

FSC203 Financial Services II [4 Credits]

Learning Objective: To make the student understand about the Significance, Operational and Management of major Financial Services

UNIT 1: Introduction to Management of Financial Services (4 Hours)

Management of Financial services, Importance, need, challenges and issues in management of Financial services.

UNIT 2: Securitization (18 Hours)

Introduction to Securitisation as Financial Instrument of the New Millennium, Definition, Concept, Need for securitisation, Securitisation blend of financial engineering and capital markets, Securitization in India, Securitisation asset classes, Benefits of securitization, Legal issues in securitization, Securitisation laws- (SARFAESI) Act, Players involved in Securitisation, Securitisation structure, Process of Securitisation - Securitisation markets world over and India. Pass Through Certificate and Pay Through Securities structure, Different Instruments of Securitisation

UNIT 3: Credit Rating (14 Hours)

Introduction, Concept of Credit rating, Definition, Scope, need, Importance, Types of credit rating, Kinds of instruments rating, credit rating symbols, Credit rating agencies and process of Credit Rating, advantages & Disadvantages of Credit rating. SEBI regulation for Credit rating, Advantage and disadvantages of credit rating. Indian Credit Rating Agencies and International process, Methodology and services.

UNIT 4: Depository (12 Hours)

Depositories as intermediaries- Depository Participant (DP) agent of depository- Internet Initiatives at NSDLSPEED-e- SIMPLE- SPICE- IDeAS- and STEADY. Overview of NSDL- Depository System- NSDL - Bank –An Analogy- NSDL – Bank(Difference). Legal Aspects-rights and obligations of depositories, depository participants, issuers and beneficial owners. Depositories Act 1996- Section 4, 7, 8, 9, 10, 14, and 16. Eligibility Criteria for a Depository- Registration- Commencement of Business- Agreement between Depository and Issuers- Rights and Obligations of Depositories- Records and Functions to be maintained by Depository -Business Rules of NSDL Functions- Services Offered by NSDL- Inspection, Accounting and Internal Audit- Technology and Connectivity of NSDL Depository System. **Business Partners** – Systems, Procedures and Practices-. Depository Participants- Eligibility criteria prescribed by the SEBI (Depository & Participants) Regulations, 1996- Role of Issuer/R&T Agent in Corporate Benefits.

UNIT 5: Depository Core Services (12 Hours)

Dematerialisation, Process of dematerialisation and rematerialisation -Account Opening- Transmission and Nomination- Trading and Settlement. Pledge and Hypothecation- Procedure for Pledge/Hypothecation- Creation of Pledge/Hypothecation by Pledge or- Closure of a Pledge/Hypothecation by Pledge or - Invocation of Pledge by Pledge- Invocation of Hypothecation- Substitution of Securities Offered in Pledge- Corporate Benefits for Pledged/Hypothecated Securities - Checklist for pledge/hypothecation - Corporate Actions - Procedure for Corporate Actions-Monetary Benefits- Non-monetary Benefits- Rights Issue- Merger / Amalgamation / Capital Reduction - Rights of Lender (under stock lending scheme)- Rights of Pledge or/hypothecator- Payment of Interest on Debt Securities .

Suggested Readings:

1. Vinod Kothari's "Securitisation: The Financial Instrument of the New Millennium"
2. Saajiv Agarwal, Pavan Kumar Vijay and Manisha Bapna "Investors Guide to Depositories" Bharat Publications
3. J.C. Verma "Credit Rating (Practice and Procedure)" Bharat Publication house
4. Khan M.Y. "Financial Services", Tata MC Graw Hill Co. Ltd., New Delhi