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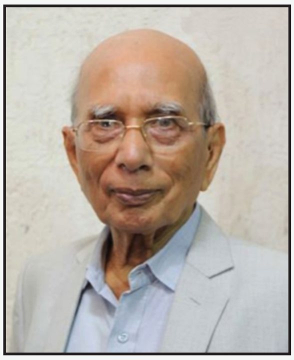

Shri. N. L. Bhatia
President Emeritus

Editorial - September 2023

"Rome wasn't built in a Day" - The Art of Long-Term Investing

John Heywood's timeless saying that "Rome wasn't built in a day, but they were laying bricks every hour", is a powerful reminder of that greatness and grandeur take time, effort, and dedication to achieve. Whether its constructing an empire or building wealth through investments, the concept remains the same: enduring achievements are born from patience, commitment and consistent effort.

In the world of investments, where quick gains and instant gratification are enticing, this adage carries even more significance. The allure of high-yield investment schemes can be tempting, but the reality is that lasting wealth is crafted through time-tested principles..

Recently, we've seen headlines about a "Finfluencer" named "Baap of Chart" who was fined a substantial Rs. 17.2 Crores for operating without SEBI registration. It's worth noting that this individual falsely claimed massive profits while in reality, substantial losses were incurred during the period. Such incidents underscore the importance of understanding the principles of long-term investing and avoiding the pitfalls that promise quick riches.

So, what can investors do to navigate the world of long-term investing effectively? Here are key considerations:

1) In - Depth Research.

Before and after making an investment, conduct thorough research. Study the company's annual reports, balance sheets, income statements, financial ratios, and its overall vision. Actively participate in general meetings to understand the company's corporate governance practices.

2) Portfolio Diversification

Diversify your investment portfolio to manage risk effectively. Spread your investments across different asset classes like equities, fixed income, fixed deposits, real assets, and more.

3) Staying invested during Market Fluctuations

Staying invested especially during market downturns, is a key challenge for many investors.

To stay the course:

a) Understand Investment objectives clearly.
b) Focus on fundamentals of your investments
c) Maintain a long term perspective aligned with your goals.
d) Avoid making emotional investment decisions.
e) Learn from past experience to become more resilient investor

4) Seek Professional Guidance.

Consider seeking advice from SEBI-registered entities. Verify their registration on the SEBI website, understand their expertise, and engage in an initial consultation. Assess their credentials and experience to ensure they align with your financial goals.

In conclusion, it's an investor's responsibility to conduct diligent research, assess risk, and maintain a clear vision of their investment goals. The journey of long-term investing is a path marked by patience, strategy, and unwavering dedication. By adhering to these principles, investors can harness the power of long-term investing to build lasting wealth.

BSE
Investors Protection Fund

3 simple mantras for investing

1. Start Early
2. Invest Regularly
3. Invest for Long Term

INVEST RIGHT TOH FUTURE BRIGHT

Issued in public interest by BSE Investors Protection Fund.

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INVESTORS RELATED DEVELOPMENTS IN CAPITAL MARKET MONTH - SEPTEMBER 2023

(Courtesy: BSE IPF/SEBI)

- **Redressal of investor grievances through the SEBI Complaint Redressal(SCORES) Platform and linking it to Online Dispute Resolution platform.**

SEBI Complaint Redressal System (SCORES) is a centralised web based complaint redressal facilitation platform launched in 2011 to provide a facilitative platform for the benefit of the aggrieved investors, whose grievances against listed company, registered intermediary or market infrastructure institution ("Entities") remain unresolved. In order to strengthen the existing investor grievance handling mechanism through SCORES, it becomes necessary to revise the extant process and provide for a mechanism through which all the regulatory bodies shall monitor the process of the redressal of investors' grievances. SEBI has vide circular dated September 20, 2023 has issued a revised framework for handling of complaints received through SCORES platform by linking it with Online Dispute Resolution (ODR) platform.

Detailed guidelines for handling the complaints / grievances against the market intermediaries including the listing companies in the form of Annexures attached to this circular.

The provisions of this circular related to work flow of processing of investor grievances by market intermediaries and framework for monitoring and handling of investor complaints by the regulatory bodies shall come into force with effect from December 04, 2023

Impact on Investors: This is yet another major step taken by SEBI for the benefit of the investors which will strengthen the existing investor grievance handling mechanism by making the entire redressal process of grievances in the securities market comprehensive by providing a solution that makes the process more efficient by reducing timelines and by introducing auto-routing and auto-escalation of complaints.

Link of the circular https://www.sebi.gov.in/legal/circulars/sep-2023/redressal-of-investor-grievances-through-the-sebi-complaint-redressal-scores-platform-and-linking-it-to-online-dispute-resolution-platform_77159.html

- **Extension of timelines for nomination in eligible demat accounts and for submission of PAN, Nomination and KYC details by physical security holders and voluntary nomination for trading accounts.**

SEBI vide its earlier circular dated July 23, 2021 has stipulated that trading accounts and demat accounts which do not have 'choice of nomination' by September 30, 2023 shall be frozen. In this regard, now SEBI vide its circular dated September 26, 2023 decided that submission of 'choice of nomination' for trading accounts has been made voluntary as a step towards ease of doing business.

As regard demat accounts, it has been decided to extend the last date for submission of 'choice of nomination' to December 31, 2023

.As regards physical securities, SEBI vide circular dated March 16, 2023, stipulated that folios shall be frozen if PAN, Nomination, Contact details, Bank A/c details and Specimen signature are not submitted by the holders by September 30, 2023. SEBI has now decided to extend the last date for submission of PAN, Nomination, Contact details, Bank A/c details and Specimen signature for their corresponding folio numbers to December 31, 2023.

Impact on Investors: Making the nomination for trading accounts as voluntary will provide an option to the investors and those who are not willing to provide the same will not be unnecessarily burdened with this compliance. This will definitely benefit the investors. Secondly, extending the dates for compliance for demat and physical holdings will also give additional time period to those investors who have not yet done it.

Link of the circular https://www.sebi.gov.in/legal/circulars/sep-2023/extension-of-timelines-i-for-nomination-in-eligible-demat-accounts-and-ii-for-submission-of-pan-nomination-and-kyc-details-by-physical-security-holders-and-voluntary-nomination-for-trading-accou-_77320.html

IDENTIFYING AND AVOIDING SCAMS IN THE FINANCIAL MARKETS

The financial market is a complex and ever-changing landscape, and it can be difficult to keep up with the latest scams and fraudulent schemes. However, there are some general things that you can do to protect yourself from becoming a victim of fraud.

Red flags to look out for:

- **Unsolicited offers:** If you receive an unsolicited offer to invest in something, it is important to be skeptical. Legitimate investment firms will not contact you out of the blue.
- **High-pressure sales tactics:** If someone is pressuring you to invest in something quickly, it is a red flag. Legitimate investment firms will give you time to make an informed decision.
- **Guaranteed returns:** There is no such thing as a guaranteed investment. Any investment that promises guaranteed returns is likely to be a scam.
- **Unregistered investment firms:** Before you invest with any firm, check to make sure that it is registered with SEBI or RBI. You can do this on the SEBI and RBI websites.
- **Complex investment products:** If you don't understand how an investment product works, it's best to avoid it.

What to do if you think you've been scammed:

- **Contact SEBI or RBI:** You can report the scam to SEBI or RBI online or by phone.
- File a complaint with your local law enforcement agency: You can also file a complaint with your local police station.
- Gather evidence: Gather any evidence you have of the scam, such as emails, text messages, or bank statements.

SEBI and RBI guidelines on investor protection:

SEBI and RBI have issued a number of guidelines to protect investors from fraud. Some of these guidelines include:

- Know Your Customer (KYC) guidelines: KYC guidelines require investment firms to collect certain information about their clients, such as their name, address, and date of birth. This information is used to verify the client's identity and to prevent fraud.
- Anti-Money Laundering (AML) guidelines: AML guidelines require investment firms to report suspicious transactions to the authorities. This helps to prevent the use of the financial system for criminal activities, such as money laundering and terrorist financing.

- Code of Conduct for Registered Investment Advisers (RIAs): The Code of Conduct for RIAs sets out ethical standards for investment advisers. It requires RIAs to act in the best interests of their clients and to avoid conflicts of interest.

By following the tips above, you can help to protect yourself from financial scams. It is also important to be aware of the red flags to look out for and to know what to do if you think you have been scammed. SEBI and RBI have issued a number of guidelines to protect investors from fraud, and investors should be aware of these guidelines.

Some additional tips from SEBI and RBI:

- Be wary of investment opportunities that are promoted through social media or online forums. These platforms are often used by scammers to target investors.
- Do not give out your personal information, such as your bank account number or Social Security number, to anyone who contacts you unsolicited.
- Be suspicious of investment opportunities that promise guaranteed returns or high returns with little or no risk. There is no such thing as a guaranteed investment, and any investment that promises high returns with little or no risk is likely to be a scam.

Note to Investors : SEBI has recently launched New Investor website (https://investor.sebi.gov.in). This website offers valuable insights that can empower the general public to become informed and savvy investor.

Note to Investors:

The SMART ODR PORTAL - "Online Dispute Resolution Mechanism for dispute/claims against Market Intermediaries of the investors." A step has been taken towards safeguarding the interests of general investors, under the guidance of SEBI, an Online Dispute Resolution (ODR) mechanism has been operationalised by the Stock Exchange. This is a time bound, convenient and efficient mechanism whereby investors having any dispute/claim against any market intermediary including Registrar to an Issue and Share Transfer Agents (RTAs)/Listed Companies can file the same through online mode. Investors can visit https://smartodr.in/login to address their issues.

MUTUAL FUNDS - INTRODUCTION AND CLASSIFICATION

(Courtesy: Basilstone Consulting Private Limited)

A mutual fund is an investment vehicle that collects & pools money from a number of investors and invests the same in equities, bonds, government securities, money market instruments. The money collected in mutual fund scheme is invested by professional fund managers in stocks and bonds etc. in line with a scheme's investment objective. The income / gains generated from this investment scheme are distributed proportionately amongst the investors, after deducting applicable expenses and levies.

Classification of Mutual Fund

- **Organisation Structure**
  - **Open Ended :** Are perpetual, and open for subscription and repurchase on a continuous basis on all business days at the current NAV
  - **Close Ended :** Have a fixed maturity date. The units are issued at the time of the initial offer and redeemed only on maturity.
  - **Interval :** Allow purchase and redemption during specified transaction periods (intervals).
- **Management of Portfolio**
  - **Active :** Fund Manager is 'Active' in deciding whether to Buy, Hold, or Sell the underlying securities and in stock selection
  - **Passive :** Replicates a stated Index or Benchmark
- **Investment Objective**
  - **Growth :** Designed to provide capital appreciation.
  - **Income :** Provide regular and steady income to investors.
  - **Liquid Schemes, Overnight Funds and Money market :** For seeking liquidity and principal protection

Recently, Statistics has shown a rising trend in inflow of Thematic Mutual Funds which are classified based on a particular theme or specific investment style. Some illustrative examples of thematic funds are: -

- Tax Saving (ELSS) : Allows an individual or HUF a deduction under Section 80C of Income Tax Act with respect to the investment amount
- Retirement : Financial planning tool for long term financial security for investors based on their retirement planning goals.
- Arbitrage : Generate returns by using the strategy of simultaneously buying and selling of securities in different markets to take advantage of different prices.

"In the world of investment, mutual funds are building blocks for properous financial future hence a thoughtful analysis shall be done before investing"

WHETHER A CRICKET MATCH OR THE STOCK MARKET "HE WHO WINS IS THE KING"

Jayesh Chitalia
Journalist

During the the cricket world cup, everyone from young kids to the youth and the aged alike get engrossed in watching the matches. Those who are not crazy about the game are considered mad! What if we compare the Stock Market with the game of Cricket or take some market lessons from the game..? Let us understand the lessons of playing or investing in the stock market from the game of cricket.

TWO SIMPLE WAYS TO LOSE MONEY

A test match in cricket is like a long term investment, where there is no hurry to buy or sell. One has patience, control and a long term view which reduces chances of a run out or an exit from the ground altogether. A 50 over match is like a medium term investment where there is no hurry, but at the same time, the patience or the ample time as available in the test are not there. Whereas T20 is a short term investment like a day trade or pure speculation. You have to act as soon as you reach the ground.

Hit or book profit; else get out or book a loss! The results have to be there in a matter of hours. It is an adventurous game but there is a lot of excitement too. The target is in front of you and you must achieve it in a short span of time. In short, anything can happen.

IT IS IMPORTANT TO FOCUS ON FIELDING

When batting in cricket, one has to keep an eye on 11 players but while your focus must be on the bowler, it is equally important that you keep in mind the field placement while playing every ball. Similarly, when fielding, you have to concentrate on the batsman and be alert and anticipate where the next shot will be played. If you are the bowler, you have to concentrate on the batsman. If we look at this from the viewpoint of the stock market, it will be beneficial for the investor to focus on the scrips forming his portfolio rather than watching the entire market. An ideal portfolio should consisit of 10 to 12 scrips. If there are too many scrips, it becomes difficult to keep an eye on them. Just as by playing only one type of game or hitting only in one area will help the bowler trap you with his strategy, in the stock market too, it would be beneficial to invest in a wide range of sectors rather than investing in only a few sectors.

RIGOROUS PRACTICE - STUDY IS ESSENTIAL

It is necessary to practice a lot before playing a game. Similarly, continuous study too is important. Besides physical fitness, a powerful mental balance is a must. One never knows when he will need to shoulder a large responsibility. A player affected by stress or tension cannot perform well. Similarly, along with a continuous study of the stock market, it is necessary to constantly keep monitoring the movements of the market. The stock market experiences volatility or severe turbulence. So also an extreme downturn or a recession. If an investor panics in such a situation, he is likely to take some wrong or incorrect decisions which could lead to losses.

THE IMPORTANCE OF BEING ALERT AND DECISIVE

In cricket, decisiveness and alertness are the two most important factors. The decision to bat or field, after winning the toss sometimes becomes a very crucial factor in winning the game or losing it. Just as the decision, as to when to bring in a bowling change; or about the field setting; working out the strategy to win a game; or to avoid losing is important in cricket, in the stock market too, being decisive and alert about when to start buying; when to book profits; when to take a loss; which shares to buy and which ones to hold, is very important.

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.