Guide to the

Securities Market and Safe Investing

भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

NSE | MSE METROPOLITAN STOCK EXCHANGE | BSE | NSDL | CDSL

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Note for Reader:

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This booklet is aimed at providing you in brief, basic information about the securities market. In case of further queries, you may visit the websites of SEBI, BSE, NSE, MSEI, NSDL and CDSL for online material.

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भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

NSE

BSE
The Power of Vibrance

MSE
METROPOLITAN STOCK EXCHANGE

NSDL
Technology, Trust & Reach

CDSL
Convenient • Dependable • Secure

Greetings and Namaste...

Are you an investor who wants to invest in the shares of a company and in Mutual Funds in the securities market?

You may like to understand the basics of investing in the securities market.

This booklet does not serve as a guide for any specific investment, but it gives basic information about the securities market. This booklet is not regarding investments in entities under the framework of other Regulators such as Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI), Pension Fund Regulatory and Development Authority (PFRDA), Ministry of Corporate Affairs (MCA), etc.

1.1

Regulatory Framework for the Securities Market

The regulation of buying, selling and dealing in securities such as shares of a company, units of mutual funds, Derivatives, etc. and stock exchanges, commodity derivative exchanges and depositories come within the purview of the Securities and Exchange Board of India (SEBI) in terms of the SEBI Act, 1992 and various SEBI regulations /circulars /guidelines /directives.

SEBI was established on April 12, 1992 in accordance with the provisions of the SEBI Act. The mandate of SEBI is to protect the interests of investors in securities and to promote the development of, and regulate the securities market for matters connected therewith or incidental thereto.

At present, the four main legislations governing "the securities market" are:

A. The SEBI Act, 1992, which empowers SEBI with statutory powers for (i) protecting the interests of investors in securities, (ii) promoting development of the securities market, and (iii) regulating the securities market.

B. The Companies Act, 2013, which provides regulations for issuance, allotment and transfer of securities, and related matters in public issues of securities;

C. The Securities Contracts (Regulation) Act, 1956, which provides for recognition and regulation of transactions in securities on Stock Exchange.

D. The Depositories Act, 1996, which provides for electronic maintenance and transfer of ownership of dematerialized (demat) shares.

1.2

What are Securities and what is the Securities Market?

Equity Shares commonly called shares, represent a share of ownership in a company. An investor who invests in the shares of a company is called a shareholder, and is entitled to receive corporate benefits, like dividends, from the profits of the company. Voting rights with regard to the decision making process of the company at General Meeting of the company.

Debt Securities are financial instruments issued by companies, institutions to raise/borrow money from investors and is repaid to the investor. They are also called as debentures or bonds. An investor who invests in debt securities is entitled to receive payment of interest/coupons and repayment of principal (i.e. the money invested). Debt Securities are issued for a fixed term, at the end of which the securities can be redeemed by the issuer of securities. They can be secured (backed by collateral) or unsecured.

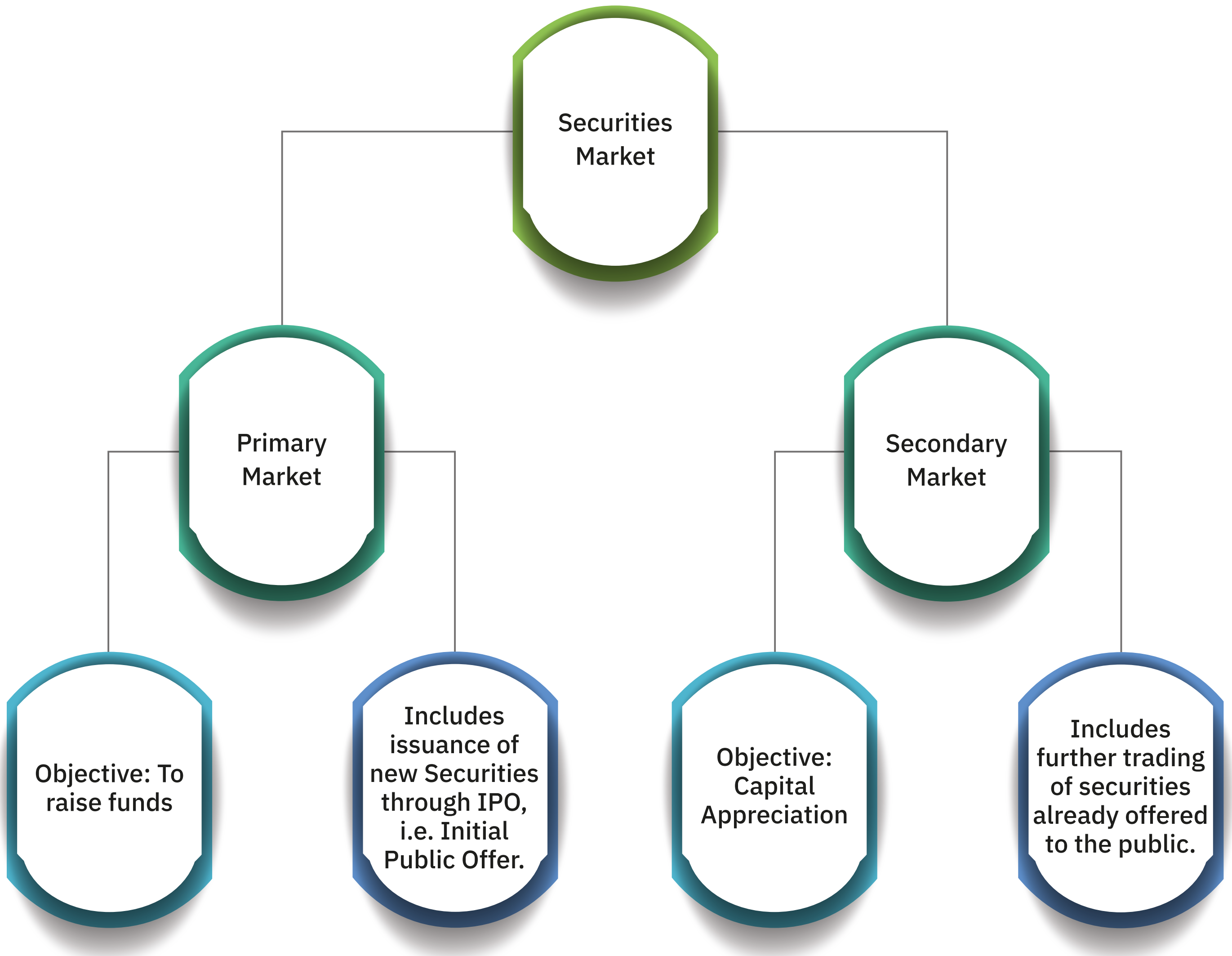
Derivatives are financial instruments whose value depends upon the value of another asset such as shares, debt securities, commodities, etc. The main types of exchange traded derivatives are futures and options.

Mutual Funds are a type of financial instruments made up of a pool of money collected from many investors. These funds /mutual funds then invest in securities such as shares, bonds, money market instruments and other assets.

The Securities Market is a place where companies can raise funds by issuing securities such as equity shares, debt securities, etc. to investors (public) and is also a place where investors can buy or sell various securities (shares, bonds, etc.). Once the shares (or securities) are issued to the public, the company is required to list the shares (or securities) on recognized stock exchanges. The Securities Market is thus a part of the Capital Market.

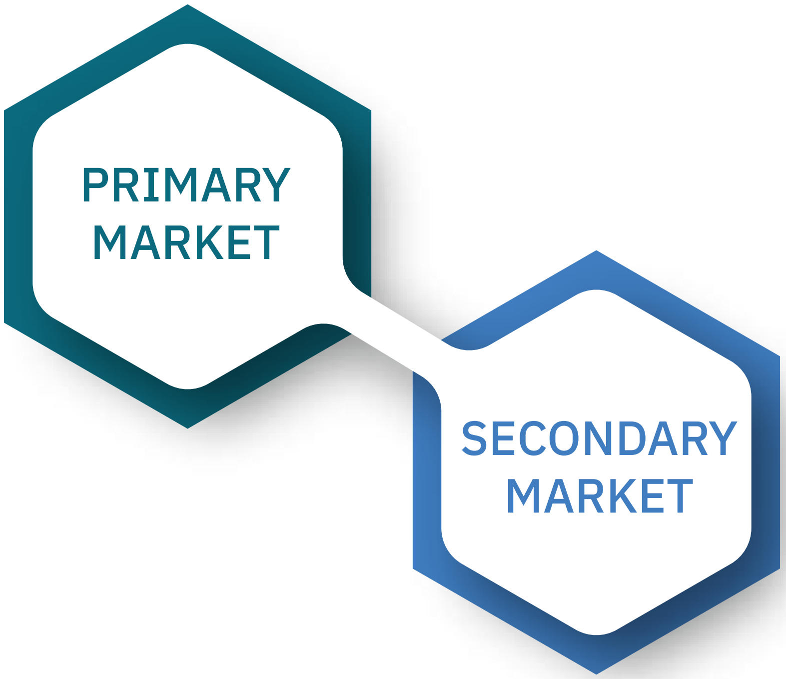
The primary function of the securities market is to enable the allocation of savings from investors to those who need it. This occurs when investors invest in securities of companies /entities which are in need of funds. Investors are entitled to get benefits like interest, dividends, capital appreciation, bonus shares, etc. Such investments contribute to the economic development of the country.

The Securities Market has two interdependent and inseparable segments, which are mentioned as below:



1.3

The Primary Market and Secondary Markets



Primary Market: This market is also called as the new issues market where companies /institutions raise funds (capital) from the public by issuing new securities (shares, debentures, bonds, etc.).
There are two major types of issuers of securities:

- Corporate Entities (companies) which mainly issue equity instruments (shares) and debt (bonds, debentures, etc.)
- Government (Central, as well as State) which issues debt securities (dated securities and treasury bills).

The types of issues made in the Primary Market are:

01 Public Issue

Securities are issued to the general public and anyone can subscribe to them. Public issue of equity shares can be categorized as follows:

i Initial Public Offer (IPO)

An IPO is where first public offer of shares is made by a company. An IPO can be in the following forms:

Fresh issue of shares where new shares are issue' company to public investors. In this kind of an i funds of investors will go to the company to b the purpose for which the issue is made.

Offer for Sale where existing shareholders promoters or financial institutions or any other person offers their holding for sale to the public. In this kind of an issue, the funds of investors will go to such sellers of the shares and not to the company.

ii Follow on Public Offer (FPO):

It is made by an issuer /company that has already done an IPO in the past and is making a fresh issue of securities to the public.

02 Preferential Issue

In this mode of issue, securities are issued to an identified set of investors like promoters, strategic investors, employees, etc.

03 Rights Issue

When the Company gives its existing shareholders the right to subscribe to newly issued shares, in proportion to their existing shareholding, it is called a rights issue.

04 Bonus Issue

When the existing shareholders of a company are issued additional shares, in proportion to their existing shareholding and without any additional cost, it is called a bonus issue.

More about a Rights Issue

Is it compulsory to subscribe to a Rights Issue?
No, shareholders unwilling to subscribe to a Rights Issue can sell their rights in the open market through the rights entitlement trading platform of the stock exchange or via an off-market transaction. This is known as the renunciation of rights shares.

Who is eligible to participate in a Rights Issue?
Rights are offered to only those shareholders whose names exist on the register of shareholders of the company on the record date i.e. the cut-off date for the issue of rights shares. Two days prior to the record date is the Ex-Rights date.

What is the biggest advantage of a Rights Issue for a company?
It is the fastest way of raising capital. Compared to public offerings, the Rights Issue offers a quicker and less regulatory-intensive approach to raising capital.

What are the advantages of Rights Shares?
A rights issue of shares benefits existing shareholders, offering them the advantage of applying for shares at a discounted price and retaining their voting rights.

The Draft Prospectus
In order to raise funds from the public, companies need to file an offer document with SEBI which is called as the draft red herring prospectus or the draft prospectus. The prospectus contains details like history of the company, details of the promoters, business model of the company, financial history of the company, risks in the business in which the company operates, purpose for which the money is being raised, terms of issue and such other information that will help investors to make an informed decision investing in the shares of the company. The securities what are issued in the primary market are listed on a recognized Stock Exchange within 3 working days (effective from 01-Dec-2023) from the issue closure date for further trading.

Shares allotted by the company are credited in the Demat account of the investor which is maintained with a Depository through a SEBI registered Depository Participant (DP). An investor can sell the shares on the stock exchanges through a SEBI registered Stock broker and receive the money.

Secondary Market:
Once the securities are issued in the primary market, they get listed on the Stock Exchanges and the investors can buy or sell these listed securities through those Stock Exchanges. Stock Exchanges have two main segments - Cash Market segment and the Derivatives Market segment.

1.4

Who are the Market Infrastructure Institutions and Market Intermediaries ?

Market Infrastructure Institutions:

The necessary infrastructure required to facilitate transactions in securities market (viz. issue, purchase and sale of securities) is provided by Stock Exchanges, Depositories and Clearing Corporations. These institutions are known as Market Infrastructure Institutions (MIIs).

A list of SEBI registered market infrastructure institutions (MIIs) is available on the link: SEBI | Intermediaries / Market Infrastructure Institutions.

A Stock Exchanges:

They provide a nation-wide computerized screen-based trading platform to facilitate buying and selling of securities, through their registered stock brokers and at market determined prices, in a fair manner. The list of SEBI recognized stock exchanges in India is available on the link: SEBI | Details of Stock Exchanges

The major nation-wide stock exchanges are BSE Limited (BSE), National Stock Exchange of India Limited (NSE) and Metropolitan Stock Exchange of India Limited (MSEI).

B Clearing Corporations:

The main function of Clearing Corporations is to guarantee the settlement of trades executed on the Stock Exchanges. In other words, clearing corporations guarantee that every buyer will get securities that are bought by him and every seller will get money for the securities sold by him.

METROPOLITAN CLEAR

Indian Clearing Corporation Limited
ICCL
Reliability builds relationships

C Depositories:

They hold securities of investors in dematerialized /electronic form and provide demat services to investors through their Depository Participants (DP). There are two depositories in our country namely, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Under each Depository, there are registered Depository Participants (DPs), which provide various services to investors like opening and maintaining a Demat account, dematerialization of shares, etc.

Market Intermediaries:

They are important participants in the smooth functioning of the primary and the secondary markets. These market intermediaries support the process of executing orders for buying or selling of securities, dealing in securities and providing information relevant to the trading of securities. Some important intermediaries are stock brokers, depository participants, merchant bankers, share and transfer agents, registrars, etc. All such intermediaries are registered with SEBI and are required to abide by the prescribed norms to protect investors.

A list of SEBI recognized market intermediaries may be accessed on the following link: https://www.sebi.gov.in/sebiweb/other/OtherAction.do? doRecognised=yes
Some of market intermediaries are as follows:

A Stock Broker:

A stock broker is a member of a stock exchange and is registered with SEBI as an intermediary, who is permitted to do trades on the stock exchange platforms. A stock broker charges a fee /commission for executing a buy or sell order for an investor.

B Depository Participants:

A Depository Participant (DP) is an agent of the depository through which it interfaces with the investor and provides depository services.

C Registrar and Transfer Agent (RTA):

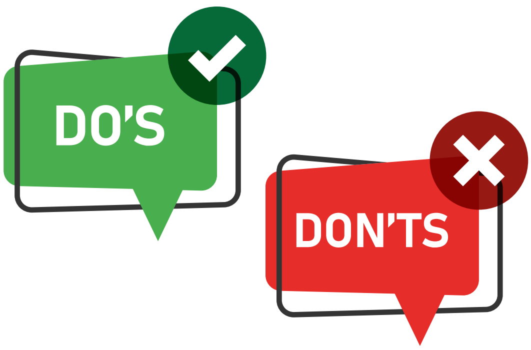
Registrar and Transfer Agents maintain the a record of investor transactions and ownership details of securities on behalf of companies / fund houses.

Basics of Investing

Before you start investing in securities market, you need to understand and identify your investment goals, objectives and risk appetite (the extent up to which you are willing to take risk). Every investment decision should reflect your needs and should be as per your desired preferences. For example, between choosing to invest in safe products give steady returns or in slightly higher risk products that may give you higher returns. Every investment comes with the risk of change in the inherent value of that investment. For example, an investment in shares of the automobile industry will attract the risk attached with the automobile industry (sales may go up or down or one brand of cars may be sold more than another brand, etc.)

Once you have identified your goals, investment horizon and risk appetite, calculate the amount you need to invest to achieve your goal. The ability to take on risk differs from investor to investor and is dependent on several factors, including goals, financials, as well as the age of the investor.

Investors should also be well informed about their investment, their rights and responsibilities, and the Do's and Don'ts of investing. These documents are available on the websites of SEBI, stock exchanges and depositories. The Do's and Don'ts of investing in the securities market are also attached in Annexure-I of this booklet. In addition to the same, the rights and obligations of investors are attached in Annexure-II of this booklet. Further, an investor should read the investor charter of SEBI, Stock Exchanges, Depositories and other Market intermediaries. The investor charter may be accessed on following link: https://investor.sebi.gov.in/Investor-charter.html



Investors should make an informed decision before investing in the shares of a company. They should carefully read all the information related to the company such as disclosures promoter details, project details, financial details, etc. These details can be found on the websites of the stock exchanges.

For investing in the securities market, investors may also approach any SEBI Registered Investment Adviser. A list of SEBI Registered Investment Adviser(s) may be found on the following link:

https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=13
A word of caution, investors should exercise caution against unsolicited investment advice from unregistered investment advisers. For details, you may refer to Annexure-III of this booklet.

2.1

Key Risks in Investing in the Securities Market

Market risk or Systematic Risk: It refers to the risk faced by investments due to factors affecting the overall performance of securities and the general economy of the country.

Unsystematic Risk: Unsystematic risk can be described as the risk attached with a particular company or industry.

Inflation Risk: Inflation risk is also called as purchasing power risk. It is defined as the chance that the cash flows from an investment would lose its value in the future because of a decline in its purchasing power due to inflation.

Liquidity Risk: Liquidity risk arises when an investment can't be bought or sold quickly enough.

Business Risk: It refers to the risk that a business of a company might be affected or may stop its operations due to an unfavorable operational, market or financial situation.

Volatility Risk: Volatility risk arises as the companys stock prices may fluctuate over time.

Currency Risk: It refers to the potential risk of loss from fluctuating foreign exchange rates that an investor may face when he has invested in foreign currency or made foreign-currency-traded investments.

2.2

How to Mitigate Risk?

Investors can try to mitigate risk by different means. Asset allocation is one strategy through which an investor can mitigate risk by diversifying their investments between several companies and asset classes. Details about factors to consider before investing including Diversification and Asset Allocation are available on the following link https://investor.sebi.gov.in/investment-thingsbeforeinv.html

Account Opening Process

3.1

Pre-requisites for Investing in the Securities Market

In order to invest in equity shares, an investor needs to open three accounts namely:

A Bank account

B Trading account

Trading account or broking account with a SEBI registered stock broker of a recognized Stock Exchange. This account is used to buy and sell securities on the Stock Exchanges. To open a trading account, you have to fill an Account Opening Form and submit the signed Know Your Client (KYC) documents.

C Demat Account

Demat Account with a SEBI registered Depository Participant (DP) of either of the depositories (NSDL/CDSL) to hold securities in an electronic format.

A combination of the three accounts (i.e. a bank account, a demat account and a trading account) is often referred to as the "3-in-1" account. Investors may either open three accounts separately with a different depository participant/broker/institution or also approach a single depository participant/broker//institution who provides the facility of opening all three accounts together.

The above three accounts can be opened online as well as offline. Ensure that you choose to provide nomination in all accounts or opt out of nomination.

Take the following precautions while filling up the account opening form:

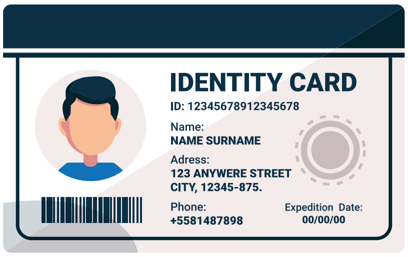
- You should put your signatures while indicating preferences for trading in different segments (Cash, F&O, Currency Derivatives or any other segment)
- You should carefully note all the charges/fees/brokerage that are applicable on your accounts and keep a record of the same.
- Trading in derivatives requires an understanding of derivative products.
- In case you want to avail additional facilities like the Running Account Facility, or Demat Debit and Pledge Instruction (DDPI), Power of Attorney (POA) etc., you will need to specifically authorize the stock broker in order to avoid any dispute in the future.
- In case you want to avail additional facilities like the Running Account Facility, or Demat Debit and Pledge Instruction (DDPI), Power of Attorney (POA) etc., you will need to specifically authorize the stock broker in order to avoid any dispute in the future.
- You should always demand and take a copy of the account opening form for your records.

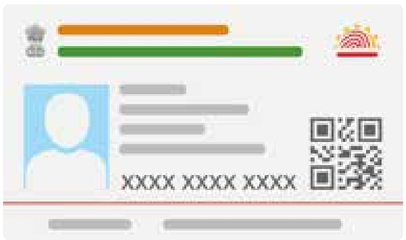
3.2

Procedure for opening an account: Know Your Client (KYC) process

While opening a Demat/Trading/Bank Account, you have to submit Know Your Client (KYC) documents. Let us understand what KYC means and why it is compulsory.

KYC is mandatory under the Prevention of Money Laundering Act, 2002 and Rules framed thereunder. ///Investors have to submit Officially Valid Documents (OVDs) as proof of identity and proof of address. These documents form a part of the KYC requirements. An investor can establish his identity and address through relevant supporting prescribed documents such as PAN card//UIDAI-Aadhaar/Passport/Voter ID card/Driving license, etc. Once the KYC form is submitted, a unique KYC Identification Number (KIN) is generated and communicated to the investor by SMS/Email. KYC is a one-time process and is valid across all intermediaries. You need not undergo the same process again while opening an account with another intermediary in the securities market.





An investor can either do a physical KYC at the branch of the fund or at the registrar office. Alternatively, an investor can also do an e-KYC using his Aadhaar and PAN.

A e-KYC

An investor can either do a physical KYC at the branch of the fund or at the registrar office. Alternatively, an investor can also do an e-KYC using his Aadhaar and PAN.

1. Fill in the account opening details/form online on the Stock Broker's website.
2. Submit scanned images of the mandatory documents / PoA (Proof of Address)//PoI(Proof of Identity).
3. Complete the IPV (In-Person Verification) process over a video call.
4. Digitally sign the document.
5. Your account gets activated.

Tips

- Ensure that you read and understand all the documents before signing them.
- Do not sign any blank document.
- Always refer to the Do’s and Don’ts mentioned in the Annexure of the account opening kit.
- Ensure to register YOUR mobile number and email address with the bank, depository participant and stock broker to receive SMS and email alerts regarding transactions in your account.

3.3

Basic Services Demat Account (BSDA)

Basic Services Demat Account (BSDA):

With a view to achieve wider financial inclusion, encourage holding of demat accounts and to reduce the cost of maintaining securities in demat accounts for retail individual investors, “Basic Services Demat Account" (BSDA) has been introduced in August 2012.

BSDA is the demat account facility which is provided to individuals who have only one demat account (across all depositories) and the value of holdings doesn’t exceed Rs. 10 lakhs each for non-debt securities and debt securities, at any point in time. It is necessary to provide a mobile number and opt in for the SMS alert facility in order to avail BSDA.

BSDA is beneficial for those investors who don't want to or can't trade regularly.

Please check the website of SEBI or the respective Depository for the latest rules in this regard.

3.4

Demat Debit and Pledge Instruction (DDPI) & Power of Attorney (POA)

SEBI has introduced a circular regarding the execution of Demat Debit and Pledge Instruction (DDPI) replacing POA (Power of Attorney). DDPI is an authorization a client gives the Stockbroker and Depository Participant for the limited purposes mentioned below:

SEBI has introduced a circular regarding the execution of Demat Debit and Pledge Instruction (DDPI) replacing POA (Power of Attorney). DDPI is an authorization a client gives the Stockbroker and Depository Participant for the limited purposes mentioned below:

1. For the transfer of shares held in the demat account of the client, to the exchange when the stock is sold by a client.
2. For pledging/re-pledging of securities for the purpose of meeting margin requirements of a client.
3. For taking out shares from the demat account when a client participates in tender offers (Buyback/Delisting/Takeover)
4. For debiting Mutual Funds from the demat account on sale transactions.

The DDPI shall serve the same purpose as the POA and significantly mitigate the misuse of POA.

Since DDPI gives authorization only for specific reasons like a sell trade and pledging, there may be fewer instances of fraud. It also maintains a level of trust between the Demat account user and the broker/DP.

Is DDPI Compulsory?

DDPI is part of the Voluntary Documents and shall be executed only if the client provides his/her explicit consent for the same, including internet-based trading.

The client may use the DDPI or opt to complete the settlement by issuing physical Delivery Instruction Slip (DIS) or electronic Delivery Instruction Slip (eDIS) themselves.

- The DDPI is also required to be adequately stamped.
- The DDPI can also be digitally signed by the clients.

DDPI – Depository process

The Depositories ensure matching and confirming the transfer of securities with client-wise net delivery obligations arising from trades executed on the Exchanges for each settlement date.

Securities transferred on DDPI, is to be credited only to client's trading member pool account. The DDPI provided by the client registered in the demat account of the client by TM/CM.

What is a POA?

Power of Attorney is a document of high importance as it is capable of giving rights and access over your accounts and money to somebody else. In the securities market, a client may execute the power of attorney (POA) in favour of the stock broker and/or depository participant to authorize them to operate his/her demat and bank account to facilitate the delivery of shares and pay-in/pay-out of funds.

As per SEBI guidelines, it is not mandatory to sign and issue a power of attorney. Signing a Power of Attorney is purely optional and voluntary – if you find that signing power of attorney is useful for you, you may sign it. You can also revoke the Power of Attorney at any point of time.

In case any transfer of shares is done by your stock broker in your account, for any reason other than those that are authorized by you under POA, you should immediately take up the matter with your stock broker. In case no response is received from them or you are not satisfied with the response, you should immediately take up the matter with the Depository/Exchange.

Please also note that currently, Demat Debit and Pledge Instruction (DDPI) has replaced POA.

EXISTING POA:

The existing POAs given to the Stockbroker or Depository Participants shall continue to remain active till the time investor revokes the same. Investors cannot execute a new POA for the reasons under DDPI.

3.5

Nomination

Nomination is a simple process by which account holder(s) of securities communicate his//her preference regarding who should receive their securities in case of his//her death. Only individual demat account holder(s) can add nominees. Only an individual can be a nominee. There can be up to 3 nominees in a demat account.

Non-individuals like trusts, body corporates, partnership firms cannot add nominees. Further, non-individuals cannot be nominees. A minor cannot add nominees either, however, can be a nominated. A nominee can be changed at any time by the account holder. You can either Opt-in for Nomination through a 'Nomination Form' i.e., Opt-in means you wish to add nominee(s) in your demat account or you can Opt-out of Nomination through a 'Declaration Form' i.e., Opt-out means that you do not wish to add a nominee. Though the option is available, it is highly recommended to add a nominee in your demat account. Further, please also note that a nominee can be changed at any point in time.

The Nomination Form and Declaration Form shall be signed under wet signature of the account holder(s) or online using the e-Sign facility. However, if the account holder(s) affixes thumb impression(s) (instead of a wet signature), then a witness signature shall be required in the forms.

It is mandatory to give a Choice of Nomination, failing which a demat account may be frozen.

How do I invest in Securities Market?

4.1

Investing through the Primary Market

When a company issues shares to the general public through a public offer, an investor can apply for them by submitting the necessary application form. Investors should read the Red Herring Prospectus (RHP) issued by the company at the time of public issue. RHP contains details about the company and its promoters, directors, financial statements of company, reasons for raising funds from the public, utilisation of funds, risks involved, etc.

Application for IPOs can also be made online in the electronic mode. For issuance of securities, the issuer company has to follow certain rules and regulations. Shares will be allotted as per the prescribed rules & regulations. The shares allotted will be credited in the applicant's Demat Account maintained with DP. Allotment of securities will be made in demat form and investors have a choice of subsequently getting them converted to physical shares. Within three working days of closure of the issue, shares allotted are listed on recognized Stock Exchanges where further trading of shares can take place.

Please Note:
With effect from April 01, 2019, securities can be transferred or traded only if the same are held in Demat form. It is therefore advisable to open a demat account and hold all the securities in demat form. This rule is not applicable if the shares are to be transmitted to legal heirs by way of inheritance or succession.

4.2

Process of investing in Primary Market

You can buy shares of a Company directly from the company during the public offer/issue by filling up an application form and making a payment during the period when the public issue is open. In the application form, you have to fill your details such as name, address, number of shares applied for, bank account details, demat account in which shares are to be credited, etc.

Investors who are interested in investing in the IPO may then apply for the same through Application Supported by Blocked Amount (ASBA) and also by using Unified Payment Interface (UPI) as a payment mechanism. Investors will then have to fill up the application form and apply for share allocation to them as per their preference. The money for the shares for which the investor has applied gets blocked in the bank account of the investor. The entire process of listing of an IPO takes three (03) working days after the closure of the issue. The investors to whom shares are issued receive them in their demat account and the funds for the same get debited from their bank account. In case the shares aren't allotted, the blocked funds are released for further utilization.

Word of caution:

- Read the prospectus/red herring prospectus/offer document of the company carefully before investing in the shares of a company.
- Take due care about the price and quantity of shares while applying for the public issue.
- Keep a note of the price at which you applied for the shares.
- Don’t invest on the basis of market sentiment, rather analyze the company and its financials and invest smartly.

4.3

Application Supported by Blocked Amount (ASBA)

Investors can now apply for securities in IPOs through ASBA. In ASBA, money to the extent of price of the shares for which the investor has applied is blocked, but it remains in the investor’s account until allotment. Upon allotment of shares the requisite amount is debited from the investor’s bank account. The blocked amount continues to earn an interest and there is no requirement of a refund in case of non-allotment. Thus, instead of actually sending a cheque for applying in IPOs, you can now apply through Application Supported by Blocked Amount (ASBA) facilitated by certain branches of collecting banks. The list of these banks is available on the SEBI website. Investors can now invest in IPOs by using Unified Payments Interface (UPI) as a payment mechanism. The process of investing using UPI is explained in Annexure-IV.

4.4

e-Voting, Transfer and Transmission of Shares

1 E-Voting Facility for shareholders

e-Voting takes place through an electronic system where shareholders can vote on resolutions of companies requiring their consent. The need for e-Voting arises when a company wishes to pass a resolution by Postal Ballot/Annual General Meeting (AGM)/Extra-Ordinary General Meeting (EGM) which requires shareholders' consent. e-Voting facilitates shareholders to cast their vote in electronic form, whether shares are held in paper or Demat form, with any depository.

Benefits of e-Voting system:

- Ease of operation: Available online 24*7. You can exercise your Voting rights anytime, anywhere using your laptop or mobile.
- Single login for one Shareholder: A common login ID can be used for voting across companies.
- Ample time to vote until the end of the voting cycle.
- Eliminates the possibility of postal ballots getting lost in transit.
- To cast your vote as a shareholder, you may visit the e-voting website of the depository/depository participants.

2 Transmission of Shares

Transmission of securities is a process by which securities are transferred from a deceased account holder to surviving joint holders(s)/legal heirs/nominee.

Steps for Transmission:

1. Surviving joint holder(s), nominee or legal heirs of the deceased account holder to approach the Depository Participant (DP)
2. For shares held in physical form - approach each Company and their respective RTAs.

https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=13
A word of caution, investors should exercise caution against unsolicited investment advice from unregistered investment advisers. For details, you may refer to Annexure-III of this booklet.

In the event of	Nomination given	Nomination not given
	Transmission in favour of	
Death of a Single Holder	Nominee	Legal heir (as per Succession Certificate //Will//Probate//Letter of Administration)
Death of one of the joint holders	Nominee/Surviving Joint Holder(s)	Surviving Joint Holder(s)
Death of all the joint holders	Nominee	Legal heir (as per Succession Certificate //Will//Probate//Letter of Administration)

In the case of the demise of a single holder without nomination, legal heir(s) may submit the following documents, based on value of securities:

If it is < Rs.15 lakh as on the date of application (held in demat form):

I. Transmission Form
II. Death Certificate
III. PAN of Legal Heir(s)
IV. Affidavit
V. Client Master Report of Legal Heir(s)/claimant(s)
VI. Legal Heirship Certificate/Succession Certificate/Probate/Will/Letter of Administration, or a copy of the Indemnity bond, NOC of Legal Heir(s)/a Family Settlement Deed is required.

If the securities value is > Rs.15 lakh as on the date of application (held in demat form):

I. Transmission Form
II. Death Certificate
III. PAN of Legal Heir(s)
IV. Affidavit
V. Client Master Report of Legal Heir(s)/Claimant(s)
VI. Legal Heirship Certificate/Succession Certificate/Probate/Will/Letter of Administration (This is mandatory)

In the case of demise of single holder with nomination, the Nominee(s) may submit the following documents:

I. Transmission Form
II. Death Certificate
III. Nominee's PAN
IV. Nominee's Client Master Report

3 Investor Holding Physical Shares

If you hold shares in physical form, it is suggested that the same may be dematerialized at the earliest for ease, convenience and safety of transactions. Transfer of shares in physical form has been stopped from April 1, 2019. The transfer will be possible only after dematerialization of these physical shares.

Dematerialization allows investors to convert physical shares to demat. All kinds of securities such as equity shares, preference shares, debentures, bonds, mutual fund units, government securities, sovereign gold bonds etc., can be dematerialized.

Unlisted securities can also be held in demat form.

Pre-requisites for conversion from physical to demat:

A. Have a Demat account with any DP
B. Securities should be available for dematerialization (active ISIN).

- Details of companies whose securities are available for Demat are available on the websites of Depositories. You can find the ISIN and its status there.
- Check that the RTA of the company has not stopped service.
- The Details of Registrar and Transfer Agent (RTA) of companies are available in the **"Investor Relations"** section of the Company website.

Process for Dematerialization:

Scenario 1:
If you already have a demat account:
You can visit your Depository Participant (Bank/Broker), fill up the DRF form available with the DP, attach your physical share certificates with it and submit the same to the DP.

Scenario 2:
If you do not have a demat account:
You can visit any Depository Participant (Bank/Broker) of your choice and open a demat account.

4 Off-market transfer in demat account

Securities transfer between two beneficial owner accounts is called an "Off-market Transfer". The gift of shares to your family members is an example of an Off-market-Transfer.

To execute an off-market transfer, one level client authentication is introduced. Client consent is required through a One Time Password (OTP) for off-market transfer of shares in a Demat account.

At the time of execution of an off-market transfer, the source client will be required to consent to the transfer by entering the One Time Password (OTP) in the depository website//system. Further, during an off-market transfer, the source client will need to mention the reason and consideration, if any/applicable, for such off-market transactions.

Word of caution:

- Buying or selling of shares should be done only through a SEBI registered stock broker or Authorized Person.
- Always keep a record of the orders placed by you to the broker, while trading in the secondary market.

4.5

Investing through the Secondary Market

Once you have opened a trading/broking account with a stock broker of a recognized Stock Exchange, you can buy or sell shares of a company through the stock broker at the stock exchange. You can place the order for purchase or sale of securities through your broker using the online trading account by visiting broker's website, mobile trading app, through the phone using the Call & Trade facility, by physically visiting the broker's office or through Authorized Persons of stock brokers.

Modes of Placing Orders

Pay-out: Pay-out of funds/securities refers to transfer of funds/securities from the Exchange's account to the Broker's account.

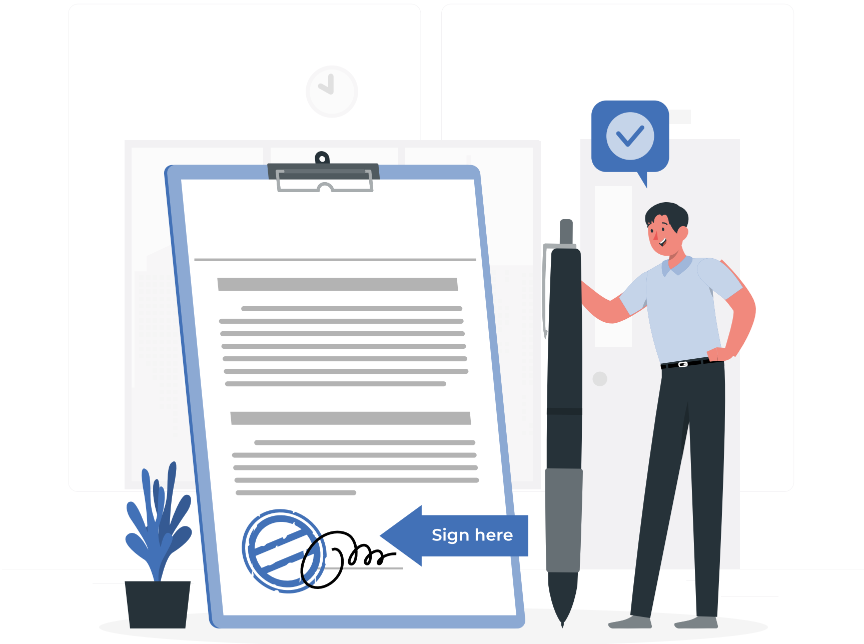
Word of caution:

- Always ensure that you keep adequate funds/securities in your bank/demat account, respectively, before the date of pay-in of the settlement cycle of the trade.
- Non-availability of sufficient funds/securities for settlement may lead to a levy of penalty and further losses for the investor.

4.6

Trading Days and Trading & Settlement Cycle

Trading on the Stock Exchanges takes place Monday to Friday (except on holidays declared by the Stock Exchanges). In the case of purchase of shares, investors are required to make a payment to the bank account of their stock broker prior to the pay-in day for the relevant settlement (preferably immediately after receiving confirmation from the broker that the purchase order is successfully executed). Similarly, in the case of sale of shares, you are required to deliver the shares to the demat account of broker prior to the pay-in day for the relevant settlement.



What is the pay-in day and pay-out day? Pay-in day is the day when brokers shall make a payment of funds or delivery of securities to the clearing corporation of the exchange. Pay-out day is the day when the clearing corporation makes payment of funds or delivery of securities to the broker.

Word of caution:

- A Contract note shall be issued by the stock broker within 24 hours of the execution of the trade. In case of any discrepancy in the contract note, the investor should immediately take up the matter with the stock broker.
- Always cross check the records maintained by you, while placing orders in the market, with the details mentioned in the Contract Note. In case of any discrepancy, contact your broker immediately.

4.7

Contract Note

A Contract Note is evidence of the trade executed by the stock broker. It is a legal document which contains details of the transaction such as securities bought/sold, traded price, time of trade, brokerage, etc. Contract Notes can be issued in physical form or in electronic form. In case you opt for an electronic contract note, a specific authorization needs to be given to the stock broker along with the details of your email ID. Such electronic contract notes shall be digitally signed, encrypted and can't be tampered with. Such contract notes should be preserved by the investor for future reference. These are hugely important, especially if any dispute arises later.

4.8

SMS and Email Alerts to Investors

A Contract Note is evidence of the trade executed by the stock broker. It is a legal document which contains details of the transaction such as securities bought/sold, traded price, time of trade, brokerage, etc. Contract Notes can be issued in physical form or in electronic form. In case you opt for an electronic contract note, a specific authorization needs to be given to the stock broker along with the details of your email ID. Such electronic contract notes shall be digitally signed, encrypted and can't be tampered with. Such contract notes should be preserved by the investor for future reference. These are hugely important, especially if any dispute arises later.

4.9

Running Account Authorization

Running Account Authorization is a process by which investors can authorize their broker to retain funds in their trading account. Previously the settlement date was voluntary for the user but now post the SEBI circular, the settlement cycle has been standardised for the industry.

During the normal course of events, the settlement of a transaction (buy/sell) by a broker has to be done within 24 hours of pay-out of funds//securities. However, if you regularly trade in shares on the stock exchange, you may specifically authorize the stock broker to maintain a Running Account whereby your shares or funds, as the case may be, would be kept in a separate account with the stock broker.

The Running Account facilitates ease of carrying out transactions in securities. The shares or funds kept in the running account with the stock broker are adjusted towards settlement obligations of future transactions.

4.10

Trade Verification

The Trade Verification module on the websites of exchanges is a very simple tool to verify trades executed in your account.

4.11

What is Margin Money?

Margin money is prescribed by Exchanges//Clearing Corporations and collected from investors by brokers before executing a trade on their behalf. Margin money is collected to mitigate the risk of non-payment of funds for buy trades or non-delivery of securities for sell trades by an investor. Margin can be provided in the form of cash or securities or cash equivalents i.e. fixed deposits, bank guarantees, units of mutual funds, government securities, and treasury bills in demat form, etc.

With effect from September 01, 2020 investors (clients) can provide a margin in the form of "securities" only by pledging the securities in favour of a specially designated demat account of the stock broker. Early Pay-in: In case investor wants to avail an exemption from the payment of margin, the investor may use the "early pay-in" facility where the payment of funds//delivery of shares (blocked in client's account only) shall be made to the broker before the pay-in date or as per time/date specified by the broker.

4.12

Statement of Account from the Stock Broker and Depository Participants

You are entitled to receive reports such as monthly report, quarterly report, etc., free of cost, on a regular basis from brokers and Depository Participants (DP) regarding your transactions. Depositories and Stock Exchanges, will inform you on your registered mobile number or email ID regarding the transactions in your accounts.

If you do not understand the message, clarify the matter with either the Bank, Depository, Depository Participant, your Stock Exchange, Broker, or call SEBI's toll-free helpline for guidance. Always keep your contact details updated with the intermediaries so that you receive alerts and account statements on a timely basis. In case you do not receive such a report, you must raise the matter with relevant stock exchange and depositories.

You are entitled to receive a statement of balance of Funds and Securities as on 31st March of every year from your stock broker. In addition to this, the Stock Exchanges send SMS' to all their registered clients, informing them on a weekly basis about their Funds and Securities lying with the brokers.

4.13

Consolidated Account Statement (CAS)

Consolidated Account Statement (CAS), sent by depositories, is a single/combined account statement which shows the details of transactions made by an investor during a month across all Mutual Funds and also other securities held in the demat account(s). Consolidation is done based on the PAN of the first holder and pattern of holding. In case there is no transaction in the mutual fund folios or demat accounts, then the CAS with holding details shall be sent to the investor on a half yearly basis i.e. holdings of March and September end will be sent in April and October respectively.

1 NPS in CAS:

The Pension Fund Regulatory and Development Authority (PFRDA) along with SEBI has now enabled NPS Statement of Transaction (SoT) with CAS. Central Record Keeping Agencies (CRAs) will provide National Pension System (NPS) subscribers with the option to include NPS transactions in their CAS. Investors eligible for CAS can now also provide their consent to the CRA if they want to opt for this NPS inclusion.

This will provide the investor a consolidated view of the personal investments in the securities market along with NPS details.

2 eCAS

Investors can provide consent for receiving CAS transaction statements by email. Some of the benefits of e-statement are:

- **Faster:** eCAS will be received faster than a physical statement
- **Convenient:** eCAS can be reviewed at a BOs convenience
- **Secure:** The risk of statements being lost/misplaced is eliminated.
- **Safe:** eCAS statements are password protected for security.
- **Environment friendly:** eCAS statements are environment friendly and helps a BO be clutter-free and conserve resources (paper).

Mutual Funds and ETFs

5.1

Mutual Funds

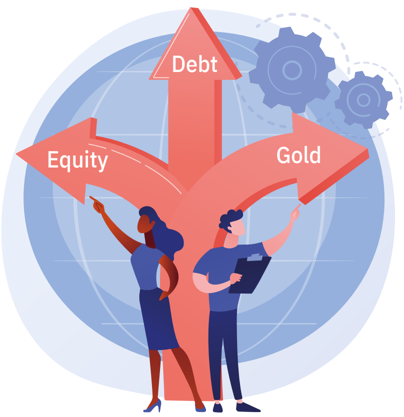
A mutual fund pools in money from many investors and invests it in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. All mutual funds are required to be registered with SEBI before they launch any scheme. Mutual funds can also be segregated in different categories based on the objectives of the mutual fund scheme. The schemes are designed to keep in mind the needs of various types of investors - risk averse investors (conservative investors who do not want to take high risk), moderate investors (investors who can take some amount of risk) and aggressive investors (investors who are willing to take higher risk in the hope for higher returns).

ADVANTAGES OF INVESTING IN MUTUAL FUNDS

1 Professional Management

Investors may not have the time or the required knowledge and resources to conduct their research and purchase individual stocks or bonds. A mutual fund is managed by full-time, professional money managers who have the expertise, experience and resources to actively buy, sell, and monitor investments. A fund manager continuously monitors investments and rebalances the portfolio accordingly to meet the scheme's objectives.

2 Risk Diversification



Risk diversification is one of the most prominent advantages of investing in mutual funds. Buying shares in a mutual fund is an easy way to diversify your investments across many securities and asset categories such as equity, debt and gold, which helps in spreading the risk - so you won't have all your eggs in one basket.

3 Affordability & Convenience (Invest Small Amounts)

For many investors, it could be more costly to directly purchase all of the individual securities held by a single mutual fund. By contrast, the minimum initial investments for most mutual funds are more affordable.

4 Liquidity

You can easily redeem (liquidate) units of open-ended mutual fund schemes to meet your financial needs on any business day (when the stock markets and/or banks are open) , so you have easy access to your money. Upon redemption, the redemption amount is credited in your bank account within 1 day to 3-4 days, depending upon the type of scheme e.g., with respect to Liquid Funds and Overnight Funds, the redemption amount is paid out the next business day.

However, please note that units of close-ended mutual fund schemes can be redeemed only on maturity . Likewise, units of ELSS have a 3-year lock-in period and can be liquidated only thereafter.

5 Low Cost

An important advantage of mutual funds is their low cost. Due to huge economies of scale, mutual funds schemes have a low expense ratio. Expense ratio represents the annual fund operating expenses of a scheme, expressed as a percentage of the fund’s daily net assets.

6 Well-Regulated

Mutual Funds are regulated by the Securities and Exchange Board of India (SEBI) under SEBI (Mutual Funds) Regulations, 1996. SEBI has laid down stringent rules and regulations keeping investor protection, transparency with appropriate risk mitigation framework and fair valuation principles in place.

7 Tax Benefits

: Investment in ELSS up to ₹1,50,000 qualifies for a tax benefit under section 80C of the Income Tax Act, 1961. Mutual Fund investments when held for a longer term are tax efficient.

A	**Equity Schemes**	Mutual funds which principally invest in stocks/equities.
B	**Debt Schemes**	Mutual funds which principally invest in fixed income securities like bonds and treasury bills.
C	**Hybrid Schemes**	Mutual funds which invest in two or more asset classes such as equities, fixed income, cash, etc.
D	**Solution Oriented Schemes**	Mutual fund schemes which invest as per the goals of individuals like retirement, child planning, etc.
E	**Other Schemes**	All other schemes like Index Funds, Sectoral funds, etc.

5.2

How to invest in Mutual Funds?

Mutual funds generally release an advertisement in newspapers publishing the date of launch of the new schemes. Investing in mutual funds is a simple process with the following options:

A Physical

Individuals can visit the nearest branch office of the mutual fund, designated Investor Service Centres (ISCs), or Registrar & Transfer Agents (RTAs) of the respective mutual fund, along with a duly filled application form, necessary documents, and a cheque or bank draft.

B Online

Individuals can also invest in mutual fund schemes through online platforms or the websites of fund houses.

C Mobile App

Investor may download the mobile app provided by the respective AMC or other registered service providers for purchasing mutual funds.

Registered Mutual Fund Distributors:

Investors have the option to invest in a mutual fund through a mutual fund distributor registered with AMFI. This distributor can be an individual, a bank, a broker house, etc. When investing in mutual funds, investors will first have to complete their KYC. An investor can either do a physical KYC at the branch of the fund or at the Registrar's office. Alternatively, an individual can also do an e-KYC using his/her Aadhaar card and his/her PAN.

Once the KYC process is complete, the investor then has to decide upon the scheme that he wants to invest in. This decision is based on his/her risk appetite and financial goals. When the investor has shortlisted the mutual fund scheme, he/she will have to fill up the necessary application forms for investing in those respective schemes. Forms can be deposited directly or through the agents and distributors who provide such services with the fund house. While filling up the application form, an investor must mention clearly his/her name, address, number of units applied for and such other information as required in the application form. He/she must give his bank account number so as to avoid any fraudulent encashment of any cheque/draft issued by the mutual fund at a later date for the purpose of dividend or repurchase. Any changes in the address, bank account number, etc. at a later date should be informed to the mutual fund immediately. In order to further ease the investment procedure for the investors, Mutual Funds offer the following options in addition to the lumpsum investment:

01 Systematic Investment Plans: Facility to invest fixed amounts in a particular scheme at regular intervals.

02 Systematic Withdrawal Plans: Facility to withdraw fixed amounts from a particular scheme at regular intervals.

03 Systematic Transfer Plans: Facility to transfer funds from one scheme to another within the same fund house at regular intervals.

Mutual Fund Investments by Minors

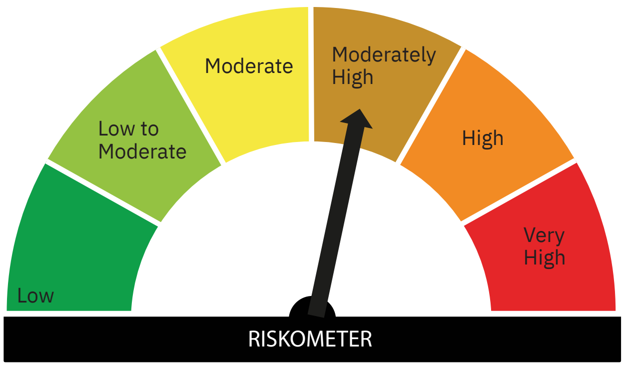
Minors cannot invest in mutual funds on their own but their parents/guardians can invest on behalf of minors. The guardian will be required to provide consent for any investment and related transactions on behalf of the minor. They will be responsible for managing the investment until the minor reaches the age of 18, which is considered the age of majority in India.

To invest on behalf of a minor, the guardian will need to provide the necessary documentation, such as the minor's birth certificate, to prove the relationship. The investment in mutual funds should be made from the minor's bank account, which should also be operated by the guardian. This account should be linked to the mutual fund investment for transactions. When the minor turns 18, they can choose to take control of the mutual fund investments, and the guardian's role in managing the investments will cease. They can then update the records to reflect their status as the primary account holder.

5.3

Product Labelling of Mutual Funds

As per SEBI guidelines, mutual fund schemes are to be labelled according to the level of risk involved and the same is to be depicted on the risk-o-meter. The risk-o-meter with different labels of risk is depicted as below:



- **A** Low: Principal at low risk
- **B** Low to Moderate: Principal at moderately low risk
- **C** Moderate: Principal at moderate risk
- **D** Moderately High: Principal at moderately high risk
- **E** High: Principal at high risk
- **F** Very High: Principal at very high risk

Risk-o-meter is evaluated on a monthly basis.

Mutual Funds/AMCs shall disclose the Risk-o-meter along with portfolio disclosure for all their schemes on their respective websites and on the AMFI website within 10 days from close of each month.

Investors should not get carried away by commission/gifts given by agents/distributors for investing in a particular scheme. On the other hand, they must consider the track record of the mutual fund and should take objective and informed decisions.

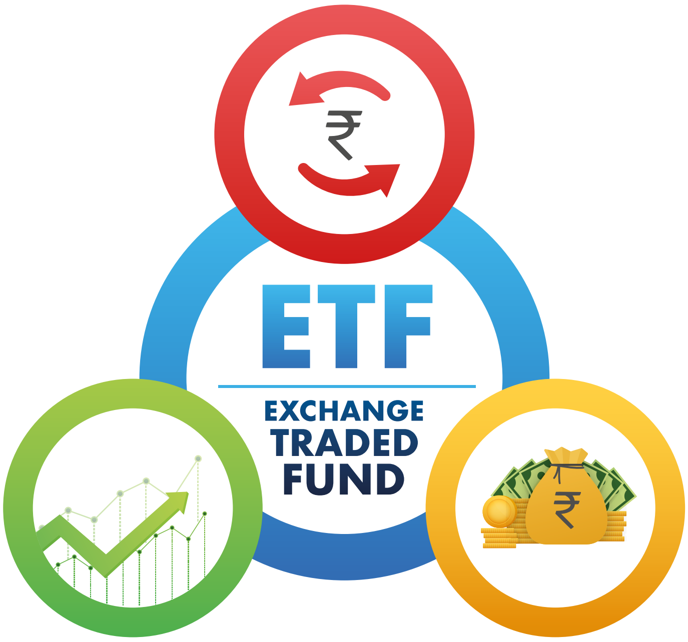
For more details on Mutual Funds, investor should visit the websites of AMFI https://www.mutualfundssahihai.com and https://www.amfiindia.com/investor-corner/index.html.

5.4

Exchange Traded Funds (ETF)

An Exchange Traded Fund (ETF) is a security that tracks an index, commodity, bonds, or a basket of assets like an index fund and is traded in the securities market. In simple words, ETFs are funds that track indices such as Sensex, Nifty, etc. When you buy units of an ETF, you actually buy units of a portfolio that tracks the performance of the index. ETFs just reflect the performance of the indices they track.

Unlike regular mutual funds, ETFs trade like a common stock on the stock exchange and the price of an ETF changes as per trades in the market. The trading value of an ETF depends on the net asset value of the underlying assets that it represents. ETFs, generally, have higher daily liquidity and lower fees than mutual fund schemes.



In other words, ETFs are like diversified mutual funds that are listed and traded on the stock exchange. They are operationally like Mutual Funds and traded like Shares. Funds collected by ETFs are invested in securities (debt/equity),/assets (gold/silver) which form a part of an Index/Asset Class. ETFs try to follow or replicate the performance of benchmark index. The objective of an ETF is to track the returns of a particular Index, viz. Nifty 50 or Sensex 30. It will invest in securities which are a part of the Nifty 50 or Sensex 30 in the same proportion as that of the index. The holder of an ETF unit gets exposure similar to that of buying shares of the Index.

5.5

The Derivatives Market

Derivatives refer to financial instruments which derive their value from an underlying security or asset. The underlying products can be equity, commodity, currency, etc.
Derivatives are primarily used by investors for hedging their positions and minimizing price risk. Hedging is a risk management strategy in which investors invest in instruments strategically to offset the risk of any adverse price movements.

The players in derivatives may be hedgers, speculators and arbitrageurs and different roles may be played in different situations. Futures and Options, commonly called as the F&O segment, are an essential part of the derivatives segment of the securities market. Futures and options are two different types of derivatives.

A futures contract is a standardized exchange traded contract to buy or sell an underlying product at a predetermined price on a future date.

An options contract refers to a financial instrument which gives the buyer of the option the right but not the obligation to exercise the option at a pre-determined date and price. A call option gives one the right to buy the underlying security and a put option gives one the right to sell the underlying security. Investors are charged a premium when they buy an options contract.

Please note

Please note that derivatives are high risk products mainly used for hedging purposes. These are not recommended for retail investors. As per a research paper of SEBI, "89% of individual traders (i.e. 9 out of 10 individual traders) in the equity F&O segment incurred losses, with an average loss of Rs. 1.1 lakh during FY22, whereas, 90% of active traders incurred average losses of Rs 1.25 lakh during the same period.

Grievance Redressal in the Securities Market

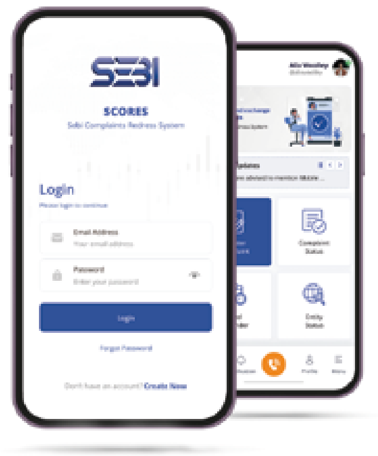
6.1

SEBI Complaint Redress System (SCORES) 2.0 and Online Dispute Resolution (ODR)

In case of any complaints related to the securities market, you may first approach the concerned intermediary or company. The concerned intermediary or company shall facilitate your complaint redressal.
In case the grievance remains unresolved, you may approach the concerned Stock Exchange, Depository, RTA, etc. against your stock broker, Depository Participant or listed company.

Please refer to SEBI Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 on Redressal of Investor Grievances through the SEBI Complaint Redressal (SCORES 2.0) Platform.

If you are still not satisfied with the redressal, you may lodge a complaint with SEBI through a web based centralized grievance redressal called SCORES (SEBI Complaint Redress System). The address of the SCORES portal is https://scores.sebi.gov.in/



A new and more user-friendly version of its complaint redress system SCORES 2.0 was launched in the month of April 2024. The new version of SCORES aims to make the process more efficient through auto-routing, auto-escalation, monitoring by designated bodies and reduction of timelines. The timeline for redressal of complaints in SCORES 2.0 has been reduced to 21 calendar days.
Investors can also lodge their complaints using the SCORES mobile app which is available on Android and iOS platforms. To know more about SCORES, you may call SEBI's Toll-Free helpline numbers - 1800 22 7575, 1800 266 7575. SCORES enables you to lodge your complaint, follow up and track the status of redressal of the complaint(s) online, at any time and from anywhere.

Online Resolution of Disputes in Securities Market

The Online Dispute Resolution (ODR) Mechanism has been introduced in August 2023 to enable online conciliation and arbitration for resolution of disputes arising in the Indian Securities Market.

For this, Market Infrastructure Institutions (MIIs) have collaborated under the guidance of SEBI to develop an Online Dispute Resolution (ODR) portal to enhance the existing dispute resolution process. The SMART ODR portal offers a user-friendly platform to file complaints/disputes for resolution through online conciliation and arbitration.

The MIIs (Exchanges and Depositories) in consultation with their empaneled ODR Institutions, have established and developed a common Online Dispute Resolution Portal (SMART ODR Portal) for resolving disputes between the parties. The link for the Online Dispute Resolution Portal is https://smartodr.in/.

All Market Participants and investors/clients shall have register on the SMART ODR Portal, and can use guidance material available under the help page of https://smartodr.in/login.

The SMART ODR Portal has all necessary features and functions for enrolling investors/clients as well as Market Participants, filing of complaints/disputes, uploading documents, and providing status updates on the complaints/disputes as obtained from ODR Institutions.

A complaint/dispute initiated through the SMART ODR Portal will be referred to an ODR Institution empaneled by an MII in accordance with the Master Circular. ODR institutions have the capability of undertaking a time-bound online conciliation and/or online arbitration process (in accordance with the Arbitration and Conciliation, Act 1996, and any other applicable laws), that harness online/audio-video technologies and has duly qualified conciliators and arbitrators. The ODR institution(s) empaneled by respective MII(s) have due connectivity with the SMART ODR Portal.

6.2

Investor Services Cell of Stock Exchanges

Investor Services Cells cater to the needs of investors by resolving their queries and complaints and by providing the conciliation/arbitration mechanism for quasi-judicial settlement of disputes.

The Stock Exchanges (NSE and BSE) facilitate the redressal of the grievances of investors through Online Dispute Redressal Mechanism (https://smartodr.in/.). SEBI vide Circular No. SEBI/HO/OIAE/OIAE_IAD-1/P/CIR/2023/145 dated July 31, 2023 (updated as on August 11, 2023), has issued a master circular on Online Dispute Resolution in the Indian Securities Market (hereinafter referred to as “Master Circular”).

6.3

Investor Protection Fund & Investor Service Fund

SEBI vide Circular No. MRD/DoP/SE/Cir-38/2004 dated October 28, 2004 had issued comprehensive guidelines for Investor Protection Fund (IPF) to be maintained by Stock Exchanges. SEBI vide Circular No.SE/10118 dated October 12, 1992 had also advised stock exchanges to establish an Investor Services Fund (ISF). SEBI vide its Circular No. SEBI/HO/MRD/MRD-PoD-3/P/CIR/2023/81, dated May 30, 2023 has issued modified guidelines for IPF and ISF and issued comprehensive guidelines for an Investor Protection Fund and Investor Services Fund at Stock Exchanges and Depositories (attached as Annexure VII).

6.4

Information about Unclaimed Shares/Unpaid Dividend Amount - IEPF

Investor Education and Protection Fund (IEPF)

An Investor Education and Protection Fund (IEPF) has been established under Section 125 of the Companies Act, 2013. For the administration of the Investor Education and Protection Fund, the Government of India has on 7th September, 2016 established the Investor Education and Protection Fund Authority (IPEFA).

All dividends and Shares which remain unpaid or unclaimed for seven consecutive years, are transferred by respective companies to the Investor Education and Protection Fund Authority (IEPFA). An investor or his/her representatives need to submit their claim to the IEPF Authority to receive unpaid dividends and/or unclaimed shares.

IPFA is entrusted with the responsibility of administration of the Investor Education Protection Fund (IEPF), make refunds of shares, unclaimed dividends, matured deposits/debentures, etc. to investors and to promote awareness among investors.

IEPF Refund

Any person, whose unclaimed or unpaid amount has been transferred by the company to IEPF may claim their refunds from the IEPF authority. For claiming such an amount, the claimant needs to file form IEPF-5 along with the requisite documents.

For more details, investors can visit https://www.iepf.gov.in/IEPF/refund.html

7.1

ANNEXURE - I
Rights and Obligations of Investors

Rights of Investors

1. Get a Unique Client Code (UCC) from your broker.
2. Get a copy of KYC and other documents executed from the intermediary.
3. Get trades executed in only your UCC.
4. Place orders on meeting the norms agreed to with the Member.
5. Get the best price.
6. Get the contract note for trades executed.
7. Ask for details of charges levied.
8. Receive funds and securities on time.
9. Receive the statement of accounts from the trading member.
10. Ask for settlement of accounts.
11. Get statements as per an agreed schedule.

Obligations of Investors

1. Execute Know Your Client (KYC) documents and provide supporting documents.
2. Understand the voluntary conditions being agreed upon with the trading member.
3. Understand the rights given to Trading Members.
4. Read the Risk Disclosure Document.
5. Understand the product, operational framework and deadlines.
6. Pay margins on time.
7. Pay funds and securities for settlement on time.
8. Verify details of all trades.
9. Verify your bank account and DP account for funds and securities movement.
10. Review your contract notes and Statement of Account.

7.2

ANNEXURE - II
Caution against Unregistered Investment Advisers

SEBI registered Investment Advisers are regulated under SEBI (Investment Advisers) Regulations, 2013. "Investment Adviser" means any person, who for consideration, is engaged in the business of providing investment advice to clients or other persons or group of persons and includes any person who holds out himself as an investment adviser, by whatever name called.

The aim of the Regulation is to regulate "investment advice" which refers to advice relating to investing in, purchasing, selling or otherwise dealing in securities or investment products, and advice on investment portfolio containing securities or investment products, whether written, oral or through any other means of communication for the benefit of the client and shall include financial planning: provided that investment advice given through newspaper, magazines, any electronic or broadcasting or telecommunications medium, which is widely available to the public shall not be considered as investment advice for the purpose of these regulations. Investment Advisers are supposed to obtain a registration from SEBI and follow the Code of Conduct.

It is illegal to act as an Investment Adviser without SEBI registration. SEBI is making concerted efforts to stop such illegal activity. Some unscrupulous and ignorant entities may not get themselves registered and, or, may not follow the Code of Conduct. Investment Advisers have to limit themselves to giving advice and they do not handle cash or securities.

Investors therefore need to be aware and guard themselves against above mentioned practices present in the market and deal with caution with entities claiming expertise in capital markets. Investors are advised to take advice for investment only from entities registered under SEBI (Investment Adviser) Regulations, 2013.

The list of such entities is available at the following website: https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=13

Do's and Don'ts while dealing with Investment Advisers

Do's

- Always deal with SEBI registered Investment Advisers.
- Check for SEBI registration number. The list of all SEBI registered Investment Advisers is available on SEBI's website (https://www.sebi.gov.in).
- Ensure that the Investment Adviser has a valid registration certificate.
- Pay only advisory fees to your Investment Adviser.
- Make payments of advisory fees through banking channels only and maintain duly signed receipts mentioning the details of your payments.
- Always ask for your risk profiling before accepting investment advice.
- Insist that the Investment Adviser provides advisory strictly on the basis of your risk profiling and take into account available investment alternatives.
- Ask all relevant questions and clear your doubts with your Investment Adviser before acting on advice.
- Assess the risk - return profile of the investment as well as the liquidity and safety aspects before making investments.
- Insist on getting the terms and conditions in writing, duly signed and stamped. Read these terms and conditions carefully, particularly regarding advisory fees, advisory plans, category of recommendations, etc. before dealing with any Investment Adviser.
- Be vigilant in your transactions.
- Approach the appropriate authorities for redressal of your doubts//grievances.
- Inform SEBI about Investment Advisers offering assured or guaranteed returns.

Don'ts

- Do not deal with unregistered entities.
- Don't fall for stock tips offered under the pretext of investment advice.
- Do not give your money for investment to the Investment Adviser.
- Don't fall for the promise of assured returns.
- Don't let greed overcome rational investment decisions.
- Don't get carried away by luring advertisements or market rumors.
- Avoid doing transactions only on the basis of phone calls or messages from any Investment Adviser or its representatives.
- Don't take decisions just because of repeated messages and calls by Investment Advisers.
- Do not fall prey to limited period discount or other incentive, gifts, etc. offered by Investment Advisers.
- Don't rush into making investments that do not match your risk appetite and investment goals.
- Do not deal in Cash

7.3

ANNEXURE – III
Unified Payments Interface (UPI) in ASBA

Investors can now invest in IPOs by using Unified Payments Interface (UPI) as a payment mechanism. UPI is a system that empowers multiple bank accounts into a single mobile application (of any participating bank), merging several banking features, seamless fund transfers & merchant payments into a single mechanism.

UNIFIED PAYMENTS INTERFACE

How to invest using UPI:

The process of investing in an IPO through UPI involves 3 major steps as mentioned below:

01

Bidding through UPI:
Investors should fill the bid details in the application form along with their UPI ID. The applications may be submitted with the intermediary who will upload the bid details along with UPI ID in the stock exchange bidding platform. The stock exchange will electronically share the bid details, along with the investor's UPI ID with the Escrow/Sponsor bank appointed by the issuer company.

02

Blocking of funds:
The Escrow/sponsor bank will request the investor to authorize blocking of funds equivalent to application amount and subsequent debit of funds in case of allotment. Upon validation of the block request by the investor, the funds will then be blocked in the investors' account and the investors will be informed of the same.

03

Payment for shares post the allocation process:
Once the shares are allocated, the process of debiting funds from investor accounts will take place and the excess money would be unblocked. This process will take place on the basis of the authorization given by the investor using his/her UPI PIN at the time of blocking of funds.

Points to remember while using UPI for investing in IPO:

- Create your UPI ID with a bank whose name is mentioned in the 'List of Self-Certified Syndicate Banks (SCSBs) eligible to act as an Issuer Bank, available on website of SEBI.
- Use only those mobile applications and UPI handles that are mentioned in the 'List of mobile applications for using UPI in public issues available on the website of SEBI.
- Submit your application forms with UPI as a payment mechanism only to a Syndicate Member, or a Registered Stock Broker, or a Registrar and Transfer Agent or a Depository Participant.
- The limit for IPO application is Rs.2 Lakhs per transaction on UPI and is available only for retail individual investors.
- Third party UPI ID or investors using a third-party bank account will not be considered for allocation.
- Application by Retail Individual Investor through Designated Intermediaries, the process of physical movement of forms from Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI mechanism with existing timeline of T+3 days will continue.

7.4

Annexure IV
Investor Charter – Stock Brokers

In order to facilitate investor awareness about various activities which an investor deals with such as opening of account, KYC and in person verification, complaint resolution, issuance of contract notes and various statements, process for dematerialization/rematerialization, etc., SEBI, in consultation with market participants, has prepared an Investor Charter for MIIs and SEBI regulated entities/intermediaries inter-alia detailing the services provided to Investors, Rights of Investors, various activities of Stock Brokers with timelines, Dos and Don'ts for Investors and a Grievance Redressal Mechanism.

VISION

To follow the highest standards of ethics and compliances while facilitating the trading by clients in securities in a fair and transparent manner, so as to contribute in creation of wealth for investors.

MISSION

- To provide high quality and dependable service through innovation, capacity enhancement and the use of technology.
- To establish and maintain a relationship of trust and ethics with investors.
- To observe the highest standard of compliances and transparency.
- To always keep 'protection of investors' interest' as the goal while providing services.

Services provided to Investors

- Execution of trades on behalf of investors.
- Issuance of Contract Notes.
- Issuance of intimations regarding margin due payments.
- Facilitate execution of early pay-in obligation instructions.
- Settlement of client's funds.
- Intimation of securities held in Client Unpaid Securities Account (CUSA) Account.
- Issuance of retention statement of funds.
- Risk management systems to mitigate operational and market risk.
- Facilitate client profile changes in the system as instructed by the client.
- Information sharing with the client w.r.t. exchange circulars.
- Redressal of Investor's grievances.

Rights of Investors

- Ask for and receive information from a firm about the work history and background of the person handling your account, as well as information about the firm itself.
- Receive complete information about the risks, obligations, and costs of any investment before investing.
- Receive recommendations consistent with your financial needs and investment objectives.

- Receive a copy of all completed account forms and agreements.
- Receive account statements that are accurate and understandable.
- Understand the terms and conditions of transactions you undertake.
- Access your funds in a timely manner and receive information about any restrictions or limitations on access.
- Receive complete information about maintenance or service charges, transaction or redemption fees, and penalties.
- Discuss your grievances with compliance officer of the firm and receive prompt attention to and fair consideration of your concerns.

Various activities of Stock Brokers with timelines

Sr. No.	Activities	Expected Timelines
1	KYC entered into KRA System and CKYCR	10 days of account opening
2	Client Onboarding	Immediate, but not later than one week
3	Order execution	Immediate on receipt of order, but not later than the same day
4	Allocation of Unique Client Code	Before trading
5	Copy of duly completed Client Registration Documents to clients	7 days from the date of upload of Unique Client Code to the Exchange by the trading member
6	Issuance of contract notes	24 hours of execution of trades
7	Collection of upfront margin from client	Before initiation of trade
8	Issuance of intimations regarding other margin due payments	At the end of the T-day
9	Settlement of client funds	30 days//90 days for running account settlement (RAS) as per the preference of client. If consent not given for RAS – within 24 hours of pay-out
10	'Statement of Accounts' for Funds, Securities and Commodities	Weekly basis (Within four trading days of following week)
11	Issuance of retention statement of funds/commodities	5 days from the date of settlement
12	Issuance of Annual Global Statement	30 days from the end of the financial year
13	Investor grievances redressal	30 days from the receipt of the complaint

Do’s

- Read all documents and conditions being agreed upon before signing the account opening form.
- Receive a copy of KYC, copy of account opening documents and Unique Client Code.
- Read the product//operational framework//timelines related to various Trading and Clearing & Settlement processes.
- Receive all information about brokerage, fees and other charges levied.
- Register your mobile number and email ID in your trading, demat and bank accounts to get regular alerts on your transactions.
- If executed, receive a copy of Power of Attorney. However, Power of Attorney is not a mandatory requirement as per SEBI//Stock Exchanges. Before granting Power of Attorney, carefully examine the scope and implications of powers being granted.
- Receive contract notes for trades executed, showing transaction price, brokerage, GST and STT, etc. as applicable, separately, within 24 hours of execution of trades.
- Receive funds and securities//commodities on time within 24 hours from pay-out.
- Verify details of trades, contract notes and statement of account, and approach relevant authority for any discrepancies. Verify trade details on the Exchange websites from the trade verification facility provided by the Exchanges.
- Receive statement of accounts periodically. If opted for running account settlement, account has to be settled by the stock broker as per the option given by the client (30 or 90 days).
- In case of any grievances, approach the stock broker or Stock Exchange or SEBI for getting the same resolved within prescribed timelines.

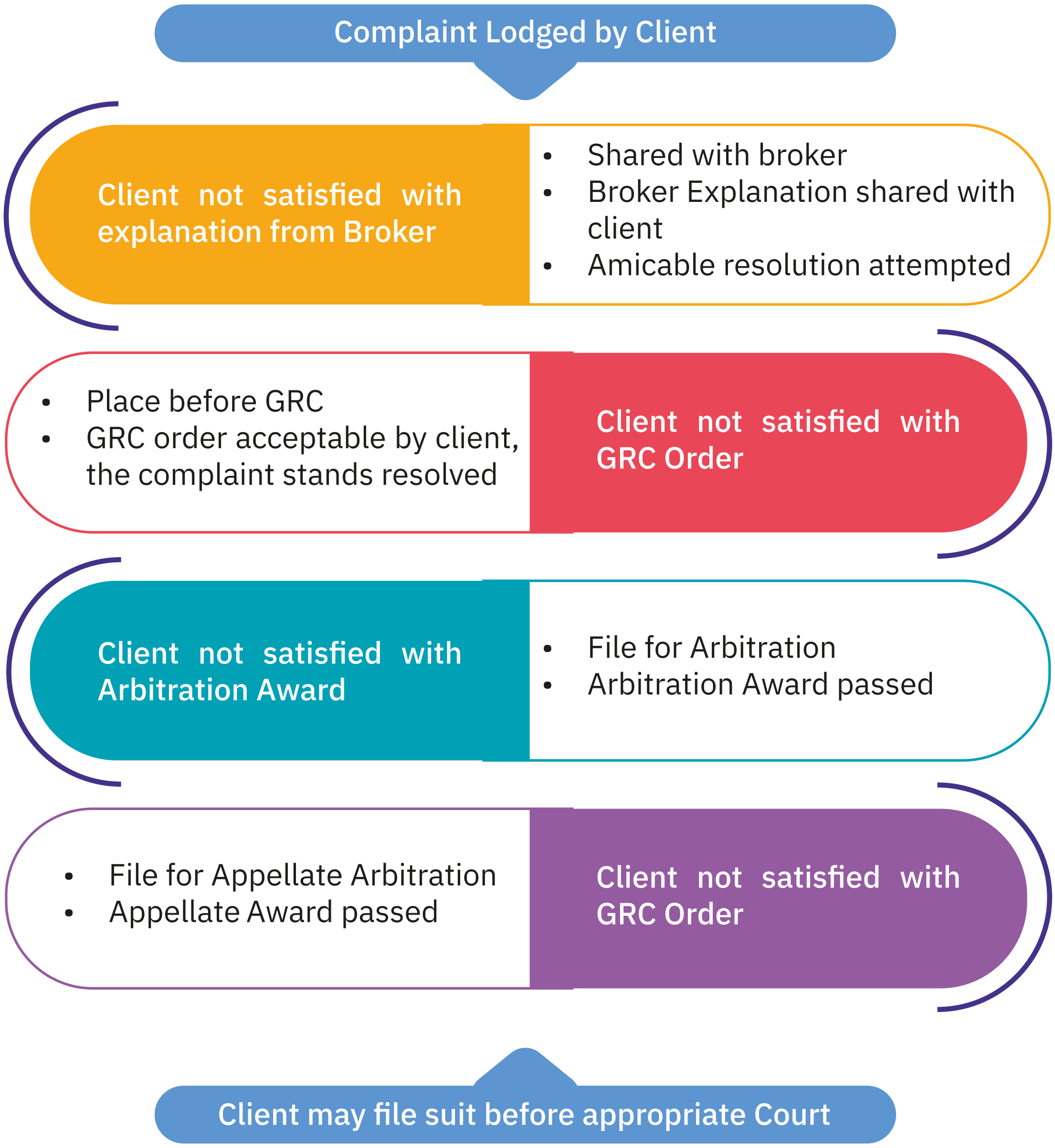
Don’ts

- Do not deal with unregistered stock brokers.
- Do not forget to strike off blanks in your account opening and KYC forms.
- Do not submit an incomplete account opening and KYC form.
- Do not forget to inform any change in information linked to trading account and obtain confirmation of updation in the system.
- Do not transfer funds, for the purposes of trading to anyone other than a stock broker. No payment should be made in name of employee of the stock broker.
- Do not ignore any emails//SMSs received with regards to trades done, from the Stock Exchange and raise a concern, if a discrepancy is observed.

- Do not opt for digital contracts, if not familiar with computers.
- Do not share your trading password.
- Do not fall prey to fixed//guaranteed returns schemes.
- Do not fall prey to fraudsters sending emails and SMSs luring to trade in stocks//securities promising huge profits.
- Do not follow herd mentality for investments. Seek expert and professional advice for your investments.

Grievance Redressal Mechanism

- **Level 1 -** Approach the Stock Broker at the designated Investor Grievance e-mail ID of the stock broker. The Stock Broker will strive to redress the grievance immediately, but not later than 30 days of the receipt of the grievance.
- **Level 2 -** Approach the Stock Exchange using the grievance mechanism mentioned at the website of the respective exchange.
- Complaints Resolution Process at Stock Exchange explained graphically:



Timelines for complaint resolution process at Stock Exchanges against stock brokers

Sr. No.	Type of Activity	Timelines for activity
1	Receipt of Complaint	Day of complaint (C Day).
2	Additional information sought from the investor, if any, and provisionally forwarded to stock broker	C + 7 Working days.
3	Registration of the complaint and forwarding to the stock broker	C+8 Working Days i.e. T-day.
4	Amicable Resolution	T+15 Working Days.
5	Refer to Grievance Redressal Committee (GRC), in case of no amicable resolution	T+16 Working Days.
6	Complete resolution process post GRC	T+30 Working Days.
7	In case where the GRC Member requires additional information, GRC order shall be completed within	T+45 Working Days.
8	Implementation of GRC Order	On receipt of GRC Order, if the order is in favour of the investor, debit the funds of the stock broker. Order for debit is issued immediately or as per the directions given in GRC order.
9	In case the stock broker is aggrieved by the GRC order, will provide intention to avail arbitration	Within 7 days from receipt of order.
10	If intention from stock broker is received and the GRC order amount is up to Rs.20 lakhs	Investor is eligible for interim relief from Investor Protection Fund (IPF). The interim relief will be 50% of the GRC order amount or Rs.2 lakhs whichever is lesser. The same shall be provided after obtaining an Undertaking from the investor.
11	Stock Broker shall file for arbitration	Within 6 months from the date of GRC recommendation.
12	In case the stock broker does not file for arbitration within 6 months	The GRC order amount shall be released to the investor after adjusting the amount released as interim relief, if any.

Handling of Investor's claims//complaints in the case of a default of a Trading Member//Clearing Member (TM/CM)

The following steps are carried out by the Stock Exchanges for the benefit of an investor, in case a stock broker defaults:

- A circular is issued to declare the Stock Broker as a Defaulter.
- Information of the defaulter stock broker is disseminated on the Stock Exchange website.
- A public notice is issued informing declaration of a stock broker as defaulter and inviting claims within specified period.
- Intimation to clients of defaulter stock brokers via emails and SMS for facilitating lodging of claims within the specified period.

The following information is available on Stock Exchange websites for the information of investors:

- Norms for eligibility of claims for compensation from IPF.
- Claim form for lodging claim against defaulter stock broker.
- FAQs on processing investors' claims against a Defaulter stock broker.
- Provision to check the online status of client's claim.

- **Level 3 –** The complaints not redressed at Stock Broker//Stock Exchange level, may be lodged with SEBI on SCORES (a web based centralized grievance redressal system of SEBI) https://scores.sebi.gov.in.

7.5

Annexure V
Guidelines for the Investor Protection Fund at Stock Exchanges and Depositories

Eligible Claims

- The claims received against the defaulter TMs during the specified period shall be eligible for compensation from the IPF.
- Where the clients have dealt through the authorized persons of the defaulting TM, registered with the stock exchange, such clients will also be eligible for claims against the defaulting TM for compensation from the IPF.
- If any eligible claim arises within three years from the date of expiry of the specified period, such claims:
  I. shall be considered eligible for compensation from IPF in cases where the defaulter TM's funds are inadequate. In such cases, IPF Trust shall satisfy itself that such a claim could not have been filed during the specified period for reasons beyond the control of the claimant.
  II. shall not be considered eligible for compensation from IPF in cases where the surplus funds of the defaulter TM are returned to the defaulter TM. The same shall be borne by the stock exchange after scrutinizing and satisfying itself that such claim could not have been filed during the specified period for reasons beyond the control of the claimant.

- Any claim received after three years from the date of expiry of the specified period may be dealt with as a civil dispute.
- The claims of only the investors or clients shall be eligible for compensation from the IPF and in no case the claims of a TM or an associate of the TM of the stock exchange shall be eligible for compensation out of the IPF.
- The claims of the investors or clients arising out of speculative transactions shall not be eligible for compensation from the IPF.

Threshold limit for claims

- The stock exchanges shall fix suitable per investor compensation limits, in consultation with the IPF Trust and SEBI.
- The stock exchanges, in consultation with their IPF Trust, shall review and progressively increase the amount of compensation available against a single claim from an investor, at least once in every three years.
- The Stock Exchange shall disseminate the compensation limit fixed by them and any change thereof, to the public through a Press Release and also through its website.

Determination of legitimate claims from IPF for clients of the defaulter TM

- The Stock Exchanges shall ensure that once a TM has been declared defaulter, the claim(s) shall be placed before the Member Core Settlement Guarantee Fund Committee (MCSGFC) for sanction and ratification. MCSGFC's advice w.r.t. legitimate claims shall be sent to the IPF Trust for immediate disbursement of the amount.
- In case the claim amount is more than the coverage limit under IPF or the amount sanctioned and ratified by the MCSGFC is less than the claim amount then the investor will be at liberty to prefer for arbitration outside the exchange mechanism or any other legal forum outside the exchange mechanism for claim of the balance amount.

Disbursements of claims from the IPF

- The IPF Trust shall disburse the amount of compensation from the IPF to the investor and such a compensation shall not be more than the maximum amount fixed for a single claim of an investor.
- The compensation shall be disbursed to the investor from the IPF in case there is a shortage of defaulter TM's assets, subject to the maximum amount fixed for a single claim of an investor.
- The IPF Trust need not wait for realization of assets of the defaulter TM for disbursements of the claims;
- The stock exchange would do away with the practice of obtaining indemnity undertaking from the clients.
- The stock exchange shall ensure that the amount realized from the assets of the defaulter TM is returned to the defaulter TM only after settling the following as per the bye-laws of stock exchange: -

A. Claims of clients of TM received
B. Eligible claims of all stock exchanges of which the defaulter TM was a member;
C. Claims of SEBI, if any;
D. Pending litigations against the defaulter TM;
E. Estimated value of claims of clients of TM yet to be received after the end of specified period. This amount shall be estimated by stock exchanges and kept for a maximum period of three years from the date of expiry of specified period.

Any amount realized from the assets of the defaulter TM and being retained by the stock exchange shall be kept in a separate interest-bearing account and in case the funds remain unclaimed after the timeline the same shall be returned to the defaulter TM.

Disclosures

- The stock exchanges and depositories are advised to
  A. Disclose the corpus of the IPF on its website and update the same on a monthly basis.
  B. Disseminate its policy on processing investor claims from IPF on their website including the compensation limit fixed by them per investor.
  C. To frame FAQs on their policy on processing investor claims for easy understanding of investors.
  D. Give adequate notice (including a press release) to the investors before implementing any amendment in the policy on processing of claims. In case of any amendment in the policy on processing of investor claims, the same should not be applicable to the TMs who have been disabled or suspended or declared defaulter by the exchange prior to the effective date of implementation of policy.

7.6

ANNEXURE - VI
Glossary

Sr No	Abbreviation	Full Form
1.	AMC	Annual Maintenance Charges
2.	ASBA	Application Supported by Blocked Amount
3.	BSDA	Basic Services Demat Account
4.	CAS	Consolidated Account Statement
5.	CDSL	Central Depository Services (India) Limited
6.	Demat	Dematerialized
7.	DP	Depository Participant
8.	IA	Investment Advisers
9.	IGRC	Investor Grievance Redressal Committee
10.	IGRP	Investor Grievance Resolution Panel
11.	IPO	Initial Public Offer
12.	KIN	KYC Identification Number

Sr No	Abbreviation	Full Form
13.	KYC	Know Your Client
14.	MII	Market Infrastructure Institutions
15.	MSE	Metropolitan Stock Exchange of India Limited
16.	NSDL	National Securities Depository Limited
17.	NSE Ltd.	National Stock Exchange of India Limited
18.	PAN	Permanent Account Number
19.	PoA	Power of Attorney
20.	SCORES	SEBI Complaints Redress System
21.	SEBI	Securities and Exchange Board of India
22.	SMS	Short Message Service
23.	UCC	Unique Client Code
24.	UID	Unique Identification

Investor Awareness Initiatives of SEBI

A. **Visit to SEBI and Visit by SEBI Programs:**

- Investor awareness programs conducted for students from college, schools and professional institutes who visit SEBI offices or SEBI officials visit such institution for these programs.

B. **Regional Investor Seminar for Awareness (RISA)**

- Investor Education programs conducted by SEBI in coordination with Stock Exchanges, Depositories, AMFI, Commodities Derivatives Exchanges, etc.

C. **Investor Awareness Programs through Investors Associations (IAs):**

- Investor education programs in securities market conducted by SEBI recognised Investors Associations (IAs) in tier II/tier III cities/towns.

D. **Investor Awareness Programs through Securities Market Trainers (SMARTs):**

- Investor education programs in Securities Market conducted by SEBI recognised Securities Market Trainers (SMARTs) in tier II/tier III cities/towns.

Details of these Investors awareness programs can be found on the SEBI Investor website: http://investor.sebi.gov.in

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Investor website: http://investor.sebi.gov.in
Interactive Voice Response System (IVRS): Tel : +91-22-26449950 / 40459950
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For Investor complaints: https://scores.gov.in

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