



**THE INSTITUTE OF
Company Secretaries of India**
भारतीय कम्पनी सचिव संस्थान
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SUPPLEMENT
PROFESSIONAL PROGRAMME
(OLD SYLLABUS)

for

December, 2021 Examination

CAPITAL, COMMODITY AND MONEY MARKET

MODULE 3

ELECTIVE PAPER-9.2

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Lesson 3

Framework of Market Infrastructure Institutions

Master Circular on Surveillance of Securities Market (March 01, 2021)

Securities and Exchange Board of India (SEBI) from time to time, has been issuing various circulars for effective surveillance of the securities market.

2. In order to enable the users to have an access to all the applicable circulars at one place, the Master Circular on Surveillance of Securities Market has been prepared.
3. This Master Circular is a compilation of the circulars issued by Integrated Surveillance Department, which are operational as on date of this circular.
4. The list of applicable Circulars has been appended. In case of any inconsistency between the Master Circular and the applicable circulars, the content of the relevant circular shall prevail.
5. This Master Circular is available on the SEBI website at <https://www.sebi.gov.in/> under the category "Legal Master Circulars".

For details, please refer to: https://www.sebi.gov.in/legal/master-circulars/mar-2021/master-circular-on-surveillance-of-securities-market_49354.html

Master Circular for Depositories (February 05, 2021)

Securities and Exchange Board of India (SEBI), from time to time, has been issuing various circulars/directions to Depositories. In order to enable the users to have access to all the applicable circulars/directions at one place, Master Circular for Depositories has been prepared.

2. This Master Circular is a compilation of the relevant circulars/communications pertaining to Depositories issued by SEBI up to October 31, 2020 and shall come into force from the date of its issue. References in the Master Circular to the Statutes/Regulations which now stand repealed, have been suitably updated.
3. In case of any inconsistency between the Master Circular and the applicable circulars, the content of the applicable/ relevant circular shall prevail.
4. The Master Circular consists of four sections i.e. Beneficial Owner (BO) Accounts, Depository Participants (DP) Related, Issuer related and Depositories Related. Efforts have been made to include provisions of circulars/ communications relevant to each sections. However, cross referencing of circulars/ communications amongst the sections may exist. Users may refer other sections also for compliance to provisions applicable to them.

5. This Master Circular shall supersede previous Master Circular SEBI/HO/MRD/DP/CIR/P/118 dated October 25, 2019 and is available on SEBI website at www.sebi.gov.in.

For details, please refer to: https://www.sebi.gov.in/legal/master-circulars/feb-2021/master-circular-for-depositories_49029.html

Guidelines for Business Continuity Plan (BCP) and Disaster Recovery (DR) of Market Infrastructure Institutions (MIIs) (March 22, 2021)

SEBI vide circular SEBI/HO/MRD/DMS1/CIR/P/2019/43 dated March 26, 2019 prescribed framework for Business Continuity Plan (BCP) and Disaster Recovery Site (DRS) for Stock Exchanges, Depositories and Clearing Corporations.

With advancement in technology and improved automation of processes, it was felt that the extant framework needs to be re-examined with a view to reducing the time period specified for moving from Primary Data Centre(PDC) to DRS.

For details: <https://www.sebi.gov.in/legal/circulars/mar-2021/guidelines-for-business-continuity-plan-bcp-and-disaster-recovery-dr-of-market-infrastructure-institutions-miis-49601.html>

Lesson 4

Financial Intermediaries Framework

Notification repealing the Securities and Exchange Board of India (Central Database of Market Participants) Regulations, 2003 (January 13, 2021)

In exercise of the powers conferred by Section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities and Exchange Board of India hereby repeals with immediate effect the Securities and Exchange Board of India (Central Database of Market Participants) Regulations, 2003 published in Part-III, Section 4 of the Gazette of India, Extraordinary, under notification of the Securities and Exchange Board of India number F. No. SEBI/LE/26/2003 dated the 20th November, 2003.

For details, please refer: https://www.sebi.gov.in/legal/regulations/jan-2021/notification-repealing-securities-and-exchange-board-of-india-central-database-of-market-participants-regulations-2003_50393.html

Securities and Exchange Board of India (Underwriters) (Repeal) Regulations, 2021 (March 30, 2021)

In exercise of the powers conferred under Section 30 of the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Board hereby makes the following regulations to repeal the Securities and Exchange Board of India (Underwriters) Regulations, 1993, namely: –

1. These regulations may be called the Securities and Exchange Board of India (Underwriters) (Repeal) Regulations, 2021.

2. They shall come into force on the date of their publication in the Official Gazette.

3. On and from the commencement of these regulations, the Securities and Exchange Board of India (Underwriters) Regulations, 1993 shall stand repealed and the certificate of registration granted to any person under the Securities and Exchange Board of India (Underwriters) Regulations, 1993 shall deemed to be surrendered.

4. The repeal of the Securities and Exchange Board of India (Underwriters) Regulations, 1993 shall not affect—

(i) the previous operation of the said regulations or anything done or omitted to be done or suffered therein;

(ii) any right, privilege, obligation or liability acquired or accrued or incurred under the said regulations;

(iii) any penalty or punishment incurred in respect of any contravention or offence committed under the said regulations;

(iv) any investigation, legal proceedings or remedy in respect of any such right, privilege, obligation, liability, penalty or punishment as aforesaid.

5. Any such investigation, legal proceeding or remedy may be instituted, continued or enforced and any such penalty or punishment may be imposed as if the Securities and Exchange Board of India (Underwriters) Regulations, 1993 had not been repealed.

For details, please refer to: https://www.sebi.gov.in/legal/regulations/mar-2021/securities-and-exchange-board-of-india-underwriters-repeal-regulations-2021_49746.html

Procedure for seeking prior approval for change in control of SEBI registered Portfolio Managers (May 12, 2021)

1. Regulation 11 of the SEBI (Portfolio Managers) Regulations, 2020 prescribes the conditions of registration as a Portfolio Manager. Vide SEBI (Portfolio Managers) (Second Amendment) Regulations, 2021 notified on April 26, 2021, a Sub-regulation (aa) has been inserted in the aforesaid Regulation 11.

2. Regulation 11(aa) provides that a Portfolio Manager shall obtain prior approval of SEBI in case of change in control in such manner as may be specified by SEBI. Accordingly, it has been decided that all SEBI registered Portfolio Managers shall comply with the following in case they propose a change in control:

- a. An online application shall be made to SEBI for prior approval through the SEBI Intermediary Portal (<https://siportal.sebi.gov.in>).
- b. The prior approval granted by SEBI shall be valid for a period of six months from the date of such approval.
- c. Applications for fresh registration pursuant to change in control shall be made to SEBI within six months from the date of prior approval.
- d. Pursuant to grant of prior approval by SEBI, all the existing investors/ clients shall be informed about the proposed change prior to effecting the same, in order to enable them to take well informed decision regarding their continuance or otherwise with the changed management.

For details, please refer to: https://www.sebi.gov.in/legal/circulars/may-2021/procedure-for-seeking-prior-approval-for-change-in-control-of-sebi-registered-portfolio-managers_50116.html

Standardizing and Strengthening Policies on Provisional Rating by Credit Rating Agencies (CRAs) for Debt Instruments (April 27, 2021)

In order to strengthen and standardize the policies on provisional rating, subsequent to consultation with various stakeholders, including credit rating agencies, the following have been focused upon- Rating Symbol, Standardized Term, Validity period, Disclosures in the press release / rating rationale and Unaccepted provisional rating.

For details, please refer to: https://www.sebi.gov.in/legal/circulars/apr-2021/standardizing-and-strengthening-policies-on-provisional-rating-by-credit-rating-agencies-cras-for-debt-instruments_49951.html

Lesson 5
Primary Market

Disclosure of the following only w.r.t schemes which are subscribed by the investor (May 31, 2021):

a. risk-o-meter of the scheme and the benchmark along with the performance disclosure of the scheme vis-à-vis benchmark and

b. Details of the portfolio

SEBI, vide circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/555 dated April 29, 2021, specified disclosures with regard to disclosure of (a) risk-o-meter of the scheme and the benchmark along with the performance disclosure of the scheme vis-à-vis benchmark and (b) details of portfolio, which were applicable from June 01, 2021.

For details, please refer to: <https://www.sebi.gov.in/legal/circulars/may-2021/disclosure-of-the-following-only-w-r-t-schemes-which-are-subscribed-by-the-investor-a-risk-o-meter-of-the-scheme-and-the-benchmark-along-with-the-performance-disclosure-of-the-scheme-vis-a-vis-bench-50344.html>

Lesson 6

Secondary Market

Format of compliance report on Corporate Governance by Listed Entities (May 31, 2021)

1. As per the provisions of Regulation 27(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), a listed entity is required to submit a quarterly compliance report on corporate governance in the format specified by the Board from time to time to recognised Stock Exchange(s).

2. The format for compliance report on Corporate Governance by listed entities has been specified, as per the following annexures, vide Circular No. CIR/CFD/CMD/5/2015 dated September 24, 2015 and modified vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2019/78 dated July 16, 2019.

For details, please refer to: https://www.sebi.gov.in/legal/circulars/may-2021/format-of-compliance-report-on-corporate-governance-by-listed-entities_50338.html

Business responsibility and sustainability reporting by listed entities (May 10, 2021)

In recent times, adapting to and mitigating climate change impact, inclusive growth and transitioning to a sustainable economy have emerged as major issues globally. There is an increased focus of investors and other stakeholders seeking businesses to be responsible and sustainable towards the environment and society. Thus, reporting of company's performance on sustainability related factors has become as vital as reporting on financial and operational performance.

SEBI vide Circular no. CIR/CFD/CMD/10/2015 dated November 04, 2015 has prescribed the format for the Business Responsibility Report (BRR) in respect of reporting on ESG (Environment, Social and Governance) parameters by listed entities.

The BRSR seeks disclosures from listed entities on their performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' (NGBRCs) and reporting under each principle is divided into essential and leadership indicators. The essential indicators are required to be reported on a mandatory basis while the reporting of leadership indicators is on a voluntary basis. Listed entities should endeavour to report the leadership indicators also.

For details, please refer to: https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html

Lesson 7

Capital Market Investment Institutions

Enhancement of overall limit for overseas investment by Alternative Investment Funds (AIFs)/Venture Capital Funds (VCFs) (May 21, 2021)

1. In terms of SEBI Circulars No. SEBI/VCF/CIR No. 1/98645/2007 dated August 09, 2007, CIR/IMD/DF/7/2015 dated October 01, 2015, and SEBI/HO/IMD/DF1/CIR/P/ 2018/103/2018 dated July 3, 2018, SEBI registered AIFs and VCFs are permitted to invest overseas, subject to an overall limit of USD 750 million.
2. In consultation with the Reserve Bank of India, the said limit has now been enhanced to USD 1,500 million. Further, all other regulations governing such overseas investment by eligible AIFs/VCFs shall remain unchanged.
3. All other requirements, terms and conditions specified in the aforesaid SEBI Circulars shall remain unchanged.

For details, please refer to: <https://www.sebi.gov.in/legal/circulars/may-2021/enhancement-of-overall-limit-for-overseas-investment-by-alternative-investment-funds-aifs-venture-capital-funds-vcfs-50219.html>

Circular on Reporting Formats for Mutual Funds (April 12, 2021)

Pursuant to regulatory revamp exercise of SEBI (Mutual Funds) Regulations, 1996 (hereinafter called as “MF Regulations”) and various circulars issued thereunder, a circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021 has been issued. Further, based on the consultation with industry the formats for the following reports i.e. reports to be submitted by AMCs to Trustees, by AMCs to SEBI and by Trustees to SEBI have been reviewed and revised

For details, please refer to: <https://www.sebi.gov.in/legal/circulars/apr-2021/circular-on-reporting-formats-for-mutual-funds-49813.html>

Regulatory reporting by AIFs (April 07, 2021)

In terms of AIF Regulations and paragraph 3.2 of Circular No. CIR/IMD/DF/10/2013 dated July 29, 2013, AIFs are required to submit periodical reports to SEBI relating to their activity. To provide ease of compliance, it has been decided to review and rationalize the existing regulatory reporting requirements.

Accordingly, based on consultation with various stakeholders and recommendation of Alternative Investment Policy Advisory Committee, it has been decided that all AIFs shall submit report on their activity as an AIF to SEBI on quarterly basis within 10 calendar days from the end of each quarter in the revised formats

For details, please refer to: <https://www.sebi.gov.in/legal/circulars/apr-2021/circular-on-regulatory-reporting-by-aifs-49788.html>

Setting up of Limited Purpose Clearing Corporation (LPCC) by Asset Management Companies (AMCs) of Mutual Funds (April 06, 2021)

1. SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/17 dated February 2, 2021 prescribed the modalities for contribution of AMCs towards share capital of LPCC. In this regard, it was prescribed, inter alia, that the contribution from AMCs shall be in proportion to the Average AUM of open ended debt oriented mutual fund schemes (excluding overnight, gilt fund and gilt fund with 10-year constant duration but including conservative hybrid schemes) managed by them for the Financial Year (FY) 2019-20.
2. In consideration of the representation received from AMFI, paragraph 4 of SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2021/17 dated February 2, 2021 has been modified to the effect that the contribution of AMCs shall be based on Average AUM of debt oriented schemes, as detailed above, for the Financial Year (FY) 2020-21.

For details, please refer to: https://www.sebi.gov.in/legal/circulars/apr-2021/setting-up-of-limited-purpose-clearing-corporation-lpcc-by-asset-management-companies-amcs-of-mutual-funds_49770.html

Lesson 8

Capital Market Instruments

Clarification on the valuation of bonds issued under Basel III framework (March 22, 2021)

1. SEBI, vide para 8 of the circular No. SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021, has inter alia stated that the maturity of all perpetual bonds shall be treated as 100 years from the date of issuance of the bond for the purpose of valuation.
2. Based on the representation of the Mutual Fund Industry to consider a glide path for implementation of the policy and request of other stakeholders, it has been decided that the deemed residual maturity for the purpose of valuation of existing as well as new bonds issued under Basel III framework shall be as below:

Time Period	Deemed Residual Maturity of Basel III AT-1 bonds (Years)	Deemed Residual Maturity of Basel III Tier 2 Bonds (Years)
Till March 31, 2022	10	10 years or Contractual Maturity whichever is earlier
April 01, 2022 – September 30, 2022	20	Contractual Maturity
October 01, 2022 – March 31, 2023	30	Contractual Maturity
April 01, 2023 onwards	100 *	Contractual Maturity

*100 years from the date of issuance of the bond.

Macaulay Duration for bonds issued under Basel III framework shall be calculated based on the deemed residual maturity as mentioned in the above table.

For more details, please refer to: https://www.sebi.gov.in/legal/circulars/mar-2021/clarification-on-the-valuation-of-bonds-issued-under-basel-iii-framework_49604.html

Note: Students appearing in December, 2021 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications order etc. issued by MCA, SEBI, RBI, Central Government and any other pertinent authorities upto 31st May, 2021.

