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INSIDE

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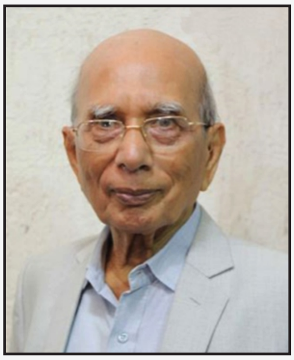


Shri. N. L. Bhatia
President Emeritus

Editorial - October 2022

BENJAMIN GRAHAM'S INVESTING PRINCIPLES

If the life principles as laid down in the ancient scriptures like "Bhagwat Gita" are followed diligently, one can lead a life of fulfilment. If its principles are imbibed to the core, one can lead a life full of Fearlessness, Purity of heart, Sacrifice, Straightforwardness, Harmlessness, Truth, Peacefulness, Compassion, Modesty, Gentleness, Patience, Vigour & Fortitude. Benjamin Graham's book, "The Intelligent Investor" is the Bhagwat Gita of investing. This book needs no introduction. Its preface is written by none other than legendary Mr. Warren Buffet. Buffet considered Benjamin Graham as his Guru. He lists some of the principles laid down in the book as his guiding light in his journey of stock picking over a period of more than seven decades. For the benefit of the readers I enumerate those principles:

1. A Stock is not just a ticker symbol or an electronic blip; it is an ownership interest in an actual business, with an underlying value that does not depend on its share price.
2. The market is a pendulum that forever swings between unsustainable optimism (which makes stocks too expensive) and unjustified pessimism (which makes them too cheap). The intelligent investor is a realist who sells to optimists and buys from pessimists.
3. The future value of every investment is a function of its present price. The higher the price you pay, the lower your return will be. No matter how careful you are, the one risk no investor can ever eliminate is the risk of being wrong. Only by insisting on what Graham called the "margin of safety" – never overpaying, no matter how exciting an investment seems to be – can you minimize your odds of error.
4. The secret to your financial success is inside yourself. If you become a critical thinker who takes no stock exchange "fact" on faith, and you invest with patient confidence, you can take steady advantage of even the worst bear markets. By developing your discipline and courage, you can refuse to let other people's mood swings govern your financial destiny. In the end, how your investments behave is much less important than how you behave.

If one can follow these guiding lights one can be a successful investor. Just read and re-read the above and imbibe them. It will instil in you the necessary discipline & patience required. As said above, there is no guarantee against failure but one can always soften the fall so that the damage/hurt is kept to minimum.

-CA. Dharmen B. Shah

BSE
INVESTORS' PROTECTION FUND

DON'T GET TEMPTED BY THE EXPECTATION OF A BIG CATCH.

ONLY INVEST AS PER YOUR CAPACITY.

Let your dispensable income dictate the risk you can take.
Don't blindly follow others' investment decisions.
Everyone's risk-bearing capacity and strategy is different.

Issued in public interest by BSE Investors' Protection Fund.

INVEST RIGHT TOH FUTURE BRIGHT

Visit https://www.bseipf.com/doandonts.html to know safe investing practices.

INVESTORS RELATED DEVELOPMENTS IN CAPITAL MARKET
MONTH - OCTOBER 2022

(Courtesy: BSE IPF/SEBI)

➢ **Execution of 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities - Widening the scope.**

Earlier SEBI vide its circular dated April 04, 2022, issued guidelines regarding execution of a separate document called 'Demat Debit and Pledge Instruction' (DDPI) for transfer of securities towards deliveries / settlement obligations and pledging / re-pledging of securities.

This initiative from SEBI was to make it much easier for investors to understand the reasons for which they are providing POA to the brokers/DPs. The stockbrokers/DPs cannot insist that the clients execute a POA against their will and even if investors execute them, the same cannot be considered as granted for the two most common purposes mentioned above, which is generally bundled along with other provisions of the POA. A separate document specified for these two purposes will make investors understand these specific purposes and will help them to take appropriate decision about whether to provide the same or not.

Now, SEBI vide its circular dated October 6, 2022 has decided to widen the scope of DDPI to include Mutual Fund transactions being executed on Stock Exchange order entry platforms and tendering shares in open offers through Stock Exchange platforms. All the processes laid down for execution of DDPI for earlier two purposes will apply for these new purposes also. These provisions will be applicable w.e.f. November 18, 2022.

Impact for Investors: Considering the increasing participation of general investors in the above two types of transactions as also mutual fund trades, it is an important measure undertaken by SEBI to safeguard the investors from any unauthorised transfer of securities pertaining to these type of transactions also.

Link of above SEBI circular: https://www.sebi.gov.in/legal/circulars/oct-2022/execution-of-demat-debit-and-pledge-instruction-ddpi-for-transfer-of-securities-towards-deliveries-settlement-obligations-and-pledging-re-pledging-of-securities-clarification_63724.html

INVESTOR CORNER

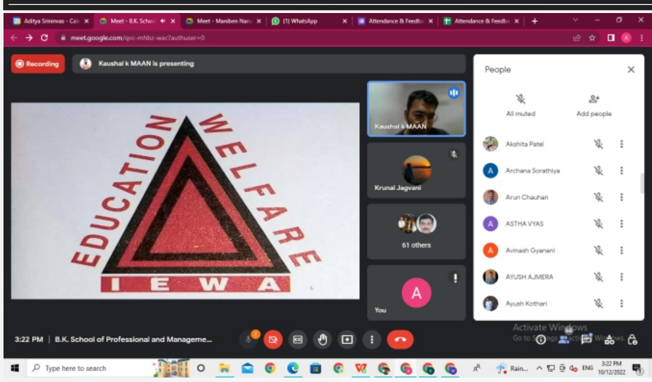
INVESTOR AWARENESS PROGRAMS ON THE OCCASION OF "WORLD INVESTOR WEEK 2022"

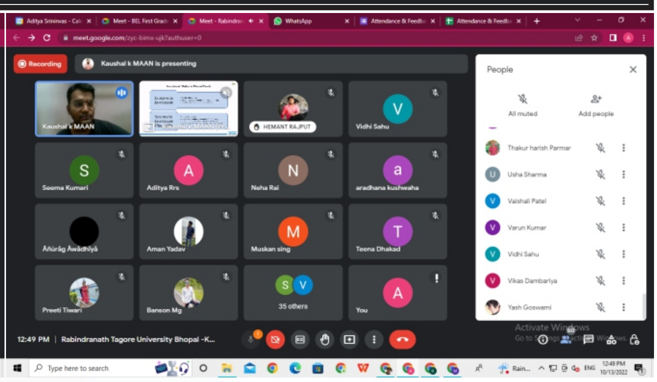
IEWA in the month of October 2022 celebrated World Investor Week 2022 from 10th October 2022 to 16th October 2022. IEWA was able to reach large group of investors through 54 Investor awareness programs via Online (Webinars) and Offline (Seminars) mode. Various professional speakers associated with IEWA helped in conducting Financial Literacy and Awareness sessions on various places such as Mumbai, Goa, Aurangabad, Sangli, Bhopal, etc.

The Speakers were able to convey the importance of balancing their Income and Expenditures and to invest safely and healthily in the Market. They gave the audience an idea about volatility in Equity Market, provided an overview about fluctuation of Money and its Impact on Capital market, Equity Market and Mutual Funds, Do's and Don'ts of Investing in Equity Market.

Audience through this Investor Awareness Programs gave overwhelming response. IEWA also shared online material for better understanding of the audience and the speakers cleared all the doubts of the audience during Question and Answer Session.

Webinars conducted by IEWA during the World Investor Week 2022 in the Month of October 2022





Seminars Conducted by IEWA during the World Investor Week 2022 in the Month of October 2022

WHAT ARE SECURITIES AND SECURITIES MARKET?

Securities are financial instruments issued by companies, institutions, etc. and hold monetary value. Securities are broadly categorized into :

a. **Equiy Shares** or commonly called as shares, represent a share of ownership in a company. An investor who invests in shares of a company is called a shareholder, and is entitled to receive all corporate benefits, like dividends, out of the profits of the company. The investor is also entitled to receive the right to cast a vote with regard to the decision making process of the company at General meeting of the company.

b. **Debt Securities** represent money that is borrowed by the Company / institution from an investor and must be repaid to the investor. Debt securities are also called as debentures or bonds. An investor who invests in debt securities is entitled to receive payment of interest and repayment of principal (i.e. the money invested). Debt Securities are issued for a TIXed term, at the end of which the securities can be redeemed by the issuer of securities. Debt securities can be secured (backed by collateral) or unsecured.

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

d. **Mutual Funds** are 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.

Securities Market is a place where companies can raise funds by issuing securities such as equity shares, debt securities derivatives, mutual funds, etc. to the investors (public) and also is 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 the recognized stock exchanges. Securities Market is a part of the Capital Market.

The primary function of the securities market is to enable allocation of savings from investors to those who need it. This is done when investors make investments in securities of companies / entities that are in need of funds. The investors are entitled to get benefits Ike interest, dividend, capital appreciation bonus, etc. Such investments contribute to the economic development of the country.

Securities market has two interdependent and ine inseparable segments, which are mentioned as below:

SECURITIES MARKETS	
PRIMARY MARKET	SECONDARY MARKET
Objective: To raise Funds.	Objective: Capital Appreciation
Includes Issuance of new securities through IPO. i.e Initial Public Offer.	Includes the further trading of securities already offered to the Public.

Primary Market: This market is also called as the new issues market where company/ institutions raise funds (capital) from 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 instruments (bonds, debentures, etc.)

- **Government** (Central as well as State) which issues debt securities (dated securities and treasury bills).

The types of issues made in Primary Market are :

A. **Public Issue:** Securities are issued to all the people and anyone can subscribe to them. Public issue of equity shares can be categorized as follows :

i. **Initial Public Offer (IPO)** 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 issued by the campany to the public investors. In this kind or an issue, the funds of investors will go to the company to be used tor the purpose for which the issue is made.

   - Offer for Sale where existing shareholders such as promoters or financial institutions or any other person offer their holding to the public. In this kind of an issue, the funds of the 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 made an IPO in the past and is making a fresh issue of securities to the public.

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

C. **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 as a rights issue.

D. **Bonus Issue:** When the existing shareholders of a company are issued additional free shares, in proportion to their existing shareholding and without any additional cost, then it is called a bonus issue.

In order to raise funds from 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 the history of the company, details of the promoters, business model, financial history of the company, risks in that business, purpose for which the money is being raised, terms of issue and such other information that will help an investor to make an informed decision on investment in that company. The securities which are issued in primary market are listed on a recognized Stock Exchange in less than six (06) working days from the date of the closure of the issue. The shares are then listed on the recognized stock exchanges, where further trading of the shares takes place.

The 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 segments.

RIGHTS AND OBLIGATIONS OF INVESTORS

(Annexure-2 by SEBI)

(**Courtesy-** Security and Exchange Board of India)

Rights of Investors

- Get Unique Client Code (UCC) allotted from broker.
- Get a copy of KYC and other documents executed from intermediary.
- Get trades executed in only your UCC.
- Place order on meeting the norms agreed to with the Member.
- Get best price.
- Get the contract note for trades executed.
- Ask the details of charges levied.
- Receive funds and securities on time.
- Receive statement of accounts from trading member.
- Ask for settlement of accounts.
- Get statements as per agreed schedule.

Obligations of Investors

- Execute Know Your Client (KYC) documents and provide supporting documents.
- Understand the voluntary conditions being agreed with the trading member.
- Understand the rights given to the Trading Members.
- Read Risk Disclosure Document.
- Understand the product and operational framework and deadlines. Pay margins in time.
- Pay funds and securities for settlement in time.
- Verify details of trades, Verify bank account and DP account for funds and securities movement.
- Review contract notes and statement of account.

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