

# STOCK MARKET OPERATIONS

(4 Credits)

## Objective:

This course aims at giving a comprehensive understanding of stock market operations in terms of structure, trading and settlement procedures, instruments, processes and related components as also emerging challenges in the area.

## MODULE I – CAPITAL MARKETS IN INDIA (20)

**Unit – 1:** An overview of Indian Securities Market, Meaning, Functions, Intermediaries, Role of Primary Market – Methods of floatation of capital – Problems of New Issues Market – IPO's – Investor protection in primary market – Recent trends in primary market – SEBI measures for primary market.

**Unit – 2:** Meaning, Nature, Functions of Secondary Market – Organisation and Regulatory framework for stock exchanges in India – Defects in working of Indian stock exchanges – SEBI measures for secondary market – Overview of major stock exchanges in India.

**Unit – 3:** Listing of Securities: Meaning – Merits and Demerits – Listing requirements, procedure, fee – Listing of rights issue, bonus issue, further issue – Listing conditions of BSE and NSE – Delisting.

## MODULE II - TRADING AND SETTLEMENT SYSTEM IN STOCK EXCHANGES (20)

**Unit – 1:** Indian Stock Exchanges: **BSE** – Different trading systems – Share groups on BSE – BOLT System – Different types of settlements - Pay-in and Pay-out – Bad Delivery – Short delivery – Auction – **NSE** – Market segments – NEAT system options – Market types, Order types and books – De-mat settlement – Physical settlement – Institutional segment – Funds settlement – Valuation debit – Valuation price – Bad and short delivery – Auction.

**Unit – 2:** Foreign Stock Exchanges: NYSE – Trading rooms – Players on NYSE trading floor – Role of specialist – Trading technology and procedure

**Unit – 3 :** Meaning – Structure – Advantages – NASDAQ – NASD organization – Functions – NASD rules – Trading firms on NASDAQ – Market makers – ECN's – Order entry firms – Order execution on NASDAQ – OTCEI – Need – Features – Participants – Listing procedure – Trading and settlement – Market making – Factors inhibiting growth of OTCEI.

## MODULE III - RISK MANAGEMENT AND SURVEILLANCE SYSTEM IN STOCK EXCHANGES (10)

Risk management system in BSE & NSE – Margins – Exposure limits – Surveillance system in BSE & NSE – Circuit breakers

## MODULE IV - STOCK MARKET INDICES (10)

Meaning, Purpose, and Consideration in developing index – Methods (Weighted Aggregate Value method, Weighted Average of Price Relatives method, Free-Float method) – Stock market indices in India – BSE Sensex - Scrip selection criteria – Construction – Other BSE indices (briefly) – NSE indices – S&P CNX Nifty – Scrip selection criteria – Construction – Stock market indices in foreign countries (Overview).

**Suggested Readings:**

1. Punithavathy Pandian, *Security Analysis and Portfolio Management*, Vikas Publishing House Pvt. Ltd.
2. V. A. Avadhani, *Investment and Securities Market in India*, Himalaya Publishing House.
3. Prasanna Chandra, *Security Analysis and Portfolio Management*, Tata McGraw-Hill.
4. Sanjeev Agarwal, *A Guide to Indian Capital Market*, Bharat Publishers
5. Ravi Puliani and Mahesh Puliani, *Manual of SEBI*, Bharat Publication