CHAPTER - 6

INVESTOR PROTECTION AND EDUCATION IN DERIVATIVES MARKET AND THE ROLE OF THE REGULATORY AUTHORITY (SEBI)

6.1 Introduction

In any sort of the financial markets, investments and the confidence of the investor has got paramount importance. Without the large chunk of investments and faith of the investors, no market can develop or succeed. In this regard, SEBI give more emphasis to various measures including the fairness and transparency, safeguarding client’s money, component and honest service and market integrity. SEBI has also made many provisions to the investors so that they can educate themselves and also get their grievances redressed.

This chapter discusses the role of SEBI as a regulatory body to provide investor protection and education. It also traces other organizations which play important role in this regard.
6.2 Role of SEBI towards Retail Investors

The previous chapter was about the need for investor protection. This section will briefly describe the role of SEBI towards the retail investors. Now, Prior to SEBI, the capital issues in the Indian Capital market were regulated and resolved by Capital Issues (Control) Act, 1947. There were three main objectives of the Act (Control Act, 1947): The first one is that the SEBI shall make sure that investment in the private sector will follow according to the objectives of the five year plans made by SEBI. And secondly, the SEBI shall encourage the improvement and growth of private sector which has got financially strong set up and thirdly, period wise distribution of capital issues so that there would be no waiting period for the companies.

Principles and policies under the Control Act were regulated by Controller of Capital Issues (CCI). However, according to the Narasimha Committee observations, financial market or derivatives market needs a single regulatory authority which should be able to regulate all the activities in the securities market as there was lot of restrictions made by CCI. Later on the CCI office was asked to shut down and SEBI was established in year 1992.
SEBI is the apex body of the Indian stock market. It regulates controls and promoting of the Indian stock markets. Under the provisions of SEBI Act 1992, it was established on 12th April 1992. Its head Office in Mumbai and it was one of the best reforms happened in the history of the Indian economy.

With the growth in the dealings of stock markets, lot of malpractices also started in stock markets such as price rigging, ‘unofficial premium on new issue, and delay in delivery of shares etc. Because of these malpractices, customers started losing confidence and faith in the stock exchange. So government of India decided to set up an agency or regulatory body. This is body or agency now known as SEBI.

The Objectives of SEBI:

a) **Maintaining a conductive environment:** In order to raise money in the capital market, SEBI helps in creating a proper environment with the help of rule and regulations, fair trade practices, and also maintains healthy relations among institutions, brokers, investors and companies. The main aim of SEBI is to protect the trust of the investors especially retail investors.

b) **Encourage Education among Investors:** Another important objective of SEBI is to educate the investors about their rights and how to operate in the capital market. The main motive behind this move is to maintain liquidity, safety for investors and enhance profitability for
investors. Adequate, authentic and accurate information is made available on the SEBI’s official website in order to ensure market efficiency. Dr. K. Santi Swarup conducted a survey in December 2003 and published a paper on measures for improving common investor confidence in Indian Primary Market. Sucheta Dalal, the famous columnist has also written extensively on the capital market and investor protection. She wrote on the 6th June, 2003 about her speech made at the CII (Confederation of Indian Industries) National Conference on April 9, 2003. She pointed out that the best of corporate groups have short-changed investors – especially during mergers and takeovers.

c) Development of Infrastructure: It is also aimed at development and automatic expansion of business among the middlemen i.e. brokers, commercial and merchant banks, jobbers, mutual funds, etc.

The Functions under SEBI Act:

a) Regulation of Stock Exchange: In order to regulate the business in the stock exchange and prohibit fraudulent and unfair trade practices in the capital market, SEBI performs some functions. It calls for information regarding finances of the company, undertake inspection, conduct enquiries, and audits among stock exchanges.
b) **Regulation of Stock Brokers:** Working stock brokers, sub-brokers, share transfer agents, portfolio manager, etc. are also regulated and registered under the SEBI Act in order to inhibit fraudulent brokers from taking advantage of investors.

c) **Protection of Investor:** As already discussed in the objectives of SEBI, SEBI empowers its investors, especially retail investors by educating and training programs.

d) **Registration of Intermediaries:** It is mandatory for the regulators to compulsorily register with SEBI as per their rules and guidelines. The rules are first applied during the application and registration process along with the fees. SEBI has the right to reject the proposal from the intermediaries or suspend or cancel the registration at any given time if any discrepancy in the operation of intermediary is observed. However, if the intermediary is not satisfied with the order of SEBI, then they can appeal to the government of India.

e) **Make Rules and Regulations with changing times:** The rules under the SEBI Act are framed by the government of India. The rules are generally related to, functions performed by SEBI, constitution of Securities Appellate Tribunal (SAT), maintenance of its accounts, manner of inquiry, penalties. SEBI however, is empowered to make regulations which are approved by the government before being passed.
f) **Adjudication:** The division Chief in the different offices of SEBI has the right to hold an enquiry and adjudicate accordingly. The quantum of penalty levied on the defaulter is fixed with regard to the amount of disproportionate gain or the level of unfair means adopted by the defaulter, or the amount of loss caused by the investor/group of investors as a result of default and also on the repetitive nature of the defaulter or the act of default (SEBI official website; SEBI Annual report, 2001-2012).

**Penalties under SEBI Act:**

Since 1995, SEBI has been empowered with the right to impose penalties on different intermediaries for different offences of the SEBI’s rules and regulations.

a) **Failure to Furnish Information and Return:** Penalty ranging from Rs. 50,000-1,50,000 can be imposed by SEBI, if the intermediary in question is unable to furnish information like, financial reports, financial documents, income tax returns, account books and records.

b) **Failure to enter into agreement with clients:** If the intermediary fails to formulate an agreement with client he/she may have to face a penalty of Rs. 5, 00, 000 for each of such failures.

c) **Failure to redress investor’s grievances:** If the intermediary fails to redress the grievances of investor, then they are liable to a penalty of Rs. 10,000 for every failure.
d) **Default in case of Mutual Funds:** If the intermediary has not obtained the registration certificate then he/she is liable to a penalty of Rs. 10,000/per day to Rs. 10 lacs whichever is higher. If they are registered but are not complying with rules and regulations then again they are liable to a penalty of Rs. 10,000/per day to Rs. 10 lacs whichever is higher. If the intermediary has failed to list out the schemes in the application document then they are liable to a fine of Rs. 5,000/per day to Rs. 5 lacs whichever is higher. In case the intermediary fails to refund the application money than they are liable to a fine of Rs. 1,000/per day. Also, if the intermediary collects the money from his client and does not invest the money in full or partial then he/she is liable to a fine of Rs. 5, 00, 000 for each of such case.

e) **Default in case of stock brokers:** If the stock broker fails to deliver any security/payment amount which is due to the investor within a specified period and as per the regulations then they are liable to a penalty of Rs. 5,000 per day for each default. Also the stock broker is not allowed to charge a brokerage which is excess of as prescribed by the regulations of SEBI. If done otherwise, they are liable to a penalty of Rs. 5000 or five times the charge which they have levied on the investor, whichever is higher.

f) **Penalty for insider trading:** The Insider (working under government or SEBI), deals in securities on his behalf or other’s behalf on the basis
of prices and sensitive information which are unpublished or communicated any unpublished or sensitive data except when required or under the law or counsels or procures for any person to deal in securities on the basis of published price and sensitive information then the defaulter is liable to a penalty of Rs. 5, 00, 000.

**g) Non-disclosure of acquisition of shares and takeovers:** If the defaulter fails to disclose the shareholding in the company before acquiring any shares of that company and then makes an announcement of acquiring shares at a minimum price then they are liable to a penalty not exceeding Rs. 5, 00, 000 (SEBI official website; SEBI Annual report, 2001-2012).

**SEBI’s Regulatory Role**

After gaining the status of Statutory body in 1995, SEBI, appointed 24-member committee under the chairmanship of L. C. Gupta in November, 1996. The main of this committee was the development of regulatory framework for derivative trading in India. The existence of regulatory body for the protection of investor is also essential (Kothiya and Patel, 2012). Different aspects of the derivative trading were studied by the then appointed committee and then accordingly made far-reaching recommendations. In fact committee conducted a survey among the investors, intermediaries and financial institutions in order to assess the
needs and requirements of market participants (SEBI official website; SEBI Annual report, 2001-2012).

The regulatory framework of SEBI is focused on following activities:

a) Bring Credibility to the Regulatory Structure: It is one the functions of SEBI to successfully create a credible regulatory structure of derivative trading operations in Indian Capital Market. For this purpose, SEBI has introduced internationally acclaimed practices and also engages itself in periodical modernization of the market infrastructure by enforcing regulations. In order to ensure credibility in the system, SEBI has introduced disclosure norms in order to observe integrity and fair practices which would protect the rights of the investors. In order to modernize the market infrastructure automated trading options have been facilitated. In order to ensure free transferability of securities depositories act of 1996 was also created.

b) Improve the disclosure standards in order to bring transparency in the market: A committee was set up under the chairmanship of Mr. Y. H. Malegam in year 1995 in order to improve the disclosure standards and bring transparency to the market. Another committee was setup which could point out the problems in the present system and help in recommending measures to improve the continuing disclosures. This committee was set up under the chairmanship of Mr. C. B. Bhave. On the basis of the recommendations from the two
committees SEBI initiated steps to impose barriers at the entry level on new issues specifying the minimum issue size requirements for the companies to be able to seek listing in the exchange. SEBI's Disclosure and Investor Protection Guidelines were initiated by SEBI in January 2000. The procedure helped in smoothening out the aberrations of the public offerings.

c) **Improve the standards of corporate governance:** Based on the regulations of the report presented by N. R. Narayana Murthy, SEBI introduced a set of codes for corporate governance among the listed companies. The main objective behind the move was to protect the investors from fraudulent and unfair practices of certain companies. To secure the corporate governance clause 49 was amended in 2003. The clause highlighted the definition of independent director, remuneration of non-executive directors, responsibility of independent directors, amendment of board procedures, term of office of non-executive directors, requirements related to audit committee, meetings of audit committee, role of audit committee, etc. (SEBI.gov, Clause 49)

d) **Margin system and surveillance system should be efficiently managed in order to enhance the market safety:** Market surveillance is important to maintain order in the overall functioning of derivative trading. Market Surveillance Division was set in 1995 itself to keep a track of the activities of the stock exchanges. Different policies
have been formulated by SEBI for surveillance and risk containment measures. The Inter-Exchange Market Surveillance group is effective and efficient in making decisions on surveillance issues and also helps in coordinating between different exchanges. SEBI also inspects the functioning of the surveillance cell in order to gather evidence regarding violations of securities market. The enquiry reports are then prepared and presented to the Ministry of Finance.

e) **Building Confidence among investors:** A number of initiatives have been undertaken by SEBI to allow better investor protection and for the development of efficient market. A compliance officer has been appointed by SEBI which would help resolving the problems of investor. Prudent corporate governance laws are in place which ensures that there is transparency and system. Also many service centers have be set up by the government so that investors can record their grievances and also access financial information related to companies and government policies and rules and regulations. Better monitoring and market surveillance system was also set up. Stock exchanges are being directed to take strict action against the listed companies. Finally, the investor’s complaint system has been standardized so as to make the process simple for the investors. Allen et al (2006) conducted an empirical study to study investment protection in India. The study was conducted on the investors of New Delhi and Hyderabad. As per their analysis, investor protection
practices in India are very poor. Since the investors can neither rely in regulators and developers, they have to be more careful with their investments (Ministry of Company Affairs, 2004).

f) **Margin system should be refined in order to reduce the transaction costs:** The portfolio based margining approach is generally adopted which takes into account the risks involved in the portfolio. The margin system was designed under the committee of J. R. Varma. The initial margin requirements are based on the worse-loss scenario for an individual so that 99% of VaR is covered. This margin covers the price changes and volatility in the market.

g) **Increase the overall operational efficiency:** If the market participants are working efficiently then it would improve the overall efficient of the system. In order to regulate the operational efficiency in the derivative market, SEBI has undertaken many measures. SEBI has made sure that transactions should be held in a cost efficient manner. Also frequent checks ensure desired level of protection for the investors. Prudential control on the intermediaries also facilitates financial integrity. Dematerialization and rolling settlements are major steps taken by SEBI in order to improve and modernize the market. Dematerialization has ensured that physical paper work is reduced and helped in elimination of problems associated with paper-based system. It has also improved the transparency, ensured efficient price
discovery and curb unhealthy market practices (SEBI official website; SEBI Annual report, 2001-2012).

6.2.1 Investor Grievances of redressal

Securities Exchange Board Of India has taken various measures of regulations in order to redress the grievances of investors in the stock market. When the investor lodges a complaint with SEBI it is generally taken up with the respective company, against which the complaint has been launched, or through intermediary or by continuously monitoring the activities. When the grievances are lodged against fraudulent stock brokers and depository participants then specific stock exchanges and depositories are issued notice, who then redress the grievance and through continuous monitoring with the help of periodic reports.

Once the notice is given to the company and intermediary, they have to respond in a prescribed form of Action Taken Report (ATR). Once the regulatory body (i.e. the one handling the grievance) receives the receipt of the ATR, it updates the status of the grievance. If the regulatory body feels the response given by the company or the intermediary is insufficient or inadequate then a follow up action is initiated. Appropriate enforcement actions could also be taken by SEBI as provided under the law if the investor feels that the grievance is not addressed properly.
6.2.2 SEBI’s Complaint Redress System

In the last financial year SEBI received a total of 42,411 complaints and resolved 54,852 grievances cumulatively as on March 2012. Over the years, the complaints were initiated, but results were not released immediately which lead to pilling of several files. As of FY 2012-13, the number of pending actionable grievance was reduced to 11,410 cases in comparison to 23,725 pending grievance in FY 2011-12. The net reduction in the pending cases from 12,315 in 2011-12 has been 4,928 in FY 2012-13 (See Chart 6.2.2 given below).

Chart 6.2.2: Status of Investor Grievance Received and Redressed.
Another system which was initiated by SEBI is Sebi Complaint Redress System (SCORES) wherein the investors can lodge an online complaint against the listed company or the intermediary which is registered with SEBI. SEBI also accept complaints related to various issues and securities related and non-payment of dividends. It also sees the complaints against various agencies and intermediaries registered with it and their issues. The “e-complaints” can be lodged online and simultaneously the investor can also track the status online. In all 26,195 complaints have been lodged during 2012-13 which was more than double the number of complaints received during FY 2011-12 reflecting an increase of 146.3%.

This system of SCORES has been found to work so smoothly so that it has assisted in handling of various complaints and accordingly redress the mechanism more efficiently (SCORE official website, n.d.).

6.2.3 Regulatory Actions taken against the Companies and their Directors

There are a number of enforcement actions which SEBI can undertake like; adjudication, prosecution, and other directives. These actions are generally undertaken if the investor is not satisfied with the redressal of his or her grievance. For example;
1. The number of directives has given by SEBI in the last four years which debars the directors of the companies to access the securities market. The main intention was to give said orders to protect the investors. The companies have to resolve the grievances first to access the market.

2. If the company fails to redress the investor grievance, then companies have to face legal proceedings and penalties. In 2011-12, 5 companies failed to redress the grievance and therefore a total amount of 61,30,000 was collected from these companies. In comparison in the last year, 10 companies failed to redress the investor grievance and a total amount of 40,35,000 was collected as a penalty amount.

3. As per the rules and regulations of SEBI, the companies have to deposit 1% of the issues amount with the proper stock exchange at the time of raising capital from public. Accordingly SEBI issues NOC so that the stock exchange can release said amount to concerned parties. SEBI provides NOC only after the investor and SEBI is satisfied with how the company has redressed grievance of the investor. Out of the 120 companies who had applied for NOC, 73 companies were issued NOC.

4. Other than SCORES (Online Complaint Filling System), investors can also file their complaints and resolve their queries with respect to securities market using the Helpline Service Numbers. This move was initiated by SEBI, in December 2011. The Helpline number is
accessible all over India and in 14 different languages. At the time of
launch the service was available only from Monday to Friday however,
with effect from September 2012; the helpline is made available on
Saturday and Sunday as well. However, on Saturday and Sunday this
facility is available only in four languages i.e. English, Hindi, Marathi,
and Gujarati (SEBI official website, n.d.).

6.3 Introduction to Investor’s Assistance and Education

In order for the investor to enjoy investing in the high risk market, the
investor should know how to invest, they should have full knowledge of the
market, they should be aware of the fact that market is safe and free from
fraudulent, also in case they face any grievance while investing in the
market, then they should be aware that there is an arrangement for
redressal of their grievances. The main importance of investor protection
is to build confidence among the investors. In order to promote investor
education and assistance SEBI has laid down protection strategies which
has four elements (SEBI investor official website, n.d.). These are as
follows:

1. The first element is to build a capacity of investors through their
education and awareness so that the investor can make an informed
investment decision. Investment according to the guidelines is a three
step procedure, wherein the investor first learns the nuances of
investing, collects information required for investing and evaluates various investment options and then makes investment. Also the investor should know how to deal with the intermediaries and how to seek help in case of grievance.

2. Secondly, SEBI makes sure that all the information regarding the intermediaries and stock market is available to the investor in a public domain. SEBI operates with disclosure based regulatory regime wherein the issuers and intermediaries disclose are bound to disclose relevant details about themselves.

3. Thirdly, SEBI has ensured that the market is operated under the systems which are safe. The steps taken by SEBI in this direction include dematerialization of securities, T+ 2 rolling systems, screen based trading system and it has framed various regulations for smooth operation.

4. Finally, SEBI deals with resolving the grievances investors. SEBI has a comprehensive mechanism to facilitate the redressal of investor grievances. Also an investment protection fund has been established which is used to compensate investors when broker is declared a defaulter (SEBI investor official website, n.d.).

There are lots of campaigns and seminars have been initiated by SEBI for investor education and assistance. The main intention of this campaign was to give out important messages with respect to latest development in the derivatives market for investor’s assistance and education. SEBI’s aim
was to make the investors aware with respect to; schemes which promise unrealistic returns, products and opportunities like mutual funds, etc. The aim is not to promote any specific product however, to make the people aware of the opportunities which derivative market holds for the investors.

This campaign is being carried out across the country in 13 different languages including English and Hindi so the awareness is reached to maximum number of people. Another aim of the campaign was to make the people aware about the Grievance Redressal System. With the awareness regarding the redressal system, investors would feel confident and aware about investing in derivatives market (SEBI Official Website, n.d.).

6.3.1 Investor Awareness Programs and Workshops
SEBI has conducted many different awareness and education programs with the help of different government bodies like; Exchanges, Depositories, AMFI, etc. some of the awareness and education programs initiated by SEBI are given below;

1. Regional Seminars:
This initiative was initiated in FY 2011-12 and primarily concentrated on increasing the awareness in Tier II and Tier III cities of the country. As of the end of fourth quarter of FY 2012-13, a total of 91 (47 in FY 2011-12 and 44 in FY 2012-13) regional seminars have been conducted in different cities. Some of the cities where these seminars were conducted include;
Dehradun, Ranchi, Bhopal, Durgapur, Kanpur, Hyderabad, Chennai, Port Blair, Shillong etc.

2. Dedicated Investor Website:
SEBI maintains a dedicated website which has been designed for educational purposes of investors. Since the time of inception, a number of changes have been made in the website in order to make it user-friendly. Also the website is updated regularly with latest information. The schedule for various educative programs is easily available on the website which can be referred by the investor. Recently a study was conducted by IOSCO on regulatory bodies of India in order to evaluate their investor education program. As per the results, SEBI scored 4 out of 5 points which was excellent score.

3. Educatve Material for Investor Education and Awareness:
SEBI makes an effort to update the educative material available on the website. The educative material available to the investors covers wide range of topics. Also, the officials have uploaded videos related to how one can lodge a complaint when they face any grievance.

4. Education in Finance:
The education in finance is compulsory for everyone who are in the derivative market and accordingly SEBI has brought various educational programmes for giving financial literacy to the investors.

5. Programs in Schools:
In order to promote investment among the school going children, SEBI introduced a program named Pocket Money for school students. The program was a joint venture between National Institute of Securities Market and SEBI and was launched in FY 2008-09. The students studying in class 8th and 9th were targeted in this program. The main aim of this program was to increase financial literacy among the school students. Initially the orientation and training programs were conducted for the school principals and teachers who then imparted the education to their participants.

In the last FY, nearly 25 such programs were conducted which benefitted a total of 150 schools, 1,180 teachers, and 5,072 students. The major cities where the program was conducted were Kerala, Mumbai, Tamil Nadu, and Karnataka (SEBI Official Website, n.d.).

6.4 Initiatives taken by the other agencies towards assistance and education

6.4.1 National Institute of Securities Market (NISM)

6.4.1.1 School for Securities information & research and School for Securities Education.

A number of educational programs have been initiated under SSE like; PGPSPM, PGCSM, Conference on Ethics and Corporate Governance, and CSL (Certificate in Security Law). In all in FY 2012-13 85 students had
enrolled in the program. The second batch of PGPSM passed out in 2012. Out of the 28 students who had enrolled in the program, 27 students joined the securities market. In 2012-13 batch a total of 25 students were selected from a pool of 408 students all over India. After the completion of the program, students are placed in various companies.

Not only NISM conducts its own online admission test, but it also selects individuals who have cleared GMAT and XAT. In addition to their own faculty, they also conduct guest lectures wherein they call people from various financial companies so that the students can enjoy the real experience from these faculties.

Other than regular programs, two-day advanced derivative programs are also conducted which are designed and customized as per the needs. This training program is conducted for the SEBI officials so that they can enhance their knowledge and skills (SSE official website and SSIR Official website, n.d.).

6.4.1.2 School for investor education and financial literacy.

This school’s (SIEFL) has been doing two main activities for the education of the investors. Firstly, the pocket money program explained in Section 6.3.1 has been undertaken by SIEFL and secondly, it provides building of capacity support to SEBI.
SEBI in its initiatives, worked towards empanelment of new resource persons. This gave the opportunity to resource persons from lesser known districts to come forward. The first round of empanelment interviews and workshops were conducted in metropolitan cities like; Navi Mumbai, New Delhi, Chennai and Kolkata.

SIEFL has been able to reach many students through its financial literacy program called “pocket money”. As per the statistics, 1180 teachers, 150 schools and 5072 students were benefitted from the program. This programs however were not only restricted towards school going students but also to the employees of Rashtriya Chemicals & Fertilizers (RCF). 155 employees from Mahul Village, Mumbai participated in the program. The main aim of the program is to make the investor aware of the risks and rewards so that they can make sound investments (SIEFL, official website, n.d.).

6.4.1.3 School for regulatory studies & supervision.

Recently, the School for The School regulatory & supervision organized number of functions during the year 2012-13. These programs are explained below in detail.

1. Crisis Prevention and Management in Securities Market:

This program was attended by senior officers and dignitaries from various institutions and companies. The workshop covered sessions on
management of risk, Best practices of trading, clearing and settlement system, crises prevention, etc.

2. **Advanced Derivatives:**

Since the inception of derivatives, a number of derivatives have been introduced, which are categorized as advanced derivatives. So, SRSS along with SEBI conducted a workshop which focused on risk management practices with respect to advanced derivatives and how control at exchange derivatives should be maintained.

3. **Conference on Indian Investment.**

This conference held on or about 2013. As global markets of US, Europe and Japan were hit by economic downturn, India along with other Asian counter parts has also felt the effect. In order to continue on the growth path investment skills and portfolio management are the key skills which investors sought. It covered following aspects i.e.:

- The improvement of investment decisions through the avoidance of human behavioral errors;
- Best Practices in asset and risk allocation;
- The group of international distinguished speakers analyzed India in the context of the global economy.

4. **Securities market regulations regarding anti-money laundering perspective.**
The workshop on securities market regulations were attended by 42 officers from SEBI and Enforcement Directorate of India. A number of topics were covered under the different technical sessions. (SRSS, official Website).

6.4.1.4 School for Certification of intermediaries (SCI)

A number of certificate courses have been initiated by NISM under School of Certification of intermediaries (SCI). Some of the courses are mandatory while some of the courses are voluntary.

List of Mandatory Certification courses include:

1. Currency Derivatives Certification course (Taught in Hindi Language);
2. Currency Derivatives Certification course (Taught in Gujarati Language);
3. Securities Intermediaries Compliance Certification course;
4. Mutual Fund Foundation Certification course;
5. Equity Derivatives Certification Course

List of Voluntary Certification courses include:

1. Securities Markets Foundation Certification Examination;
2. Mutual Fund (Level 2) Distributors Certification Examination;
3. Merchant Banking Certification Examination (Awaits approval from regulatory bodies of India);
4. Equity Sales Certification Examination (Awaits approval from regulatory bodies of India);

NISM also revised some of the certificate courses as per the periodic examination review in FY 2012-13. These are;

1. Certified examination of issue and share transfers agents of registrars.
2. Examination related to Mutual fund distributors.
3. Securities Operations and Risk Management Certification Examination

Other than these programs, NISM is continuously working on different market intermediaries which are in different stages of development and launch. These include;

1. Certification Examination for Investment Advisors;
2. Certification Examination for Sales function across market intermediaries;
3. Certificate Examination for compliance of Issuers

NISM has also launched a number of Continuing Professional Education certificate courses. Nearly 443 CPE programs were conducted in the last financial year covering different topics like; currency derivatives, RTA-Corporate, Mutual Fund Distributors and Foundation courses and Depository Operations. In all, 18,091 participants attended these programs.
Programs currently running under CPE are;

1. Currency Derivatives Certification Examinations;
2. Registrars and Transfer Agents (Corporate) Certification Examinations;
3. Mutual Fund Distributors Certification Examination;
4. Mutual Fund Foundation Certification Examination;
5. Depository Operations Certification Examination;
6. Securities Operations and Risk Management Certification Examination

Programs which are under development include;

1. Securities Intermediaries Compliance Certification Examination;
2. Interest Rate Derivatives Certification Examination;
3. Equity Derivatives Certification Examinations (NISM official website)

6.5 Conclusion
This chapter first gave an introduction to investor protection and education programs which are currently available in the country. Programs like; regional seminars, dedicated website for the investors, education material, financial programs and even programs from school children have been developed.
Next an overview of the different programs under NISM and School for Certification of Intermediaries has also been discussed. In the last section, researcher gave an overview of the different regulatory actions undertaken by SEBI and other regulatory bodies in order to redress the grievances of the investors.

In this part of research, we have focused on the different aspects of derivatives market. There have a number of Laws and Acts which have designed at different stages of the capital market development in order to regulate the market. The most important role in the derivative market regulation is of SEBI which has been discussed in the subsequent chapters and also outline was regarding the requisites for a good regulatory framework.

The Derivatives were introduced in the Indian market in year 2000, and since then it has seen a tremendous growth which was tracked in chapter Four. The chapter highlighted the growth in the future and options derivatives and commodity and currency derivatives. Next, the different market risks and challenges were discussed, and need for investor protection and education was explained in the subsequent chapters. Next, the results of the primary analysis conducted on the retail investors in the derivatives market will be discussed. The results of the statistical analysis will be presented in the form of tables and graphs and interpretations will be given.