



CLASS
XII



CAPITAL MARKET OPERATIONS

Students Handbook



CENTRAL BOARD OF SECONDARY EDUCATION

Shiksha Kendra, 2, Community Centre, Preet Vihar, Delhi-110301





NCFM

NSE's CERTIFICATION IN FINANCIAL MARKETS



CAPITAL MARKET OPERATIONS

Students Handbook

CLASS

XII



CENTRAL BOARD OF SECONDARY EDUCATION

in collaboration with



NATIONAL STOCK EXCHANGE OF INDIA LIMITED



Capital Market Operations

Students Handbook, Class XII

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भारत का संविधान

उद्देशिका

हम, भारत के लोग, भारत को एक सम्पूर्ण ¹प्रभुत्व-संपन्न समाजवादी पंथनिरपेक्ष लोकतंत्रात्मक गणराज्य बनाने के लिए, तथा उसके समस्त नागरिकों को:

सामाजिक, आर्थिक और राजनैतिक न्याय,

विचार, अभिव्यक्ति, विश्वास, धर्म

और उपासना की स्वतंत्रता,

प्रतिष्ठा और अवसर की समता

प्राप्त कराने के लिए

तथा उन सब में व्यक्ति की गरिमा

²और राष्ट्र की एकता और अखंडता

सुनिश्चित करने वाली बंधुता बढ़ाने के लिए

दृढ़संकल्प होकर अपनी इस संविधान सभा में आज तारीख 26 नवम्बर, 1949 ई० को एतद्वारा इस संविधान को अंगीकृत, अधिनियमित और आत्मार्पित करते हैं।

1. संविधान (बयालीसवां संशोधन) अधिनियम, 1976 की धारा 2 द्वारा (3.1.1977) से “प्रभुत्व-संपन्न लोकतंत्रात्मक गणराज्य” के स्थान पर प्रतिस्थापित।
2. संविधान (बयालीसवां संशोधन) अधिनियम, 1976 की धारा 2 द्वारा (3.1.1977) से “राष्ट्र की एकता” के स्थान पर प्रतिस्थापित।

भाग 4 क

मूल कर्तव्य

51 क. मूल कर्तव्य - भारत के प्रत्येक नागरिक का यह कर्तव्य होगा कि वह -

- (क) संविधान का पालन करे और उसके आदर्शों, संस्थाओं, राष्ट्रध्वज और राष्ट्रगान का आदर करे;
- (ख) स्वतंत्रता के लिए हमारे राष्ट्रीय आंदोलन को प्रेरित करने वाले उच्च आदर्शों को हृदय में संजोए रखे और उनका पालन करे;
- (ग) भारत की प्रभुता, एकता और अखंडता की रक्षा करे और उसे अक्षुण्ण रखे;
- (घ) देश की रक्षा करे और आह्वान किए जाने पर राष्ट्र की सेवा करे;
- (ङ) भारत के सभी लोगों में समरसता और समान भ्रातृत्व की भावना का निर्माण करे जो धर्म, भाषा और प्रदेश या वर्ग पर आधारित सभी भेदभाव से परे हों, ऐसी प्रथाओं का त्याग करे जो स्त्रियों के सम्मान के विरुद्ध हैं;
- (च) हमारी सामासिक संस्कृति की गौरवशाली परंपरा का महत्त्व समझे और उसका परिरक्षण करे;
- (छ) प्राकृतिक पर्यावरण की जिसके अंतर्गत वन, झील, नदी, और वन्य जीव हैं, रक्षा करे और उसका संवर्धन करे तथा प्राणी मात्र के प्रति दयाभाव रखे;
- (ज) वैज्ञानिक दृष्टिकोण, मानववाद और ज्ञानार्जन तथा सुधार की भावना का विकास करे;
- (झ) सार्वजनिक संपत्ति को सुरक्षित रखे और हिंसा से दूर रहे;
- (ञ) व्यक्तिगत और सामूहिक गतिविधियों के सभी क्षेत्रों में उत्कर्ष की ओर बढ़ने का सतत प्रयास करे जिससे राष्ट्र निरंतर बढ़ते हुए प्रयत्न और उपलब्धि की नई उंचाइयों को छू ले;
- ¹(ट) यदि माता-पिता या संरक्षक हैं, छह वर्ष से चौदह वर्ष तक की आयु वाले अपने, यथास्थिति, बालक या प्रतिपाल्य के लिये शिक्षा के अवसर प्रदान करे।

1. संविधान (छयासीवां संशोधन) अधिनियम, 2002 की धारा 4 द्वारा प्रतिस्थापित।

THE CONSTITUTION OF INDIA

PREAMBLE

WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into a ¹**SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC** and to secure to all its citizens :

JUSTICE, social, economic and political;

LIBERTY of thought, expression, belief, faith and worship;

EQUALITY of status and of opportunity; and to promote among them all

FRATERNITY assuring the dignity of the individual and the² unity and integrity of the Nation;

IN OUR CONSTITUENT ASSEMBLY this twenty-sixth day of November, 1949, do **HEREBY ADOPT, ENACT AND GIVE TO OURSELVES THIS CONSTITUTION.**

-
1. Subs. by the Constitution (Forty-Second Amendment) Act. 1976, sec. 2, for "Sovereign Democratic Republic" (w.e.f. 3.1.1977)
 2. Subs. by the Constitution (Forty-Second Amendment) Act. 1976, sec. 2, for "unity of the Nation" (w.e.f. 3.1.1977)
-

THE CONSTITUTION OF INDIA

Chapter IV A

FUNDAMENTAL DUTIES

ARTICLE 51A

Fundamental Duties - It shall be the duty of every citizen of India-

- (a) to abide by the Constitution and respect its ideals and institutions, the National Flag and the National Anthem;
- (b) to cherish and follow the noble ideals which inspired our national struggle for freedom;
- (c) to uphold and protect the sovereignty, unity and integrity of India;
- (d) to defend the country and render national service when called upon to do so;
- (e) to promote harmony and the spirit of common brotherhood amongst all the people of India transcending religious, linguistic and regional or sectional diversities; to renounce practices derogatory to the dignity of women;
- (f) to value and preserve the rich heritage of our composite culture;
- (g) to protect and improve the natural environment including forests, lakes, rivers, wild life and to have compassion for living creatures;
- (h) to develop the scientific temper, humanism and the spirit of inquiry and reform;
- (i) to safeguard public property and to abjure violence;
- (j) to strive towards excellence in all spheres of individual and collective activity so that the nation constantly rises to higher levels of endeavour and achievement;
- ¹(k) who is a parent or guardian to provide opportunities for education to his/her child or, as the case may be, ward between age of 6 and 14 years.

-
1. Subs. by the Constitution (Eighty - Sixth Amendment) Act, 2002



Preface

Over a period the Indian securities market has undergone remarkable changes and grown exponentially, particularly in terms of resource mobilisations, intermediaries, the number of listed stocks, market capitalisation, turnover and investor population. The National Stock Exchange (NSE) has played a catalytic role in reforming the Indian securities market. The market today uses state-of-art information technology to provide an efficient and transparent trading, clearing and settlement mechanism.


This book is about Indian Capital Market System covering market segments, key indicators of securities market, detailed procedure for trading membership of NSE stock exchange, broker and sub-broker-clients relations. The NEAT trading system of NSE highlights order management and all related aspects of internet trading. The robust clearing, settlement and risk management system developed by NSE is well covered. Students are also exposed to legal framework and fundamental valuation concepts in securities market.

CBSE as a premier board in the country in collaboration with NSE had launched a new generation vocational course in Financial Markets Management (FMM) from 2007 at senior secondary level to develop skills needed in the market. The curriculum of FMM has since been revised and updated through a curriculum committee. As a result of constant efforts of NSE and CBSE, 16 universities are offering MBA, M.Com and BBA, B.Com in Financial Markets, making FMM as a new emerging academic discipline.

The Board takes this opportunity to thankfully acknowledge the commendable work of NSE in providing support to CBSE for successfully launching and implementing FMM course. The awareness workshops, training of teachers, latest curriculum for FMM papers, NSE Learn to Trade (NLT) software for skill development for students are just a few of the support activities provided by them. The team of NSE in promoting the financial market education through CBSE deserves a special mention. The team at CBSE (Vocational) also deserves appreciation for their contribution.

Comments and suggestions are welcome for further improvement of the book.

Dr. Satbir Bedi, IAS
Chairperson, CBSE





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List of Abbreviations

ADs	Authorised Dealers
AT	Algorithmic Trading
AI	Auction Inquiry
AL	Activity Log
ASBA	Application Supported by Blocked Amount
ADRs	American Depository Receipts
AL	Activity Log
AON	All or None
BOVL	Branch Order Value Limit
BSE	Bombay Stock Exchange
BM	Branch Manager
CADT	Client Allocation Details
CDS	Currency Derivatives Segment
CD	Cum-Dividend
CB	Cum-Bonus
CLI	Client
CI	Cum-Interest
CM	Clearing Member
CR	Cum-Rights
CSD	Collateral Security Deposit
CDSL	Central Depositories Services Ltd.
CM	Capital Market
Co.	Company
CTCL	Computer to Computer Link
DEA	Department of Economic Affairs
DFDS	Demat Final Delivery Statement
DFRS	Demat Final Receipt Statement
DMA	Direct Market Access
DP	Depository Participant
DPG	Dominant Promoter Group
DQ	Disclosed Quantity

DvP	Delivery versus Payment
ECBs	External Commercial Borrowings
EPI	Early Pay-In
FCCBs	Foreign Currency Convertible Bonds
FI	Financial Institution
FII	Foreign Institutional Investors
FIPB	Foreign Investment Promotion Board
F&O	Futures and Options
FTP	File Transfer Protocol
FPO	Follow-on Public Offer
GDRs	Global Depository Receipts
HUF	Hindu Undivided Family
ICDR	Issue of Capital and Disclosure Requirements
IEPF	Investor Education and Protection Fund
IFSD	Initial Free Security Deposit
INST	Institutional
IOC	Immediate or Cancel
IPO	Initial Public Offer
IPF	Investor Protection Fund
ISC	Investor Service Cell
ISIN	International Securities Identification Number
KYC	Know Your Client
LTP	Last Trade Price
MBP	Market By Price
MAC	Membership Approval Committee
MF	Mutual Funds
MI	Market Inquiry
MM	Market Movement
MCA	Member Constituent Agreement
MCA	Ministry of Corporate Affairs
MRC	Membership Recommendation Committee
MTM	Mark To Market
MW	Market Watch

NEAT	National Exchange for Automated Trading
NCFM	NSE's Certification in Financial Markets
NCIT	Non Custodian Institutional Trade
ND	No Delivery
NISM	National Institute of Securities Market
NOC	No Objection Certificate
NSCCL	National Securities Clearing Corporation Ltd.
NSDL	National Securities Depository Ltd.
NSE	National Stock Exchange
NT	Negotiated Trade
O	Odd Lot market
OCXL	Order Cancellation
OTC	Over The Counter
OECLOB	Open Electronic Consolidated Limit Order Book
OO	Outstanding Orders
OM	Order Modification
OS	Order Status
PAN	Permanent Account Number
PCM	Professional Clearing Member
PFRDA	Pension Fund Regulatory and Development Fund
PRO	Proprietary
PT	Previous Trades
RBI	Reserve Bank of India
RDD	Risk Disclosure Document
RETDEBT	Retail Debt
RDM	Retail Debt Market
SAT	Securities Appellate Tribunal
SBTS	Screen Based Trading System
SC(R)A	Securities Contracts (Regulation) Act, 1956
SC(R)R	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SL	Stop Loss
SLBS	Securities Lending and Borrowing Scheme



SGF	Settlement Guarantee Fund
SQ	Snap Quote
SRO	Self Regulatory Organization
STT	Securities Transaction Tax
SURCON	Surveillance and Control
T+2	Second day from the trading day
TFT	Trade for Trade
TFTS	Trade for Trade Surveillance
TM	Trading Member
UCC	Unique Client Code
UDR	Unique Documentary Requirement
UTI	Unit Trust of India
UOVL	User Order Value Limit
VaR	Value at Risk
VIX	Volatility Index
VSAT	Very Small Aperture Terminal
WDM	Wholesale Debt Market
XB	Ex-Bonus
XD	EX-Dividend
XI	Ex-Interest
XR	Ex-Rights