

Annual Report

2012-13



NiSM

NATIONAL INSTITUTE OF SECURITIES MARKETS

(An Educational Initiative by SEBI)



NISM
BHAVAN

Preface

The National Institute of Securities Markets was established by the Securities and Exchange Board of India. It is a public trust registered under the Bombay Public Trusts Act, 1950. It is governed by its Memorandum of Association and Rules & Regulations.

The primary purpose of NISM is to enhance the quality of Indian securities markets through knowledge initiatives. NISM addresses a number of constituencies in the securities markets such as the investors, issuers, intermediaries, students who seek a career in the securities markets, regulatory staff and members of academia who wish to study the securities markets.

The target audience of NISM is diverse. Hence, NISM is required to approach each constituency differently in terms of the program/product design, delivery and pricing of its products. As the target group is large, it is not possible to reach all of them without active help from the players in the securities markets and without active collaboration with the larger educational system. NISM is also required to utilize a variety of delivery mechanisms to reach its educational initiatives to a wide segment of users in a cost effective manner.

Considering the limited resources at its disposal, and also the difficulty of pricing many of its products at full cost, NISM has been seeking to garner financial support from various entities that have abiding interest in making knowledge interventions in the securities markets.

This Annual Report states the activities of NISM undertaken during 2012-2013. During the year the emphasis was placed on wider geographical reach for Pocket Money Program to the Schools- Flagship Program initiated by SEBI for spreading Financial Literacy among school children, Certification Examination, spreading of Continuing Professional Educational Programs (CPE) to more cities with the help of network created by national level stock exchanges and other service providers, long duration educational programs for students and executive education.

During the year, considerable effort was directed towards infrastructure building, enhancement of staff strength, putting in place systems and processes and generally taking steps to steer the Institute from its formative phase. Further, NISM made steady progress according to the strategic direction given by the Board by adding to Securities Market quality through educational initiatives and engaging itself in teaching, research, certification and financial literacy.

BOARD OF GOVERNORS

(From 1st April, 2012 to 31st March, 2013)

MR. U. K. SINHA

Chairman, SEBI (Chairman, Board of Governors)

MR. RAJEEV KUMAR AGARWAL

Whole Time Member, SEBI

MR. PRASHANT SARAN¹

Whole Time Member, SEBI

DR. ANIL KHANDELWAL

Former Chairman of Bank of Baroda

MS. CHANDA KOCHHAR

Managing Director & Chief Executive Officer, ICICI Bank

MR. M. S. SAHOO

Secretary, The Institute of Company Secretaries of India

MR. UDAY KOTAK

Vice Chairman & Managing Director, Kotak Mahindra Bank Ltd.

MR. R. M. MALLA

Chairman & Managing Director, IDBI Bank Ltd.

DR. THOMAS MATHEW²

Joint Secretary (CM)

MR. ANUP WADHAWAN³

Joint Secretary (CM)

MR. P. K. NAGPAL⁴

Director, NISM and Executive Director, SEBI

MR. M. L. SONEJI⁵

Registrar and Officiating Director

1. With effect from 7th September, 2012
2. From 31st May 2012 to 3rd September 2012
3. With effect from 28th January 2013

4. Director-NISM from 6th July 2012 to 31st March 2013
5. Officiating Director up to 5th July 2012

ACADEMIC COUNCIL

(From 1st April, 2012 to 31st March, 2013)

DR. PRITAM SINGH

Director General,
International Management Institute (IMI),
New Delhi

PROF. R. VAIDYANATHAN

Professor of Finance
Indian Institute of Management, Bangalore

DR. SANJAY KALLAPUR

Senior - Associate Dean, Faculty and Research,
Indian School of Business,
Hyderabad

DR. AJAY SHAH

Professor,
National Institute of Public Finance and Policy,
New Delhi

DR. ANIL KHANDELWAL¹

Special Invitee

MR. P. K. NAGPAL²

Director, NISM

MR. M. L. SONEJI³

Registrar and Officiating Director

1. As a Chairman of the HR Committee.
2. From 6th July 2012.
3. Officiating Director up to 5th July 2012

REGISTRAR

Mr. G. P. GARG

Officer on Special Duty (OSD) from 9th July 2012
Registrar with effect from 21st July 2012

BOARD OF GOVERNORS

(As on 31st March, 2013)



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(Chairman, Board of Governors)



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Whole Time Member, SEBI



MR. PRASHANT SARAN
Whole Time Member, SEBI



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Secretary,
The Institute of Company
Secretaries of India



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Vice Chairman & Managing Director,
Kotak Mahindra Bank Ltd.



MR. R. M. MALLA
Chairman & Managing Director,
IDBI Bank Ltd.



MR. ANUP WADHAWAN
Joint Secretary (CM)



MR. P. K. NAGPAL
Director, NISM and
Executive Director, SEBI

INTRODUCTION

NISM is organized into six schools on the basis of customer segments. Line activities have been categorized into projects. Within each school, there are a number of individual projects. Similar projects have been placed under one group. There are 16 projects under 6 schools. These are as follows:

1 SCHOOL FOR INVESTOR EDUCATION AND FINANCIAL LITERACY (SIEFL)

- Pocket Money: Financial Literacy for School Students
- Capacity Building support to SEBI Financial Education Resource Person Programme
- Financial Literacy Quiz Programme
- Investor Education Programmes

2 SCHOOL FOR CORPORATE GOVERNANCE (SCG)

3 SCHOOL FOR SECURITIES EDUCATION (SSE)

- Post Graduate Programme in Securities Markets (PGPSM)
- Post Graduate Certificate in Securities Markets (PGCSM)
- Certificate in Financial Engineering and Risk Management (CFERM)
- Certificate in Securities Law (CSL)

4 SCHOOL FOR REGULATORY STUDIES AND SUPERVISION (SRSS)

- Executive education for officers of SEBI and market participants
- India Investment Conference - 2013

5 SCHOOL FOR SECURITIES INFORMATION AND RESEARCH (SSIR)

- Training
- Research Papers by NISM Team
- Project Research by NISM Team

6 SCHOOL FOR CERTIFICATION OF INTERMEDIARIES (SCI)

- Development and Administration of Mandatory and Non-Mandatory Certificate Examinations
- Development and Administration of Continuing Professional Education (CPE)
- Investors' Awareness Programs

ADMINISTRATION UPDATE & OTHER MATTERS

- Human Resource
- NISM Premises & update on Patalganga Project for New NISM Campus
- National Strategy for Financial Education Project (NSFE)
- E-learning Initiatives
- Initiatives on Information and Communication Technology (ICT)

The activity report below is presented for each school and within each school, for each project. Administration update and other matters are given thereafter.

The School for Investor Education & Financial Literacy has undertaken four important activities during the year viz.

- Pocket Money: Financial Literacy for School Students
- Capacity Building support to SEBI Financial Education Resource Person Programme
- Financial Literacy Quiz Programme
- Investor Education Programmes

Pocket Money : Financial Literacy for School Students

NISM has been reaching the students of various schools with its financial literacy program during the last two years. The strategy adopted in this regard was training the teachers and through the teachers implementing it to benefit the students of schools. During the year 2012-13, 25 teachers training programmes were conducted wherein 1180 teachers have been trained. A total of 150 schools have been covered to reach 5072 students.

Capacity Building Support to SEBI Financial Education Resource Persons Programme

During the year 2012-13, NISM has aggressively moved to empanel new resource persons for SEBI Financial Education. Two rounds of empanelment have been conducted, one in the first half of 2012-13 and another in the second half of 2012-13. The strategy followed during the year was to focus more on the unrepresented districts in the country, and as a result, resource persons were empanelled from the unrepresented districts.

In the first round, empanelment interview and workshops were conducted at Navi Mumbai, New Delhi, Chennai, and Kolkata and 244 Resource Persons were empanelled. In the second round, the programme was held at seven centres viz. Bangalore, Patna, Ahmedabad, Lucknow, Bhubaneshwar, Chandigarh and Guwahati.

The newly empanelled resource persons from various regions are furnished below:

Region	No. of Resource Persons empanelled	No. of uncovered districts covered
Western	134	37
Northern	149	50
Southern	173	48
Eastern	159	62
Total	615	197

All the 615 new Resource Persons empanelled were given four days class room training wherein the basics of financial education were taught. Sessions were handled on investment in securities markets, mutual funds, fixed income securities, banking, insurance, retirement planning, financial planning, communication skills etc. SEBI Modules on financial education on various target segments were discussed and debated. Mock presentations were held by the participants.

As a result of the focus on unrepresented districts, 197 new districts were covered during the year.

The state wise list of new resource persons empanelled during the year is furnished below:

Region	State	Round III	Round IV	Total	Of which coverage of unrepresented districts
Western	Maharashtra	21	18	39	7
	Rajasthan	11	19	30	8
	Gujarat	15	16	31	10
	Chhattisgarh	3	1	4	2
	Madhya Pradesh	9	16	25	10
	Goa		5	5	0
Northern	Delhi	12	9	21	4
	Haryana	11	13	24	9
	Punjab	5	7	12	8
	Uttar Pradesh	25	43	68	21
	Uttarakhand	3	11	14	3
	Himachal Pradesh		5	5	4
	Jammu & Kashmir		5	5	1
Southern	Tamilnadu	34	17	51	11
	Karnataka	18	19	37	16
	Kerala	23	10	33	5
	Andhra Pradesh	24	27	51	15
	Puducherry	1		1	1
Eastern	West Bengal	13	34	47	11
	Bihar	2	12	14	8
	Jharkhand	2	6	8	3
	Mizoram	3	2	5	1
	Odisha	4	36	40	17
	Assam	5	25	30	13
	Andaman & Nicobar Island		1	1	1
	Arunachal Pradesh		4	4	3
	Manipur		5	5	2
	Meghalaya		2	2	1
	Nagaland		3	3	2
Grand Total		244	371	615	197

During the year, NISM has organised two refresher workshops for the already empanelled Resource Persons. The programme held at New Delhi during April 28-29, 2012 was attended by 26 Resource Persons and the programme held during May 12-13, 2012 at Hyderabad was attended by 33 Resource Persons.

Financial Literacy Quiz Programme

NISM, through the School for Investor Education and Financial Literacy (SIEFL), has organised Financial Literacy Quiz for the schools in Mumbai. The Quiz programme was open to the students studying in class IX and X in any of the recognised schools in Mumbai. Two representatives from each school were invited for the preliminary round written quiz held on 5th January 2013 and eight school teams were selected for the semi final and final round. The semi final and final versions were held on 25th January 2013 in Navi Mumbai. Based on the semi final competition scores, four teams have been qualified to the Final Round.

Ragini Sreenath and Abhijat Singh of Delhi Public School, Nerul bagged the first prize of the Quiz programme receiving a cash prize of ₹ 30,000/- and trophy for the school. Jay Shukla and Abhinav Agarwal of Kendriya Vdyalaya, Panvel bagged the second prize of ₹ 20,000/- and trophy for the school. The third position went to Sulochana Devi Singhania School, Thane representing Ankit Upadhyay and Chinmay Mahatme receiving cash prize of ₹ 10,000/-.

The programme was inaugurated by Shri. Ashok Kumar Sharma IPS, Police Commissioner, Navi Mumbai who distributed prizes to the winners and trophies to the Schools. The programme was attended by teachers, parents and the public. The semi final and the final round quiz shows were telecast by Drishti Channel.

Investor Education Programmes

During the year, investor education programs were held for the benefit of to be retired employees of Rashtriya Chemicals & Fertilizers (RCF). Four programmes were held in Mahul Village, Mumbai, where in 155 employees participated. The various risks and rewards were highlighted to the participants to enable them to make sound investment decisions.

2

SCHOOL FOR CORPORATE GOVERNANCE (SCG)

SCG conducts workshops and round table conferences in matters pertaining to Corporate Governance and has undertaken many initiatives for capacity building in the corporate governance space. SCG's strategy in fostering good corporate governance is three-pronged:

- Generate a body of knowledge that is relevant and effective.
- Use the knowledge to inform the players about the principles/methods of good corporate governance.
- Take recourse to demonstration effect to convince the corporate sector about need for good governance.

3

SCHOOL FOR SECURITIES EDUCATION (SSE)

In 2012-13, the School for Securities Education (SSE) continued to strive towards fulfilling NISM's vision "To be a hub of knowledge initiatives for playing a strategic role in quality enhancement and capacity building, for transforming the securities markets in India and the Asia-Pacific Region."

NISM offered the following programmes during the year 2012-13:

Post Graduate Programme in Securities Markets (PGPSM)

Post Graduate Certificate in Securities Markets (PGCSM)

Certificate in Financial Engineering and Risk Management (CFERM)

Certificate in Securities Law (CSL)

In Academic Year 2012-13, the student strength of SSE touched the 85 mark, across PGPSM (25), PGCSM (20) and CFERM (31) and CSL (9).

The School successfully concluded Batch II (2011-12) of its One-year fulltime Post Graduate Programme in Securities Markets (**PGPSM**), with 27 out of 28 students joining the securities markets. From this Batch, students found employment in organizations such as AK Capital, Asit C Mehta, Bank of America, Care Ratings, Credit Suisse, ICRA Management Consultants, Irevna, JMN Investment Research, Markit, Nomura, SES Governance, SWIFT and TCS, to name a few. In Batch III (2012-13), 25 students were selected from an All-India pool of 408 candidates. They are currently undergoing classes of Term III. Campus interviews are in progress, with over 81 interviews being conducted. As on date, students have found employment with Darashaw, India Nivesh, HDFC Bank and LKP Finance, to name a few. Four students from Batch III have passed the CFA Level I examination held in December 2012 and two students have passed FRM Level I examination held in November 2012. NISM has launched the admission process for the fourth Batch IV. In addition to the NISM Online Admission Test, the selection basket has been enhanced by accepting test scores such as GMAT and XAT.

As per the MoU with ICICI Bank, the second batch of 20 students entered into the One-year fulltime Post Graduate Certificate in Securities Markets (**PGCSM**). The first batch is reported to have put in an outstanding performance upon joining the Risk and Treasury Department of ICICI Bank. The 20 students for Batch II were selected from an All-India pool of over 3,000 applications.

Students reverted with a consistently good feedback. NISM had guest faculty from leading organizations such as Edelweiss, IndiaFirst Life, ING, KBC Bank, Prabhudas Liladher, NSE, Principal Retirement Advisors etc. Senior Officers from SEBI also shared their expertise. During the year, pedagogical initiatives included Simulated Trading, Case Studies from Harvard and other resources, Reviews of Financial Books and Financial Films, exposure to Database Software such as CMIE Prowess, Bloomberg and Statistical Software such as SAS and WINRATS. The library added several new titles pertaining to regulation and financial markets, augmenting the impressive collection.

NISM successfully conducted Batch III for the Certificate in Financial Engineering & Risk Management (**CFERM**), with 22 students completing the programme. In Batch IV, 31 students are undergoing intensive education. CFERM is benchmarked with the best content and is listed in the International Association of Financial Engineers (IAFE) site. NISM works closely with IAFE in creating, maintaining and delivering quality content.

NISM launched Certificate in Securities Law (**CSL**) as a part-time programme for working executives, across 26 Saturdays, at Nariman Point. A total of six subjects are covered in two terms of three months each. The pilot batch, which commenced in December 2012 consists of 9 students, notably senior persons from BNP Paribas MF, CRISIL, DSP Blackrock, Edelweiss, and Ventura Securities, besides self-employed professionals are part of the class. NISM's policy research experience has considerably enhanced the content and delivery of CSL.

NISM had received recognition as a Research Centre for **PhD** studies, by the Symbiosis International University, Pune and a dialogue has been initiated with Goa University. The first PhD student in the thesis stage is expected to be on campus in Academic Year 2013-14.

The School for Regulatory Studies and Supervision has organised nine programs during the year 2012-13.

Executive education for officers of SEBI and market participants

Sr. No	Name of the Programme	Date and Place	Brief Particulars
01	Workshop on Crisis Prevention and Management in Securities Markets	April 21, 2012 at New Delhi	<p>Workshop was attended by senior officers from the Ministry of Finance, senior officers of SEBI, senior officers of exchanges, depositories, clearing corporations as well as academicians.</p> <p>Technical sessions were held on</p> <ul style="list-style-type: none"> ▪ Risk Management at Stock Exchanges and Depositories in India and International Best Practices ▪ Clearing and Settlement Systems: Issues & Way Forward ▪ Crisis Prevention and Management Framework (CPMF) for Securities Markets
02	Workshop on Securities Markets for Journalists	May 19, 2012 at New Delhi	<p>The theme of the workshop was "Reporting on Securities Markets - Issues and Challenges"</p> <p>The event had a panel discussion which included Mr. U. K. Sinha, Chairman, SEBI, Mr. Nitin Desai, Member, News Broadcasting Standards Authority (NBSA), Dr. Prannoy Roy, Chairman, NDTV, and Mr. Shekhar Gupta, Editor-in-Chief, Indian Express Group.</p> <p>The panel discussion was followed by a workshop which included six technical sessions on the workings of the securities markets.</p>
03	Workshop on Advanced Derivatives	September 24-25, 2012 at NISM Bhavan, Navi Mumbai	<p>The programme was organised for SEBI Officers in continuation of the Basic Derivatives Programme held in March 2012.</p> <p>The programme focussed on risk management and control at exchange derivatives.</p>
04	Leadership Development Programme for senior officers of SEBI in the cadre of Dy Gen Manager and General Manager	October 15-17, 2012 at Management Development Institute (MDI), Gurgaon	<p>The topics discussed in the two days programme were Strategic Planning & Implementation for Effective Goal Achievement, Leadership: Changing Paradigms, Outward-bound Experiential Learning, Effective Communication for Professional Excellence, Business Etiquettes, Emotional Intelligence for professional Excellence.</p>

05	Journalist Workshop	November 24, 2012 at Mumbai	<p>Securities and Exchange Board of India in association with NISM has organised Journalists Workshop.</p> <p>The theme of the conference was "Reporting on Securities Markets - Issues & Challenges".</p> <p>The programme commenced with a Panel Discussion moderated by Shri U K Sinha, Chairman, SEBI. The members of the panel were Shri Raghav Bahl, Group Editor, Network 18 and Shri Tamal Bandhyopadhyay, Dy Managing Editor, HT Media Ltd.</p> <p>Technical sessions covering topics relevant to Securities Markets were taken by senior SEBI officials.</p>
06	Workshop on Securities Market Regulations - An Anti Money Laundering Perspective	February 7-8, 2013 at NISM Bhavan, Navi Mumbai	<p>Forty two officers from Securities and Exchange Board of India and Enforcement Directorate attended the programme.</p> <p>The programme was inaugurated by Shri Sunil Sawhney, Special Director, Enforcement Directorate.</p> <p>The topics covered under various technical sessions were:</p> <ul style="list-style-type: none"> ▪ Securities Market - Introduction to FEMA/ PMLA ▪ Regulatory Environment in Securities Market ▪ Regulations under FEMA as relevant to securities market ▪ Foreign Investments by FIIs/QFIs ▪ AML and KYC Issues ▪ Trading Practices & Settlement ▪ Offences under section 12A of SEBI Act - A PMLA Perspective
07	People & Leadership Management Programme for senior executives of SEBI	February 26-27, 2013 at Indian School of Business, Hyderabad	<ul style="list-style-type: none"> ▪ Executive Directors and Chief General Managers of SEBI participated in the programme. ▪ The programme was inaugurated in the hands of Shri U K Sinha, Chairman, SEBI. ▪ The technical sessions were held on: <ul style="list-style-type: none"> a) Sustainable Leadership: Why leaders derail? Discussion was held on psychometric tools to understand one's leadership styles and identify areas to be improved. Five dimensions of exceptional leadership was discussed. b) Developing perspectives in Business/ Organisational Leadership c) Collaboration and Conflict Management

08	Workshop on Financial Market Regulations for IRS Officers	March 18-22, 2013 at Navi Mumbai	<p>The workshop was organized by NISM for the Indian Revenue Service Officers on the request from National Academy of Direct Taxes (NADT), Nagpur.</p> <p>The programme was attended by 115 officers from Indian Revenue Service.</p> <p>The technical sessions covered the following topics:</p> <ul style="list-style-type: none"> ▪ Securities Markets - An Overview' ▪ Regulatory Environment in Securities Market ▪ Trading Practices & Settlement ▪ Role of Intermediaries in Securities Markets ▪ AML and KYC Issues ▪ Regulatory Environment in Banking Market ▪ Risk Management in Securities Market ▪ Fixed Income Securities ▪ Banking Operations - An Overview ▪ Risk Management in Banking Operations <p>Exposure Visits were organised for the participants to SEBI, RBI, BSE, NSE and NSDL wherein the participants got exposed to the functioning of each organisation.</p>
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India Investment Conference 2013

- India Investment Conference was held on 11th January 2013 at Mumbai.
- The CFA Institute in collaboration with NISM has organised the Third India Investment Conference.
- The theme of the conference was **"India and the New Financial Order."**
- The event started with opening comments from John Rogers, CFA, President and CEO of CFA Institute and Sunil Singhania, CFA, President IAIP. This was followed by inaugural address by Prashant Saran, Whole Time Member of SEBI. The technical session speakers were Roger Urwin, CFA, Global Head of Content, Towers Watson, Satyajit Ray, Author & Consultant, S Das & Associates and Aswath Damodaran, Professor of Finance at Leonard N Stern School of Business, New York University.

5

SCHOOL FOR SECURITIES INFORMATION AND RESEARCH (SSIR)

Training

A two-day programme on Advanced Derivatives was conducted for 20 SEBI officers. This was a follow-up to an earlier programme held in March 2012. NISM designed and customized the programme, weaving it with insights from practitioners from rating agencies, stock exchanges, brokerage houses and consulting organizations. A book by derivatives expert Satyajit Das was a part of the course material. The programme was well received.

A five day programme was conducted for officers from Indian Revenue Service (IRS). A total of 115 officers were trained on various aspects of securities markets.

Research Papers by NISM Team

Research becomes a crucial ingredient in institutions offering post graduate education, knowledge dissemination is supported by knowledge creation. NISM faculty-members have been active in Research Papers and Project Research. Activities carried out during Academic Year 2012-13 are as under:

Research Papers

Research Paper / Lecture	Publication
Paper titled "Uses and Abuses of Credit Default Swaps in the Sub-prime Crisis Period - A Critique"	Published in the refereed journal International Research Journal, Insurance Markets and Companies: Analyses and Actuarial Computations (ISSN 2078-2454), from Ukraine, Europe, in the June 2012 issue. This was after a double-blind review process.
A paper "Government Securities Auctions in India - A Study on the Price Discovery Process"	Published in the International Economics and Finance Journal (IEFJ), a peer-reviewed publication, Peking University, in the July-December 2012 issue. The publication is listed in EconLit by the American Economic Association.
Paper "Indian Corporate Bond Market - An Issuer's Perspective"	Published in the International Economics and Finance Journal (IEFJ), a peer-reviewed publication, Peking University, in the July-December 2012 issue. The publication is listed in EconLit by the American Economic Association
Paper titled 'Indian Corporate Bond Primary Market: A Statistical Outline of Q1-Q3 FY12-13'	Published the Institute of Cost Accountants of India in their Annual Review of the Indian Economy-2012.
A lecture on "Monte Carlo Method on Exotic Options"	Presented in the Annual Conference of SOFIE (Society of Financial Econometrics) and delivered at the Oxford-Man Institute of Quantitative Finance, in June 2012.
A paper titled 'Factors Affecting the SMILE Effect and Implied Volatility in the Context of Option Pricing Models'	Presented at the Actuarial & Financial Mathematics Conference, February 2013 at Brussels, Belgium held at the Royal Flemish Academy of Belgium for Science & Arts.
A paper 'Affine and Modular Option Pricing: An Integration of Stochastic Factors Affecting Option Prices'	Presented at the International Mathematical Finance Conference in March 2013, Bradley University, Miami, USA.

A paper titled "Clearing and Settlement in India - the Way Forward"	Presented at the Round Table on Clearing and Settlement Systems in India, organized by IGIDR Finance Research Group in September 2012
Paper titled "Comparative Advantage or Competition - What Drives Mergers & Acquisition?"	A paper accepted for presentation at European Economic & Finance Society (EEFS) Conference at Istanbul, Turkey, in June 2012
Paper titled "Do Poor Quality of Institutions Attract Mergers & Acquisitions"	Submitted for publication in Indian Macro-Economic Annual, on August 14, 2012.
Paper titled, 'Order Imbalance and Returns: Evidence from India'	Paper is accepted for publication in International Journal of Managerial Finance (ISSN: 1743-9132)
A paper titled 'Measuring Attitudes to Risk: The Bounded Rationality Approach'	Presented at the Society for Behavioural Economics (SEBE) Conference, Granada-Spain in July 2012.
Paper 'Measuring Attitudes to Risk: A Satisficing Approach'	Presented at the Annual Conference by the Academy of Behavioral Finance (AOBF), USA, in November 2012. <ul style="list-style-type: none"> ▪ The paper is also accepted for publication in the Journal of Behavioural Finance & Economics (Library of Congress ISSN 1551-9570). ▪ Won the Best Paper Award in the PhD student section.
A paper on Forensic Accounting titled 'Anomalies in Reported Income Numbers: Evidence from Indian Companies'	A paper was accepted at the International Risk Management Conference to be held at Copenhagen School of Business in June 2013.

Project Research by NISM Team

In order to influence policy and practice, NISM faculties are engaged in the following research projects:

- Completed Phase II of the SEBI Project "Identifying Colluding Groups in Market, Using Trade Log". Faculty working with NISM has been selected to the PhD programme at Tata Institute of Fundamental Research (TIFR) w.e.f. August 2012.
- Quarterly Performance Review of the top 100 companies in India (Q1 2012-13). This is the first in a series of continuous studies each quarter.
- Quality of Disclosures by Merchant Bankers. This is a study on 200 Merchant Bankers. In the first phase, NISM research team has identified the Merchant Bankers who have not submitted the requisite information through their websites. Phase I of this study, covering IPOs in calendar year 2010, has been completed.
- The NISM academic team were engaged as researchers for the Financial Sector Legislative Reforms Commission (FSLRC). NISM and its team-members have an honorable mention in the Report dated March 2013.

NISM actively engaged with the securities markets participants by organizing various conferences. The 3rd India Securitization Summit, a Round Table on IPOs and a Round Table on Corporate Bonds were three major events conducted during the year.

Development and Administration of Mandatory and Non-Mandatory Certification Examinations

NISM launched the following mandatory certification examinations in the financial year 2012-13. These are:

- NISM-Series-I : Currency Derivatives Certification Examination (Hindi)
- NISM-Series-I : Currency Derivatives Certification Examination (Gujarati)
- NISM-Series-III-A : Securities Intermediaries Compliance (Non-Fund) Certification Examination
- NISM-Series-V-B : Mutual Fund Foundation Certification Examination
- NISM-Series-VIII : Equity Derivatives Certification Examination

NISM has also launched the following voluntary certification examinations

- NISM-Series-XII : Securities Markets Foundation Certification Examination (Voluntary)
- NISM-Series-V-C : Mutual Fund Distributors (Level 2) Certification Examination (Voluntary)

NISM has also launched the following certification examinations on a voluntary basis and is awaiting regulatory approval to make these examinations mandatory for certain segments/ associated persons of the securities market:

- NISM-Series IX : Merchant Banking Certification Examination, and
- NISM-Series-XI : Equity Sales Certification Examination

As a part of its periodic examination review, NISM launched revised exams for the following certification examinations in the financial year 2012-13. These are:

- NISM Series-II-B : Registrars to an Issue and Share Transfer Agents (Mutual Funds) Certification Examination
- NISM Series-V-A : Mutual Fund Distributors Certification Examination, and
- NISM-Series-VII : Securities Operations and Risk Management Certification Examination

NISM is further, currently developing various certification examinations for market intermediaries which are in different stages of development. These include:

- NISM Series X-A Investment Advisers (Level 1) Certification Examination *
- Certification Examination for Sales function across market intermediaries
- Certification Examination for Compliance for Issuers

(*) Since launched on 3rd June, 2013

Administration of Certification Examination:

The data relating to certification examinations conducted by NISM, NSE, BSE and MCX-SX from April 02, 2012 to March 31, 2013.

Sr No.	NISM EXAMINATION (Mandatory)	Total Candidates Enrolled	Total Candidates Appeared	Total Candidates Passed
01	Currency Derivatives (Launched on 15/05/2009)	12805	11577	4892
02	Currency Derivatives - Gujarati (Launched on 01/11/2012)	6	6	2
03	Currency Derivatives - Hindi (Launched on 01/11/2012)	21	20	2
04	RTA - Corporate (Launched on 03/08/2009)	598	591	404
05	RTA - Mutual Fund (Launched on 03/08/2009)	1151	1096	645
06	Securities Intermediaries Compliance (Non-Fund) (Launched on 28/01/2013)	31	15	15
07	Interest Rate Derivatives (Launched on 17/05/2010)	168	111	19
08	Mutual Fund Distributors (Launched on 01/06/2010)	45190	41519	20480
09	Mutual Fund Distributors - Gujarati (Launched on 01/06/2010)	270	246	32
10	Mutual Fund Distributors - Hindi (Launched on 01/06/2010)	489	423	62
11	Mutual Fund Foundation (Launched on 14/01/2013)	59	39	36
12	Depositories Operations (Launched on 21/02/2011)	20382	18669	10490
13	Securities Operations and Risk Management (Launched on 22/11/2010)	10793	10219	7891
14	Equity Derivatives (Launched on 08/10/2012)	4851	4454	2648
15	Merchant Banking (Launched on 21/03/2013)	2	1	1
16	Equity Sales Certification Examination (Launched on 07/03/2013)	0	0	0
17	Securities Markets Foundation (Launched on 21/03/2013)	2	1	1
Total		96818	88987	47620

Sr No.	NISM EXAMINATION (Non-Mandatory)	Total Candidates Enrolled	Total Candidates Appeared	Total Candidates Passed
01	Certified Personal Financial Advisor (CPFA)	1297	1212	685

1. Tripartite Agreement was entered into on 4th March 2013 among NISM, State Bank of India (SBI) and SBI Fund Management Private Ltd. (SBIFMPL) to conduct NISM certification examinations at selected SBI Learning Centers (SBLCs) by using its infrastructure under NISM invigilation.
2. NISM introduced the practice of providing copies of Examination Workbook to candidates who have enrolled for the examination and certificates to candidates who have passed the examinations through electronic mode in PDF format as an e-mail attachment.
3. During the year new examination centers were opened up for NISM certification examinations by NSE-iT and examinations are now available at 170 centers which includes 65 new locations besides examination centers of BSE, MCX-SX and NISM test centers at Vashi, Nariman Point and Chennai.

Development & Administration of Continuing Professional Education (CPE)

NISM launched the following two-day CPE Programs which are available for the following certification examinations:

- NISM Series-I : Currency Derivatives Certification Examination
- NISM Series-II-A : Registrars and Transfer Agents (Corporate) Certification Examination
- NISM Series-II-B : Registrars and Transfer Agents (Mutual Fund) Certification Examination
- NISM Series-V-A : Mutual Funds Distributors Certification Examination
- NISM-Series-V-B : Mutual Fund Foundation Certification Examination
- NISM Series-VI : Depository Operations Certification Examination
- NISM-Series-VII : Securities Operations and Risk Management Certification Examination

NISM is currently developing the following CPE Programs which are in different stages of development:

- NISM-Series-III-A : Securities Intermediaries Compliance (Non-Fund) Certification Examination
- NISM-Series-IV : Interest Rate Derivatives Certification Examination
- NISM-Series-VIII : Equity Derivatives Certification Examination*

(*) Since launched on 16th June 2013.

Administration of Continuing Professional Education (CPE)

From 1st June 2012, CPE programmes are being offered for two days duration instead of earlier one day duration. CPE for Mutual Fund Foundation is being offered for one day duration.

During the year, NISM along with CPE Providers conducted 443 CPE programs across different segments like Mutual Fund Distributors, Currency Derivatives, Depository Operations, RTA-Corporate and Mutual Fund Foundation. In all 18,081 number of participants attended CPE Programs.

Sr No.	CPE Segment	Number of participants
01	Mutual fund Distribution	14,667
02	Currency Derivatives	2,194
03	RTA - Corporate	137
04	RTA - Mutual Funds	-
05	Depositories Operations	227
06	Securities Operations and Risk Management	-
07	Mutual Fund Foundation	856

During the year 443 CPE programs were conducted across the country at 84 locations. Out of these, 272 programs were conducted at non metro locations. 45 new locations were added during the year for conducting CPE programs.

Sr No.	CPE Segment	Number of CPE Programmes
01	Mutual fund Distribution	328
02	Currency Derivatives	77
03	RTA - Corporate	4
04	RTA - Mutual Funds	-
05	Depositories Operations	15
06	Securities Operations and Risk Management	-
07	Mutual Fund Foundation	19

NISM accredited four CPE Providers viz. Center for Investment Education Pvt. Ltd., National Stock Exchange of India Ltd., National Securities Depository Ltd. and Financial Technology Knowledge Management Company in the 1st and 2nd round of CPE Providers accreditation. NISM has shortlisted three more CPE Providers in the 3rd round of CPE Providers accreditation. The process of their final accreditation will be completed soon.

NISM undertook an exercise to increase number of CPE trainers. Accordingly, 119 new CPE trainers were added during the year.

NISM is making progress in offering CPE programmes on e-learning platform.

Investors' Awareness Programs

In order to create awareness about the activities of NISM and its Test Centers for Certification Examinations, following programmes were conducted during the year :

Theme of the Programme: HOW TO PREVENT AND RESOLVE DISPUTE IN SECURITIES MARKETS

Speakers:

Mr. Chandrakant Kamdar, Hon. Secretary CI Arb (India)
Chartered Arbitrator & Fellow CI Arb, (U.K.)
Certified Fraud Examiner (USA)

Venue: NISM Test Centre at Mittal Court, Nariman Point

Date: Friday, 6th July 2012

Theme of the Program: LAUNCH OF EQUITY DERIVATIVES EXAMINATION AND INTRODUCING COURSE ON SECURITIES LAW

Speakers:

Mr. B. Renganathan, SVP, Edelweiss Capital
Prof. Chirag Shah, Industry Expert

Venue: NISM Test Centre at Mittal Court, Nariman Point

Date: Friday, 19th October 2012

ADMINISTRATION UPDATE AND OTHER MATTERS

Human Resource

The staff strength of 43 as at the end of 31/3/2012 on the payroll of NISM has increased to 46 as at the end of 31/03/2013 to ensure availability of manpower with requisite skill to meet the needs emanating from new initiatives and scaling up of the activities of the Institute.

Following are the highlights of HR activities conducted during the period 2012-2013:

Workshop on Communication Skills

A two day workshop on "Written Communication Skills in English" was organized on the 30th and 31st July 2012 at NISM Bhavan. Fifteen NISM Officials attended the same.

MS Project professional Training

NISM is embarking on various projects and most of the projects are time bound and need to be completed in strict timelines. It was proposed to use the tool MS project 2010 in order to facilitate management of projects and to allocate resources and costs in optimal manner. Training on MS Project 2010 was imparted to Fourteen Officials from various departments.

Biometric Attendance System

Additional biometric attendance system were installed at Chennai test centre and Mittal court test centre of NISM to facilitate officials of NISM to record their attendance and to monitor date centrally from Vashi.

Group Mediclaim Policy

As per HR Committee recommendation facility of Group Mediclaim to employees was introduced at NISM in May 2012. Insurance Policy for the same has been purchased from National Insurance Company Limited through M/s.VIG India Insurance Brokers Pvt Ltd. The same is being renewed from time to time.

NISM Premises & Update on Patalganga Project for New NISM Campus

NISM Premises

- Commenced on-line testing facility and launched its own testing centers at Anna Salai, Chennai.

Patalganga Project

An Agreement to Lease was executed by NISM with MIDC for Plot No. IS-1 and IS-2 admeasuring 2,49,686 sq. meters and Plot No. IS-4 admeasuring 39,005 sq. meters in Patalganga Industrial area District - Raigad for construction of NISM campus.

National Strategy for Financial Education Project (NSFE)

To strengthen and institutionalize the mechanism for maintaining financial stability and enhancing inter-regulatory coordination, an apex-level Financial Stability and Development Council (FSDC) was set-up in 2010 by the Government of India.

A Technical Group was set up by the sub-committee of FSDC on Financial Inclusion and Financial Literacy. The technical Group drafted the National Strategy for Financial Education (NSFE).

National Centre for Financial Education (NCFE) under National Institute of Securities Markets (NISM) has been given the responsibility of implementing the National Strategy. The activities envisaged are:

- Maintenance of Financial Education website
- Development of content for all regulators
- Research
- Data collection and monitoring of Financial Education programmes across the country

E-learning Initiatives

National Institute of Securities Markets (NISM) believes that technology enabled learning can play a valuable role in its educational, training and literacy initiatives. Drawing from NISM's existing experience as trainers of securities markets professionals, self study courseware is being developed that can provide high quality, engaging, online learning experience, covering a wide variety of topics.

Currently, NISM is developing content for Mutual Fund Distributors (MFD module) as part of our Continuing Professional Education (CPE) initiative. This will be delivered off a customized Learning management system. This course will use a combination of text, image, audio, animation, interactive exercises and assessments to achieve a learning experience that takes advantage of opportunities inherent in online learning.

In future, NISM plans to deliver E-learning courses, covering wide variety of topics in the securities markets, as part of its various initiatives both in the synchronous and asynchronous mode

Initiatives on Information and Communication Technology (ICT)

Skills Registry

A web based application was developed and successfully launched on the institute's website to facilitate the stake holders in the capital market using NISM certification for various purposes like offering employment, permitting business licence etc. NISM introduced the Skills Registry portal wherein the stake holders after registration can verify the authenticity of NISM certificates obtained by candidates after passing examination/undergoing CPE programme. The application provides access to the current and past NISM certificates held by any candidate.

Email Interface for "Online Registration, Enrollment and Testing System (ORETS)"

An email interface was developed and successfully interfaced with the current "Online Registration, Enrollment and Testing System (ORETS)". This interface automatically emails workbooks to candidates enrolled for any certification program. It also emails certificates to the successful candidates. The institute is making significant cost savings through this initiative by eliminating paper based workbooks and certificates.

Balance Sheet as at 31st March 2013

FY 2011-12	PROPERTY AND ASSETS	₹	FY 2012-13
₹			₹
	Immovable Properties: (At Cost)		
130,691,927	Balance as per last Balance Sheet	135,249,758	
	Additions during the year	69,437,014	
	Less: Sales during the year		
	Depreciation up to date	27,191,143	177,495,629
13,085,237	Furniture & Fixtures		
	Balance as per last Balance Sheet	14,703,996	
	Additions during the year	16,757,864	
	Less: Sales during the year		
	Depreciation up to date	4,176,942	27,284,919
7,991,226	Office Equipment & Computers		
	Balance as per last Balance Sheet	17,648,755	
	Additions during the year	13,429,223	
	Less: Sales during the year		
	Depreciation up to date	16,543,872	14,534,106
209,629	Library Books		
	Balance as per last Balance Sheet	441,516	
	Additions during the year	86,626	
	Less: Sales during the year		
	Depreciation up to date	406,047	122,096
1,347,593,124	Investments: Fixed Deposits		1,212,685,308
	Loans (Secured or Unsecured): Good / doubtful		
	Loans Scholarships		
	Other Loans		
	Advances		
	To Trustees		
	To Employees		
	To Contractors		
	To Lawyers		
	To Others: Service Tax Receivable		
4,766,893	Others	5,097,693	
23,591,614	Sundry Debtors	40,338,617	
2,073,690	Prepaid Expenses	2,658,742	
4,871,037	T.D.S. Receivable	3,212,497	
	To Others: For Purchase of Building		
79,445,600	To Others: For Purchase of Land (P)	87,956,287	
2,476,711	To Others: For Campus Construction (P)	106,867,277	
426,861	To Others: Compound Wall Construction (P)		
7,952,760	To Others: NISM Bhavan (WIP)	655,657	
223,736	To Others: Chennai Overseas Tower (WIP)		
79,643,000	To Others: Deposit for Wall Construction (P)	75,079,636	321,866,406
	*Income Outstanding		
39,010,952	Interest Receivable		39,671,046
118,583	(a) In Current Account with Banks	39,542,328	
	(b) With the Trustees Cash Balance		
	(c) With the Manager		39,542,328
	Income and Expenditure Account:		
	Balance as per Balance Sheet		
	Less: Appropriation, if any		
	Add: Deficit as per Income and		
	Less: Surplus Expenditure Account		
1,744,172,581	Total		1,833,201,838

The above Balance Sheet to the best of my/our belief contains a true account of the Funds and Liabilities and of the Property and Assets of the Trust.

Income and Expenditure Account for the year ending 31st March 2013

FY 2011-12	EXPENDITURE	FY 2012-13
₹		₹
22,597,799	To Expenditure in respect of properties	24,702,326
7,988,607	To Establishment Expenses	11,583,546
	To Remuneration to Trustees	
	To Remuneration (in the case of a math) to the head of the math including his household expenditure, if any	
211,569	To Legal Expenses	4,885
82,725	To Audit fees	75,000
273,175	To Professional Fees	240,000
	To Contribution and Fees	
	To Amount written off	
	(a) Bad Debts	
	(b) Loan Scholarship	
	(c) Irrecoverable Rents	
	(d) Other Items	
29,922	To Miscellaneous Expenses	
11,624,823	To Depreciation	32,251,998
	To Amount transferred to Reserve or Specific Funds	
	To Expenditure on Objects of the Trust	
	(a) Religious	
139,994,483	(b) Educational	188,433,256
	(c) Medical Relief	
	(d) Relief of Poverty	
	(e) Other Charitable Objects	
66,670,542	To Surplus carried over to Balance Sheet	76,706,461
249,473,645	Total	333,997,471

As per our report of even date.

Kochar & Associates
Chartered Accountants
Regn. No. 105256W

Yagnesh Dalal
Membership No. 035619

Place : Mumbai
Date: 27th June 2013

***Income Outstanding:**

(If accounts are kept on cash basis)

Rent:

Interest:

Other Income:

TOTAL ₹:

Income and Expenditure Account for the year ending 31st March 2013

FY 2011-12	INCOME		FY 2012-13
₹			₹
		accrued *	
1,245,089	By Rent	realised	456,461
		accrued * (estimate)	
	By Interest	realised	
		On Securities:	
126,412,666		On Fixed Deposit	136,498,054
127,642		On Bank Account	194,950
	By Dividend		
	By Donations in Cash or Kind		
	By Grants		
	By Income From Other Sources		
120,824,777		By Income from Schools	196,018,291
		By Income from Other Sources (AIG)	
		By Balance written off	
265,552		By Interest on TDS Refund	306,307
597,919		By Miscellaneous Income	523,409
	By Transfer from Reserve		
	By Deficit carried over to Balance Sheet		
249,473,645	Total		333,997,471

The above Income & Expenditure Account to the best of my/our belief contains a true account of the Funds and Liabilities and of the Property and Assets of the Trust.

Place : Mumbai
Date: 27th June 2013

G P GARG
Registrar

SANDIP GHOSE
Trustee

U K SINHA
Chairman

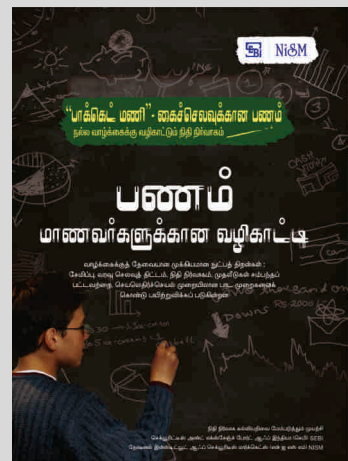
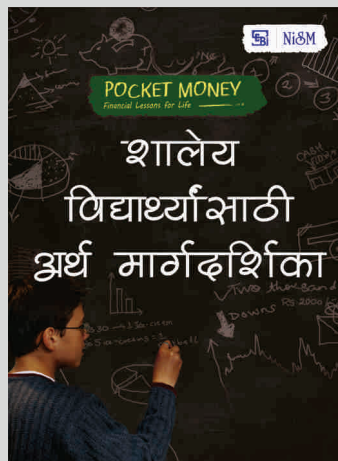
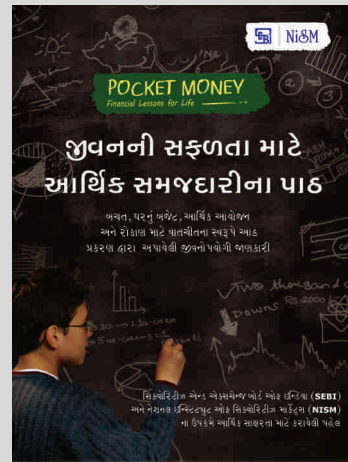
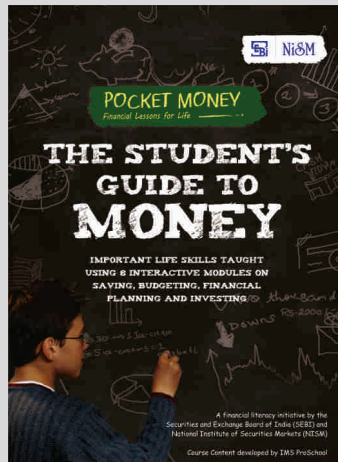
Comparative Analysis of Activities for FY 2011-12 and FY 2012-13

Sr. No.	Name of School / Department	Nature of Activity	Financial Year 2011-12	Financial Year 2012-13
01	SCI Development	No. of exams available	10	15
		No. of exams developed and launched during the year	4	5
	SCI Test Administration	No. of candidates enrolled	81044	98115
		No. of candidates appeared	75717	90199
		No. of test centers available Pan India	105	170
	SCI CPE Administration	No. of CPE providers	4	7
		No. of CPE modules available in lieu of certification examination	4	7
		No. of new CPE programmes developed	4	3
		No. of participants in CPE programmes	7909	18081
		No. of locations where CPE programmes are available	39	84
02	SSE	No. of students under PGPSM	28	25
		No. of students under PGCSM	21	20
		No. of students under CFERM	36	31
		No. of students under CSL	-	9
03	SSIR	No. of research paper published	4	3
		No. of project research	1	4
		No of conferences attended to present research	8	7
04	SIEFL	No. of schools covered for pocket money programme	360	150
		No. of teachers trained for pocket money programme	631	1180
		No. of SEBI Resource person empanelled	168	615
		No. of new districts covered		197
05	SRSS	No of programs conducted for SEBI	6	5
		Other programmes		5 (2 programs common)
		India Investment Conference (CFA Conference) - No of participants	400	412

A Financial Literacy Initiative by SEBI and NISM

POCKET MONEY

Financial Lessons for Life





NiSM

NATIONAL INSTITUTE OF SECURITIES MARKETS

(An Educational Initiative by SEBI)

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