **भारतीय प्रतिभूति और विनिमय बोर्ड**
Securities and Exchange Board of India

 **National Institute of Securities Markets**
A Capacity Building Initiative of SEBI

SEBI- Investor Awareness Test

Available in Hindi and English languages

Exam Objectives:

- To create Investor awareness and education in securities markets
- To scale up securities market related knowledge among the investing public
- To develop right attitude/behavior when investing in the market



FREE
(Study Material and No Exam Fee)



SCAN FOR REGISTRATION








+91 8080806476

certification@nism.ac.in

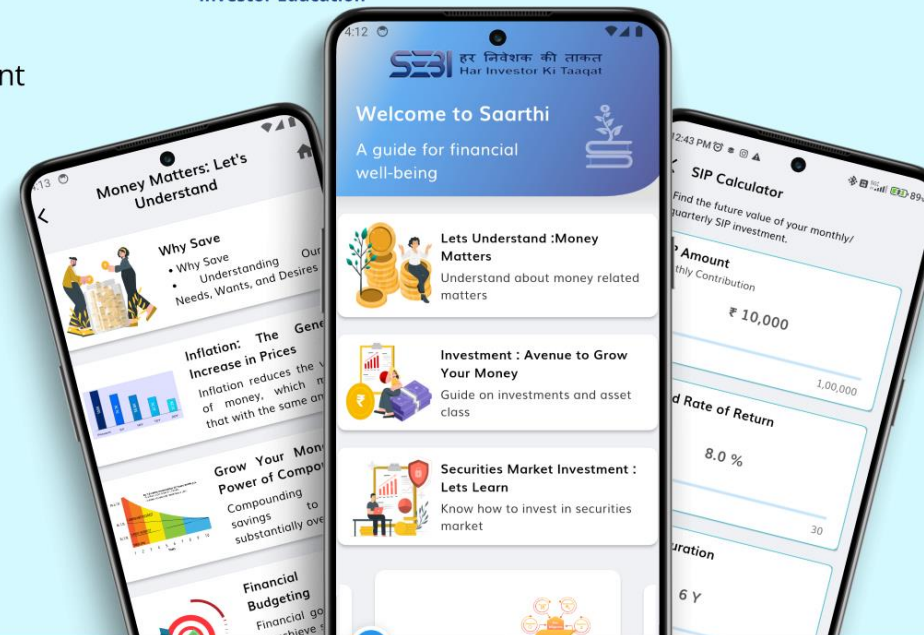
Saaṙthi App

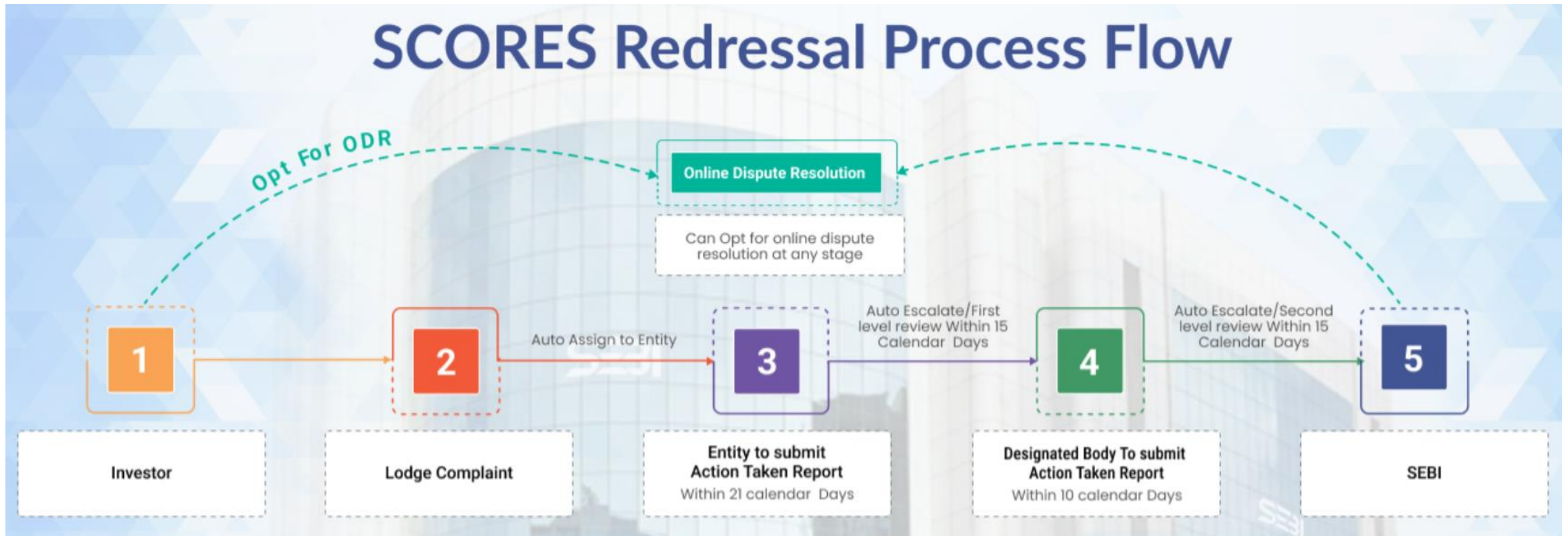


UNLOCK THE **WEALTH** OF **KNOWLEDGE** WITH **Saaṛthi App**

-  User-friendly interface with comprehensive tools aimed at simplifying complex financial concepts.
-  Resources and Educational Videos designed to increase investor awareness.
-  Unbiased, Objective and Trusted Source of Investment Awareness
-  Reliable and essential insights into the securities market.
-  Vital for young investors, who are at the beginning of their financial journey
-  Access a range of Financial Tools and Calculators,
-  Do your Financial Health Check-up,

Empower yourself in the world of investing





ODR – ONLINE DISPUTE RESOLUTION

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- Enter Dispute Details: Fill details of the dispute and attach relevant files or documents.
- Track Resolution Progress: Once your dispute is filed, track progress easily under the Dispute Timeline.

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