

Programme : Master of Commerce [M.Com]
 Course Code : COM-522
 Course Title : Financial Services Operations
 Number of Credits : 4
 Effective from AY : 2022 – 2023

Pre-requisites for the Course:

NIL

Objectives of the Course:

1. The student will be equipped with basic knowledge of Financial Services.
2. The student will learn the process and methodology of Credit rating Agencies with services provided.
3. Students will understand the working mechanism of Securitization with Legal Aspects and Depositories Operations

Course Content

Unit 1	Overview of Financial Services and Credit Rating	17 Hours
Overview of Financial Services - Growth and Structure. Banking and Non-Banking Companies, Classification of Non-Banking Companies and NBFC's Activities. Credit Rating: Introduction - Concept of Credit Rating – Definition - Scope - Need, Types of Credit Rating - General Credit Rating Process and Methodology - Credit Rating Agencies in India Process and Methodology for Credit Rating - Advantages & Disadvantages of Credit rating - Rating services offered by Credit Rating Agencies - Equity rating and Equity Assessment - Rating symbols of Indian Credit Agencies		
Unit 2	Securitization and Legal Issues in Securitization	16 Hours
Securitization: Introduction to Securitisation as Financial Instrument of the New Millennium – Definition – Concept - Need for Securitisation – Securitization in India - Securitisation asset classes - Benefits of securitization Players involved in Securitisation - Securitisation structure - Process of Securitisation-. Pass-Through Certificate and Pay Through Securities structure. Legal issues in Securitization - Securitisation laws- (SARFAESI) Act –Purpose – Outcome - Powers conferred on Secured Creditor under the SARFAESI Act - Banks utilize the effective tool for bad loans (NPA)Recovery- Rights of Borrowers.		
Unit 3	Depository Functioning and Bye-Laws	15 Hours
Overview of Depository - Key features of the depository system in India -Depository System- Depository - Bank An Analogy - Depository - Bank –The difference - Legal Framework- Depositories Act, 1996 - Securities and Exchange Board of India (Depositories & Participants) Regulations, 1996ByeLaws approved by SEBI - and Business Rules framed in accordance with the Regulations and Byelaws. - Section 4, 7, 8, 9, 10, 14, and 16. Internet Initiatives at Depository by NSDL - SPEED-e- SIMPLE- SPICEIDeAS-and STEADY - Eligibility Criteria for a Depository– Registration-Commencement of Business-Agreement between Depository and Issuers-Rights and Obligations of Depositories-Records to be maintained by Depository – Functions of Depository. Business Rules of Depository –Functions- Services Offered by Depository - Electronic linkage – Technology and connectivity of Depository System with Business Partners. Business Partners of Depository- The eligibility criteria are prescribed by the SEBI (Depository & Participants) Regulations, 1996- Business Restrictions – Application for becoming a DP – Conditions for Grant of Registration – Steps for joining as a DP- Validity and Renewal of Registration Certificate –Pre-requisites for DPs for commencing operations		

-Rights and Obligations- Agreement with Beneficial Owners- Direct and Indirect benefits of Depository System.

Unit 4	Depository Core Services	12 Hours
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Types of Accounts- Documents for Verification- Beneficiary Account-Procedure for opening an account. Dematerialization- International Securities Identification Number (ISIN) - Securities that can be Dematerialized- Dematerialisation request form- Procedure for Dematerialisation- Rejection Reason- Precautions to be taken while processing DRF. Rematerialisation- Rematerialisation Request form- Prerequisites for Rematerialisation request - Rematerialisation Process.

Settlement of Off-Market Transactions- Settlement of Market-Transaction. Pledge and Hypothecation- Procedure for Pledge/Hypothecation- Creation of Pledgor- Procedure for Confirmation of Creation of Pledge/Hypothecation by Pledgee – Pledge of Demat Shares- Closure of a Pledge/Hypothecation by Pledgor- Closure of a Pledge/Hypothecation by Pledgee or - Invocation of Pledge by Pledge-Invocation of Hypothecation.

Pedagogy:

- The methodology used in the class will combine lectures, applications, and case discussions.
- The required readings, lecture notes, and the assigned home works and cases are intended to support learning objectives and will prepare the students adequately for the examinations.
- In addition to the lectures, review sessions will be scheduled to address assignments, end-of-chapter questions, and on occasion, reading and understanding Reports on the Credit Rating and Structuring of Securitization with Legal issues.

Reference / Readings:

1. Gordan & Natarajan, *Financial Markets and Services*, Himalaya Publishing House, India, 11th Edition, 2018.
2. Indian Institute of Banking and Finance, *Mutual Funds- Products & Services*, Taxmann Publications Private Limited, 2015.
3. K. Ravichandran, *Merchant Banking & Financial Services*, Himalaya Publishing House, 2nd Edition, 2017
4. Khan M.Y, *Financial Services*, McGraw Hill Education; India, 8th Edition, 2018
5. NCFM- Depositories Module
6. NISM – Mutual Funds Module Series
7. V.A. Avadhani, *Marketing of Financial Services and Markets*, Himalaya Publishing House, India, 3rd Edition, 2023.

Online Resources:

Website Links:

1. <https://www.prepcafe.in/nism-study-material>
2. <https://nsdl.co.in/publications/IAPP.php>
3. <https://nsdl.co.in/publications/investorguide.php>
4. <https://nsdl.co.in/publications/infobrochureforinvestors.php>
5. <http://egyankosh.ac.in/handle/123456789/16964>
6. <https://nsdl.co.in/downloadables/Capital%20Markets%20and%20NSDL%20Overview.pdf>
7. <https://www.intelivisto.com/certification/NISM-SeriesVI%20Depository%20Operations%20workbook.pdf>
8. https://www.spratings.com/documents/20184/760102/SPRS_Understanding-Ratings_GRE.pdf