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THE SECURITIES MARKET- LEVEL 2

UNDERSTANDING THEM FROM AN INVESTOR’S PERSPECTIVE

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LEVEL 1-RECAP

- Savings vs. Investments – Investments grow wealth faster than savings
- Passive Income – A key path to financial freedom
- Inflation Impact – Money loses value over time; investing helps beat inflation
- Investment Benefits – Wealth creation, financial security, and goal fulfillment
- Diversification – Reduces risk and improves returns
- Power of Compounding – Small investments grow significantly over time
- Financial Planning – A structured approach to achieving financial goals

The Securities Market: An Overview

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SECURITIES MARKET

Primary Market

Objective: To raise funds Includes issuance of new Securities through an IPO, i.e. Initial Public Offer.

Secondary Market

Objective: Capital Appreciation Includes further trading of securities already offered to the public

Diving Into Investments In The Securities Market

EQUITY

Shares, representing ownership in a company.

FIXED INCOME/ BONDS

Also called debentures and bonds, these represent money borrowed by companies/ institutions from an investor.

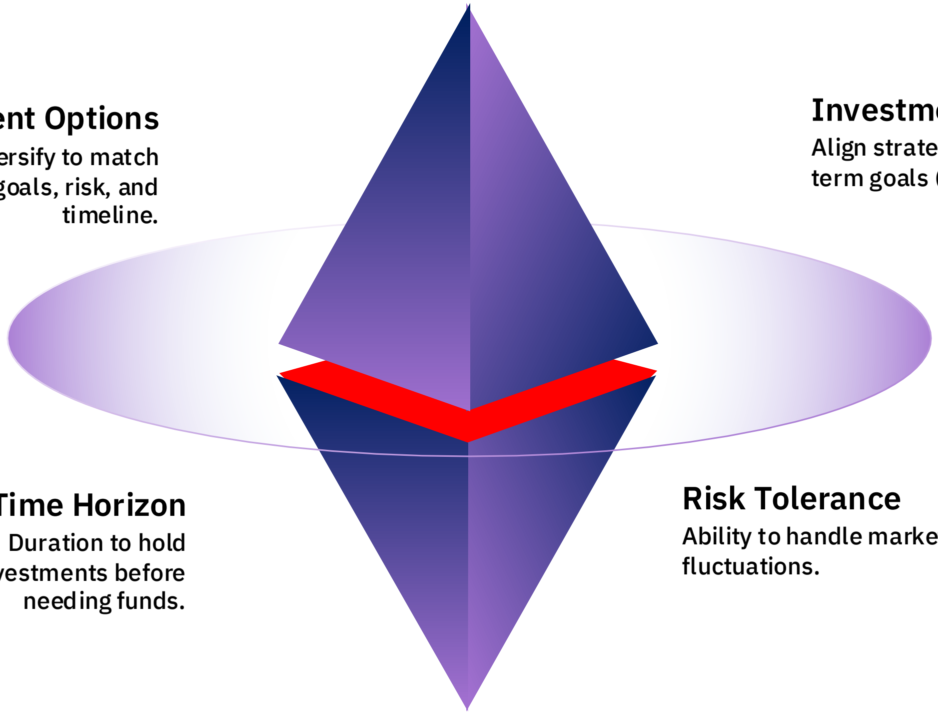
DERIVATIVES

Financial instruments linked to the value of other assets (e.g., shares, bonds, commodities).

MUTUAL FUNDS

A product that pools money collected from several investors and deploys it in diverse securities like shares, bonds, money market instruments, and other assets.

Key Parameters To Consider Before Investing



Investment Options
Diversify to match goals, risk, and timeline.

Investment Objective
Align strategy with long-term & short-term goals (growth vs. conservative).

Tax Implications
Understanding varying tax treatments can help optimize returns.

Liquidity
Quick conversion of investments into cash for emergencies.

Time Horizon
Duration to hold investments before needing funds.

Risk Tolerance
Ability to handle market fluctuations.

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Key Risks Of Investing In The Securities Market

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Key Risks Of Investing In The Securities Market

Market/Systematic Risk
Affects entire economy or markets.

Unsystematic Risk
Specific to a company or industry.

Inflation Risk
Value loss due to inflation.

Liquidity Risk
Difficulty selling investments quickly.

Business Risk
Operational or market issues impacting a business.

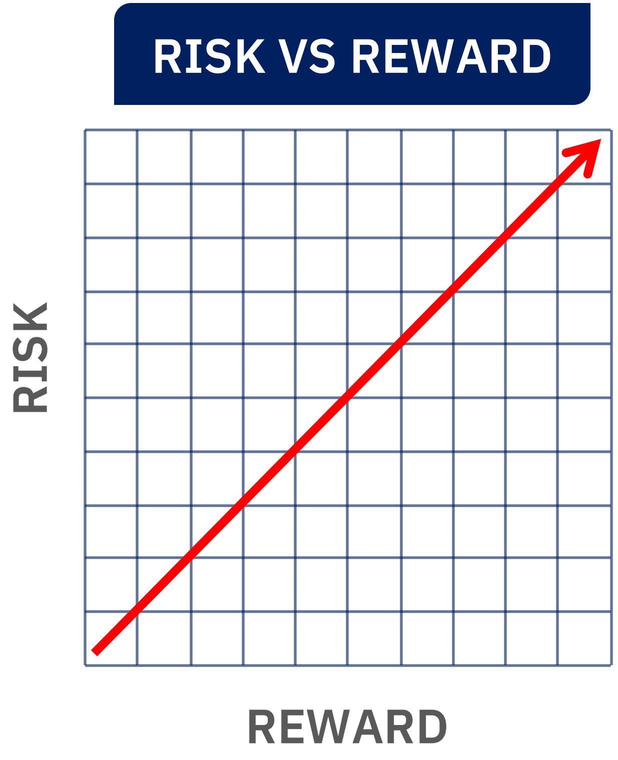
Volatility Risk
Price fluctuations in stocks.

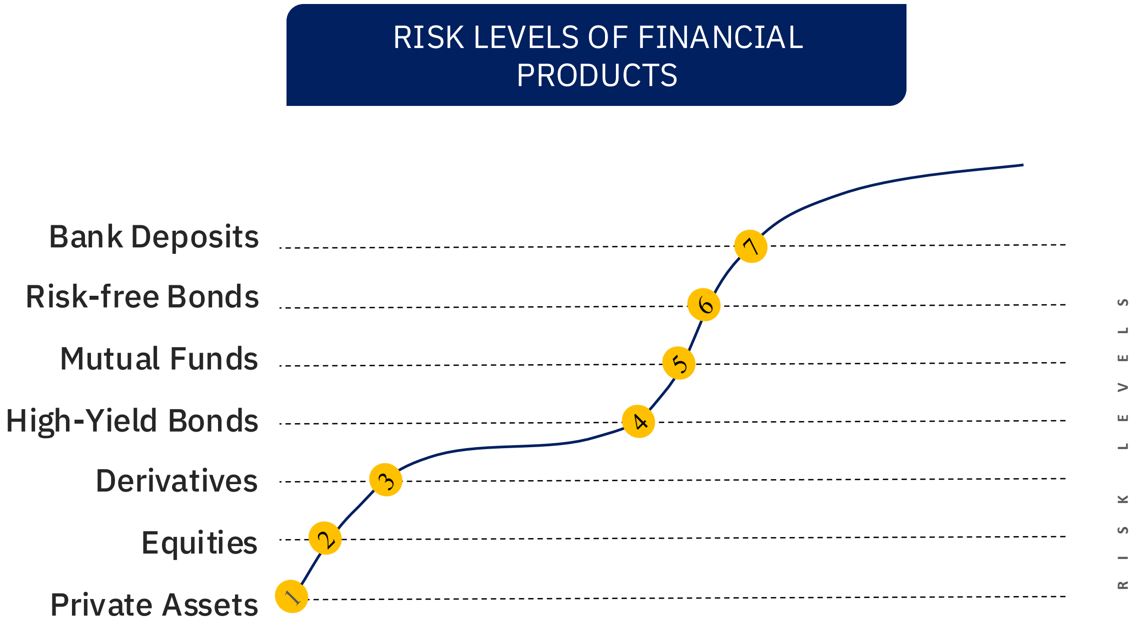
Credit Risk
Default risk from borrowers.

Currency Risk
Loss due to foreign exchange fluctuations.

The Risk And Reward Relationship

The relationship between the amount of risk taken and the amount of return gained on an investment.
The higher the return required, the higher the risk that must be undertaken.





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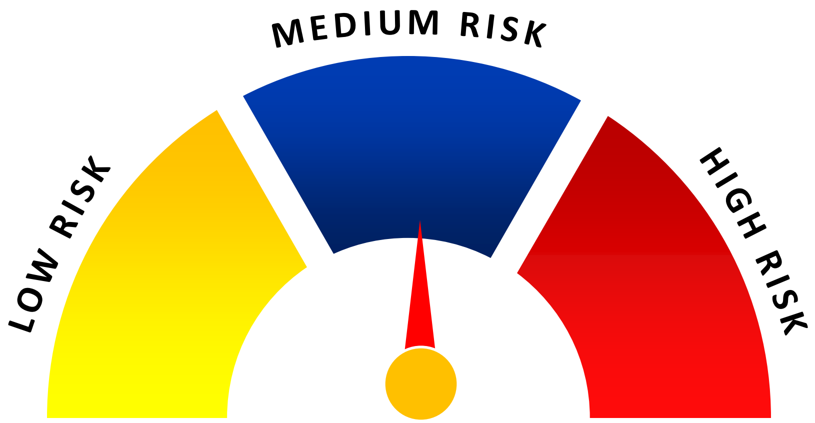
Mitigating Risk

Investors can try to mitigate risk by different means. Key strategies include:

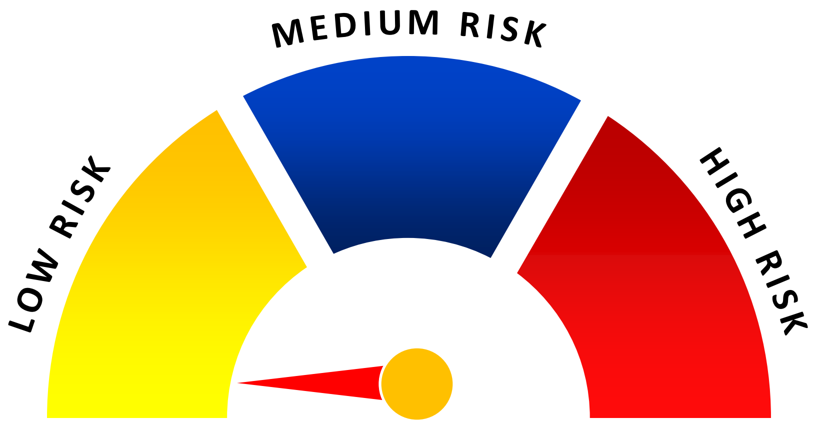


Mitigating Risk

Investors can try to mitigate risk by different means. Key strategies include:

Asset Allocation: Distribute investments across asset classes based on goals, risk, and outlook.

Diversification: Spread investments across various assets to reduce risk.



Trading Vs Investment

Trading

- Short-term focus, aiming to profit from market fluctuations.
- High risk due to frequent market exposure.

Vs

Investment

- Long-term focus, aiming for wealth growth through capital appreciation.
- Lower risk, as it minimizes the impact of short-term volatility.

Types Of Investors And Traders

Value Investors	1
Growth Investors	2
Income Investors	3
Index Investors	4

1	Day Traders
2	Swing Traders
3	Scalpers
4	Position Traders

Characteristics & Parameters Defining Traders & Investors

Trader	Parameter	Investor
Seek quick gains	Objective	Aim for wealth accumulation
Short-term	Investment Horizon	Long-term
Higher than investors	Risk Tolerance	Prefer stable growth
Constant market monitoring	Time Commitment	Less frequent adjustments
Technical analysis	Analysis Approach	Fundamental analysis

QUIZ TIME

Situation-01

- Rohit buys shares of a tech company, expecting to sell them within a week as he believes the stock will surge due to an upcoming product launch.
  Response: Rohit is acting as a Swing Trader because he is looking for short-term gains based on a specific event.

Situation-02

- Meena invests in a mutual fund that tracks the Nifty 50 and plans to hold it for 10 years to fund her child's education.
  Response: Meena is a Long-term Index Investor, focusing on market-average returns over time.

Situation-03

- Anil trades intraday, buying and selling stocks within the same day, aiming to profit from small price movements.
  Response: Anil is a Day Trader due to his intraday trading strategy.

QUIZ TIME

Situation-04

- Simran purchases shares of a pharmaceutical company undervalued due to temporary setbacks, planning to hold them until the company recovers.
  Response: Simran is a Value Investor, targeting stocks with strong fundamentals that are currently undervalued.

Situation-05

- Vikas invests in government bonds for steady income and plans to use the returns for his retirement.
  Response: Vikas is an Income Investor, focusing on regular income through interest payments.

An Introduction To Mutual Funds

A mutual fund pools money from many investors to invest in stocks, bonds, money-market instruments, other securities, or a combination of these

Registered with SEBI, mutual funds cater to different investor needs:

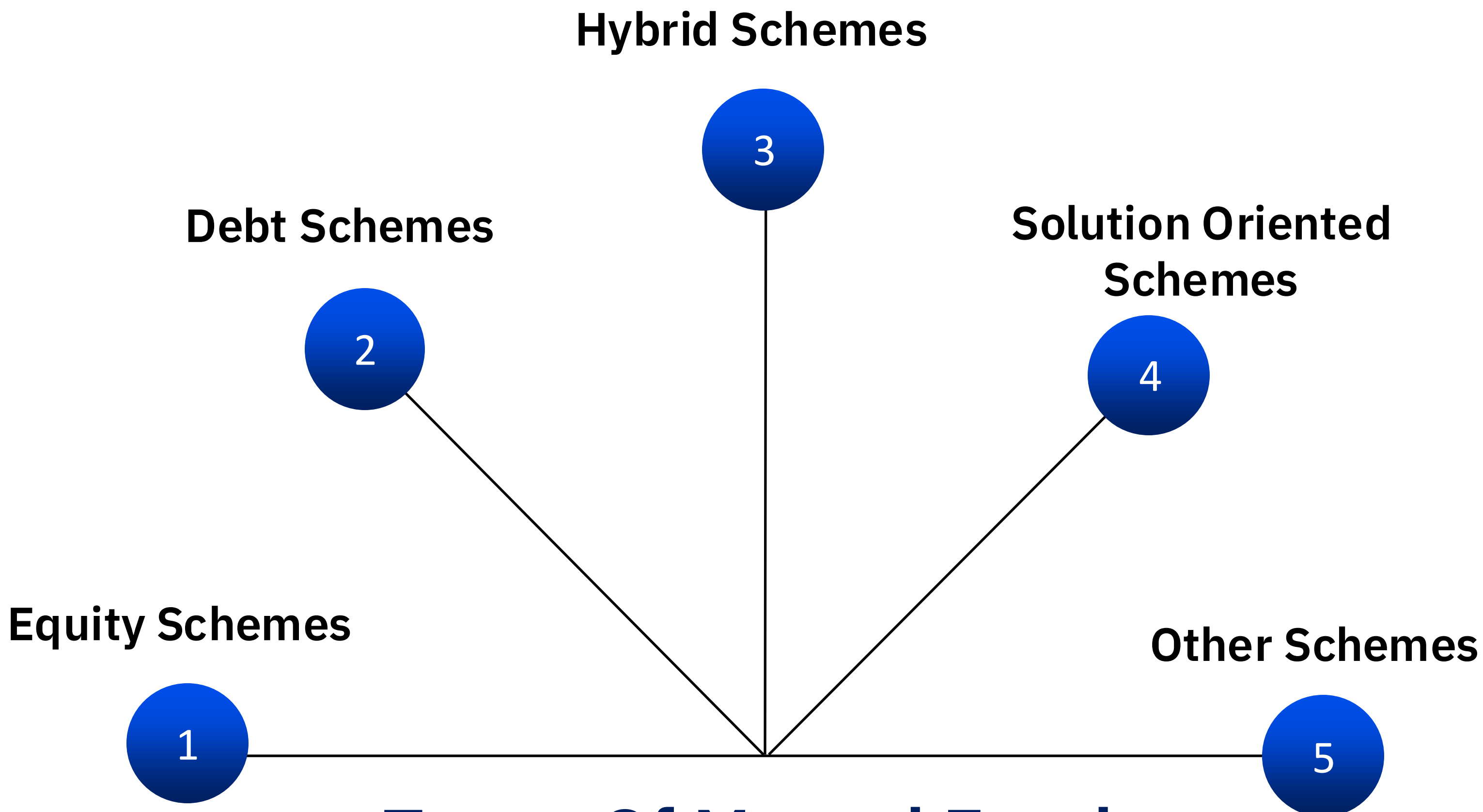
- Conservative Investors: Prefer low risk.
- Moderate Investors: Can tolerate some risk.
- Aggressive Investors: Seek higher returns with higher risk.

Advantages of Investing in Mutual Funds:

- Professional Management
- Diversification
- Affordability
- Liquidity
- Tax benefits
- Lower expenses
- Regulated

Index Fundex

- Tracks an index (e.g., Nifty 50, Sensex) and mirrors its performance.
- Low management costs, minimal active trading.
- Broad market exposure through one investment.
- Suitable for long-term, low-cost growth-focused investors.



Types Of Mutual Funds

How To Invest In Mutual Funds

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How To Invest In Mutual Funds

Lumpsum investment

A one-time lump sum investment that helps you seize market opportunities instantly

Systematic Investment Plans

Invest fixed amounts in a particular scheme regularly.

Systematic Withdrawal Plans

Withdraw fixed amounts in a particular scheme regularly.

Systematic Transfer Plans

Transfer fixed amounts from one scheme to another scheme, of the same fund house, regularly.

Exchange Traded Funds (ETFs)

- Definition: Track indices, commodities, or asset baskets.
- Objective: Mimic returns of a specific index (e.g., Nifty 50, Sensex 30), investing in securities in the same proportion as the index.

Compared to Mutual Funds, ETFs give you the following benefits:

- Higher Liquidity
- Lower fees
- Reflect performance of the underlying index

Risk/Return Trade-off By Mutual Fund Category

RISK meter

- Depicts risk levels of the Principal: Low, Low to Moderate, Moderate, Moderately High, High, Very High.
- Risk-o-meter is updated monthly and disclosed on fund and AMFI websites within 10 days of the close of each month.

IPOs: The Buzzword

The process by which a private company offers its shares to the public for the first time, transitioning into a publicly traded entity.

Purpose of IPOs:

- Raise capital for expansion and growth.
- Enhance company credibility and public image.
- Provide liquidity to early investors and employees.

Investor Opportunities:

- Access to early investment opportunities in companies.
- Diversification of investment portfolios.

Do's and Don'ts of Investing

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DO's

- Research the company, product, or fund before investing. Read the prospectus, financial statements, and market reviews.
- Verify the credentials of financial advisors and agents.
- Ensure the product is authorized by regulatory bodies like SEBI (Securities and Exchange Board of India).
- Diversify your portfolio across different asset classes to mitigate risks.
- Stay informed through reliable sources about market trends, economic news, and regulatory changes.
- Use official channels to invest.
- Be cautious with new opportunities; seek advice from trusted financial professionals if unsure.
- Regularly monitor your investments to ensure alignment with your financial goals. Adjust your investments based on performance and market conditions.

DON'Ts

- Don't build a copycat portfolio – your objectives may be different from your friend's.
- Avoid making investment decisions based on fear, greed, or social media hype. Rely on data and reasoning.
- Don't fall for get-rich-quick schemes (Ponzi schemes).
- Be skeptical of guarantees or unrealistic claims.
- Don't trust unverified advisors or influencers.
- Don't invest in unauthorized products.

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QUIZ TIME

Q1 Which of the following is a recommended practice when investing?

A. Invest without any research.
B. Diversify your investments to spread risk
C. Follow every tip from financial influencers without verification.
D. Invest all your money in one high-return scheme

Q2 Which of the following is a common mistake to avoid when investing?

A. Regularly reviewing your investment portfolio
B. Falling for schemes that promise extremely high returns with no risk.
C. Setting clear financial goals before investing.
D. Understanding your risk tolerance before making investments.

Demat & Trading account

A trading account is a platform that allows individuals to buy and sell financial securities like stocks and bonds, and it's necessary for executing trades in the financial markets.

Reduced risk

Cost-effective

Time-saving

Easy tracking

Can hold diverse investments

How to Open a Demat Account

Select a depository participant (DP)

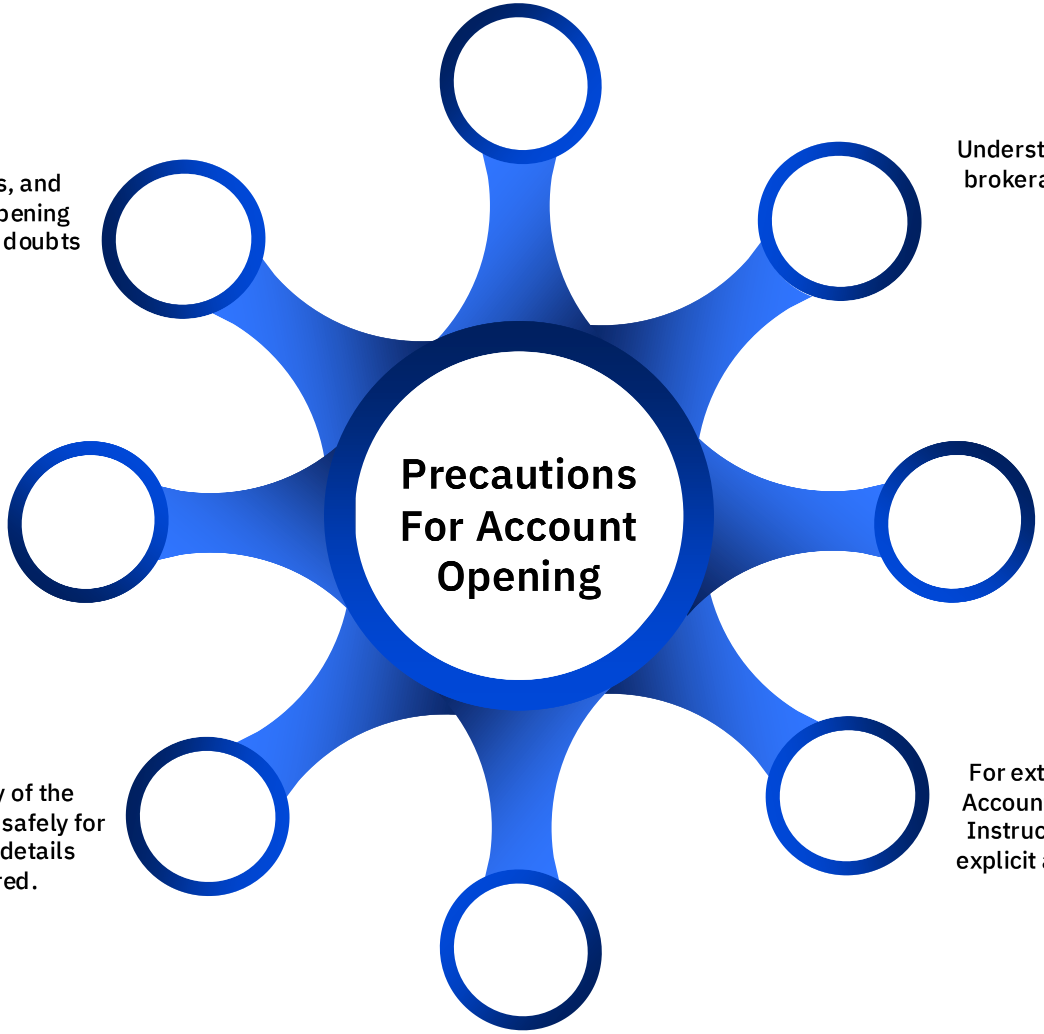
Submit an application form, PAN card, and other required documents

How to Open a Demat Account

Wait for the DP to verify your KYC information and approve your application

Receive an account number and password to access your Demat account

Precautions For Account Opening



Sign, and indicate trading segment preferences (e.g., Cash, F&O, Currency, Derivatives

Understand charges, fees, and brokerage applicable on your account.

Derivatives trading requires product understanding.

For extra facilities (e.g., Running Account, Demat Debit and Pledge Instruction (DDPI), etc.), provide explicit authorization to your stock broker.

Ensure your email ID and mobile number are correctly registered so that you receive all updates.

Always keep a copy of the account opening form safely for easy reference and details whenever required.

Make sure that all documents submitted at the time of account opening are correct, clear, and updated to avoid any verification or compliance issues.

Read all terms, conditions, and policies carefully before opening the account and clarify any doubts beforehand.

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Securities and Exchange Board of India (SEBI)

SEBI is the regulator for the securities market in India, established in 1992 to protect investors' interests.

Key Functions:

- Regulation
- Supervision
- Investor Protection
- Market Development

SEBI: https://www.sebi.gov.in/

- Ensures fair trading practices.
- Protects against fraudulent practices and scams.
- Provides guidelines for safe investing.

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Falling for “double returns” can double your loss. Follow only SEBI-registered advisors and pay via SEBI-verified UPI ID.

CLICK TO PLAY

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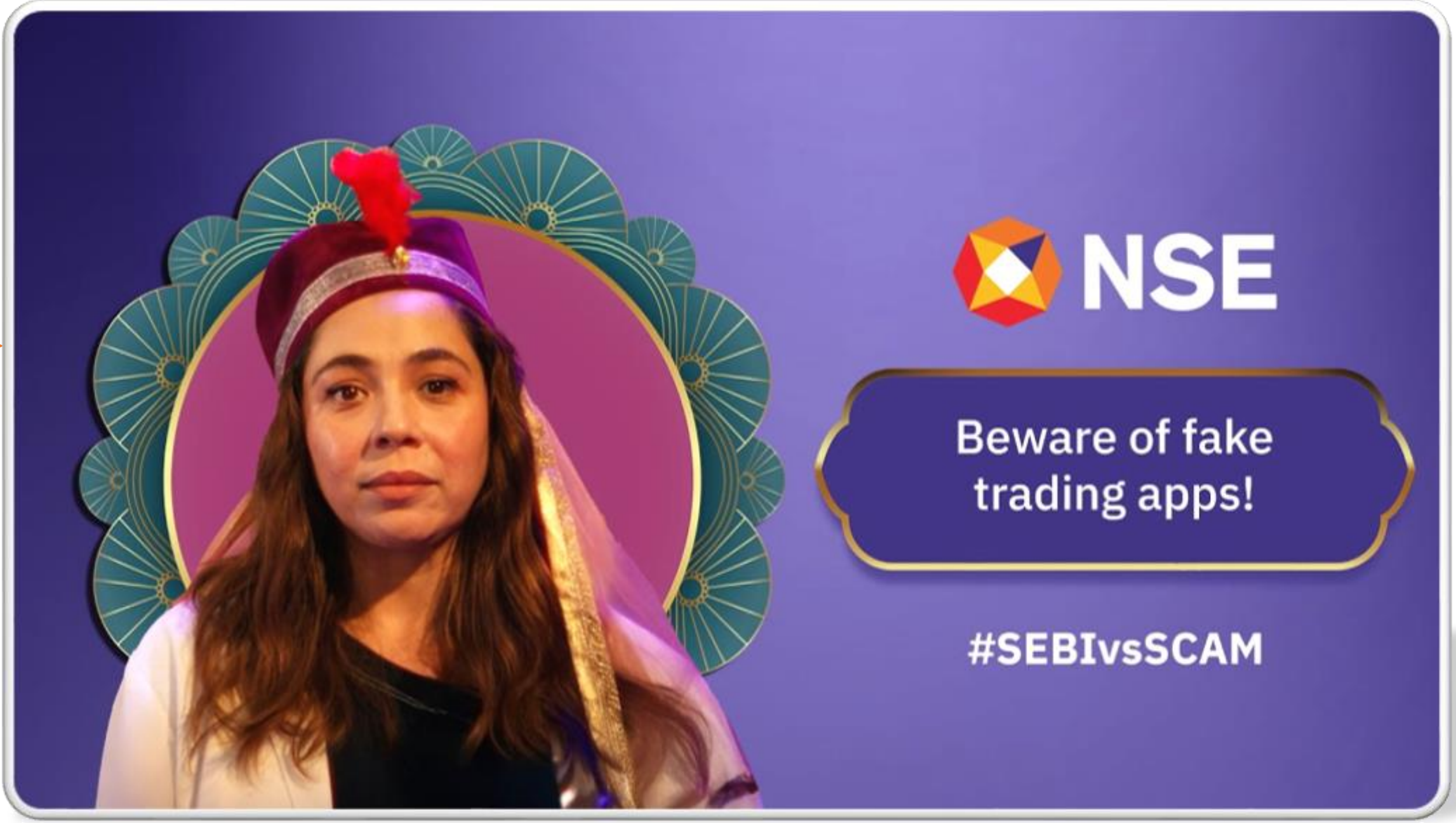
Fake apps may look real, but the risk is real too. Check SEBI's verified app list and download only those.

CLICK TO PLAY



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

CLICK TO PLAY

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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 are misleading individuals by claiming to offer them trading opportunities through FPI or 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.

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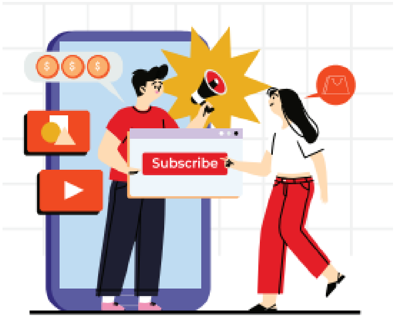
Here are 9 COMMON TACTICS SCAMMERS USE – Investors must be aware of

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 practices 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: 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.

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.

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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

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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


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
FREE
(Study Material and No Exam Fee)
Certificate
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
SCAN FOR REGISTRATION
+91 8080806476
certification@nism.ac.in

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Saa₹thi App

SEBI | Investor Awareness - Login and Registration

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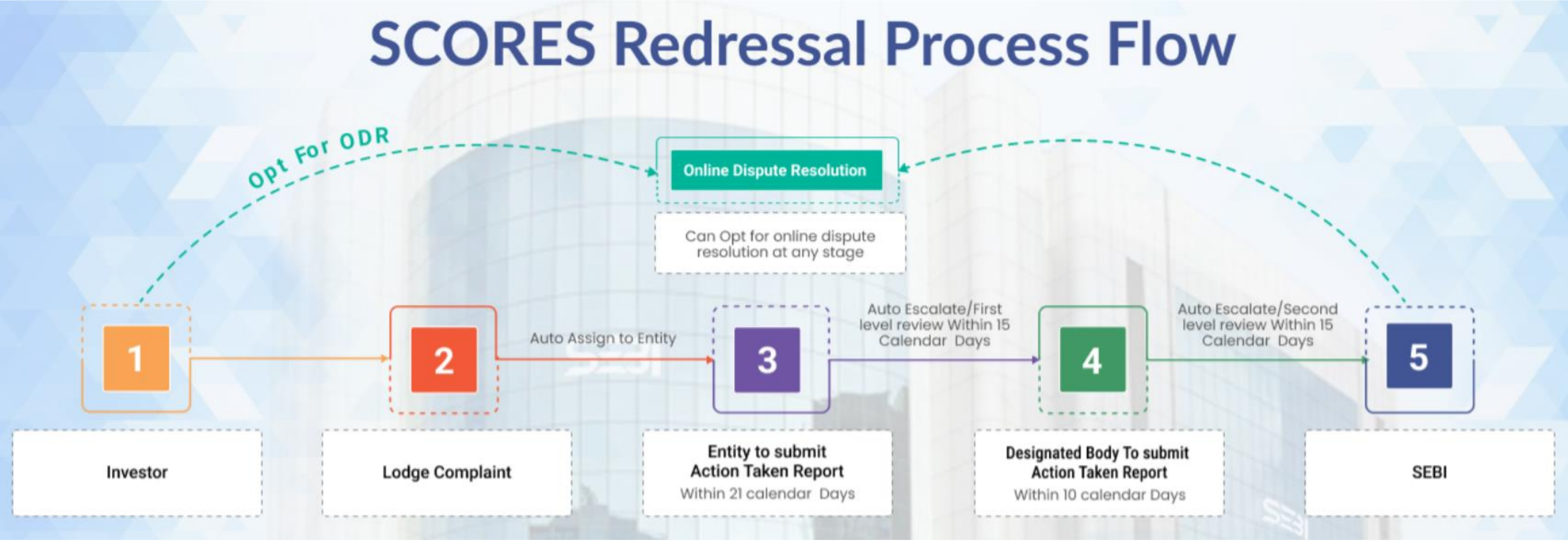
SCORES 2.0 - Online Grievance Redressal Facilitation Platform



ODR – ONLINE DISPUTE RESOLUTION

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.

1 **Register on SMART ODR Portal**

❖ Click on Create Account to register on the platform.

2 **FILE A NEW DISPUTE**

❖ Click on File a New Dispute to begin.

3 **Select Intermediary**

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

4 **Select Category**

❖ Select the relevant Categories for your dispute.

5 **Enter Dispute Details**

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

6 **Track Resolution Progress**

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

INVESTOR AWARENESS SERIES

INVESTING DEMYSTIFIED SERIES

PARSI CAFÉ SERIES

FATHER & SON SERIES

PODCAST – SHASHAKT NIVESHAK

MONEY MINDED MALINI

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We are also present on these platforms

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Follow us on your favorite social media channel to stay connected with important information related to the financial and capital markets.

Subscribe to our YouTube channel to get regular updates on the capital market.

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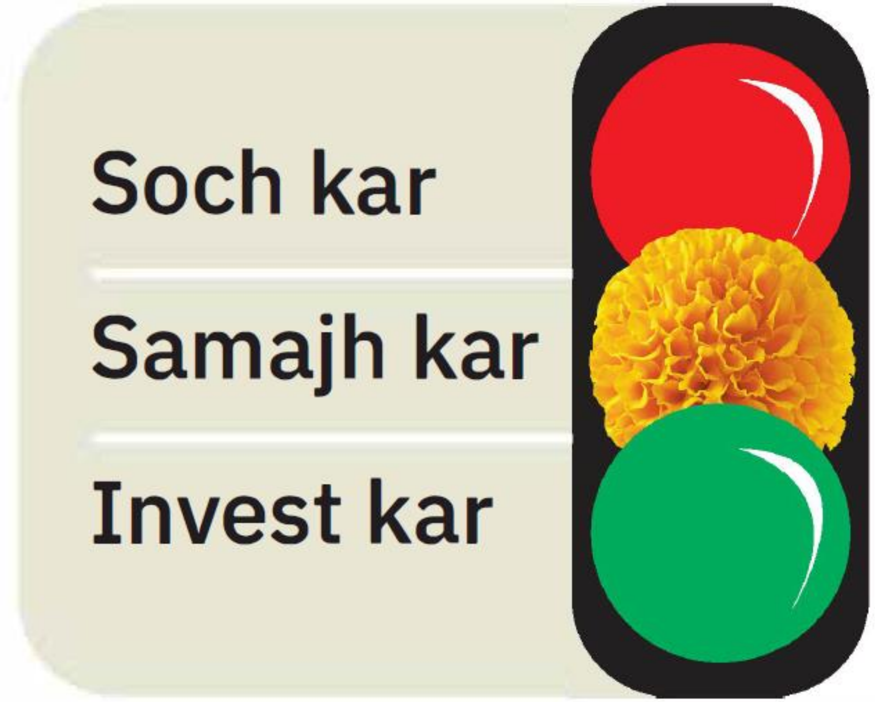
FEEDBACK

NSE Investor Awareness Program



Thank You !