

Welcome, see all for Module 5 on

capital market intermediaries.

Intermediaries of the subject,

Indian capital Market,

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In this model we are seeing

introduction to market intermediaries,

intermediaries associated with

capital markets. Students.

Can explain the concept of market

intermediaries after learning this model.

They can list the intermediaries

associated with capital markets.

Capital market intermediaries.

It can be firm or person who act as a

mediator to link two or more parties

to facilitate the transaction in the

smooth manner in the capital market.

These intermediaries can be.

Merchant bankers

'Merchant Banker' means any person engaged in the business of *issue management* by making arrangements regarding selling, buying or subscribing to securities or acting as manager/consultant/advisor in relation to such issue management.

Merchant bankers also called as issue managers, investment bankers, or lead managers. They play an important role in issue management process. Lead managers (category I merchant bankers) have to ensure *correctness* of the information furnished in the offer document. They have to *ensure* compliance with SEBI rules and regulations as also Guidelines for Disclosures and Investor Protection. To this effect, they are required to submit to SEBI a due diligence certificate confirming that the disclosures made in the draft prospectus or letter of offer are true, fair and adequate to enable the prospective investors to make a well informed investment decision.

They evaluate the capital needs, structure an appropriate instrument, get involved in pricing the instrument, and manage the entire issue process until the securities are issued and listed on a stock exchange. They engage other intermediaries such as registrars, brokers, bankers, underwriters and credit rating agencies involved in managing the issue process.

Eg. Kotak investment banking, Axis capital, icici securities, SBI capital markets ltd.

Depository Participant:

Here Term *Depository* describes the place where you deposit your shares in electronic form. Presently in India in order to transact in stock market one should have DEMAT account. This DEMAT account can be opened by either NSDL or CDSL for availing services of Dematerialization, Rematerialization, Transfers of securities, settlement of trades.

But investor is not allowed to directly approach depositories for availing the services offered by them. Here the Depository Participant is coming in picture. Who acts as an agent of the depository for providing services offered by depositories. They are the intermediaries between the depository and the investors. The relationship between the DPs and the depository is governed by an agreement made between the two under the Depositories Act.

Eg. Zerodha, SBI, HDFC

Portfolio managers:

“Portfolio” means the total holdings of securities belonging to any person. Manger here is person who manages these holdings for the benefit of his client.

Obviously Portfolio manager is having professional experience and expertise in the field, studies the market and adjusts the investment mix for his client on a continuing basis to ensure safety of investment and reasonable returns there from.

Two types: discretionary portfolio manager or non-discretionary

Eg. Motilal Oswal PMS, Kotak PMS

Underwriters;

Underwriters are primary market specialist. They undertake the responsibility of subscribing to portion of securities offered, which are not subscribed by the public/existing investor for achieving minimum subscription.

They provide comfort and boost confidence of issuer company to manage their issue in successful manner. For this service they are offered commission at a rate authorised by article of association

Eg. SBI Capital were the underwriters for recent yes bank fpo

Bankers to an Issue

A scheduled bank carrying on all or any of the *issue related activities* namely acceptance of application and application monies; acceptance of allotment or call monies; refund of application monies; and payment of dividend or interest warrants.

Rosseri biotech ltd. - IPO

Bankers : Hongkong and Shanghai Banking Corporation Limited, HDFC bank ltd, SBI, axis bank ltd.

Stock brokers & Sub brokers:

Stock brokers are registered [trading members](#) of stock exchanges. They are the gateway for investors to trade in the market. All secondary market transactions on stock exchanges have to be conducted through registered brokers.

Eg. NJ wealth private ltd.- full service broker, Zerodha – discount broker

Sub-broker. A 'Sub-Broker' is any person who is not a Trading Member of a Stock Exchange but who acts on behalf of a Trading Member as an agent

For eg: NJ wealth private ltd (stock broker) ---- Dr. Celso fernandes, Nave marg financial consultants (Sub-Broker)

All stock & Sub-Brokers are required to obtain a **Certificate of Registration** from SEBI without which they are not permitted to deal in securities.

Recent times the broker gives you *access* to the market through *software* called '**Trading Terminal**'.

Clearing Corporations:

The job of the clearing corporation is to *ensure guaranteed settlement* of your trades/ transactions.

Role:

a) Identify the buyer and seller and match the debit and credit process b) Ensure no defaults

NSCCL – National Security Clearing Corporation Ltd and Indian Clearing Corporation are wholly owned subsidiaries of National Stock Exchange and Bombay Stock Exchange respectively.

These are my some of the

references. Thank you.