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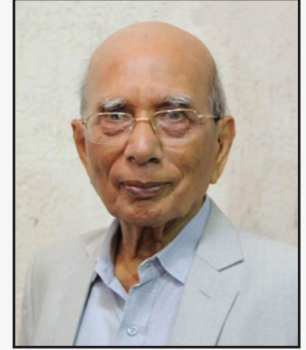
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## Editorial - December 2022

### UNCERTAIN TIMES

We are definitely living in very uncertain times. All investment experts believe in long term story of India but also believe that 2023 could well be a tumultuous year.

Several factors contribute towards this uncertain future:

1. Inflation spurts in USA, Europe, India and practically all the countries of the world.
2. Consequent to the above, rise in interest rates making borrowing more expensive.
3. Recessionary conditions prevailing in USA & Europe.
4. Ongoing Russia - Ukraine War. Causing shortage of food grains and also aggravating energy crisis in Europe.
5. Slow down in Manufacturing & IT Sectors affecting India.
6. Increasing Current Account Deficit in India.

Most of the above, barring Russia-Ukraine War, are after effects of Pandemic that hit all in a big way in 2020-21 & early part of 2022. Over & above, there is Pandemic lurking around in several countries. Though India is not affected by it till date.

In uncertain times, protecting your wealth/saving is of paramount importance. How do you do it?

1. Avoid investing in expensive & volatile stocks
2. Do not fall for schemes that promise abnormal returns.
3. Remain liquid by keeping at least 12 months household expense in Bank account.
4. Curtail unnecessary expenses like branded clothes, expensive restaurants etc.
5. Top up your health insurance as medical care is getting very expensive.
6. Take your job seriously & work diligently.
7. Do not stop Mutual Fund SIPs if already started earlier.
8. Do not hesitate to seek professional financial advice.
9. Diversify your investments in different class of assets.
10. Regularly monitor your investments.

If you are an investor in equity markets, it is wise to be vigilant. More so in the present situation. The moto should be to **STAY HEALTHY & STAY SAFE.**

-CA. Dharmen B. Shah

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## INVESTOR PROTECTION THROUGH EDUCATION

Views expressed by contributors are their own and the association does not accept any responsibility.

## #SafeInvestmentDrive

Always keep proof  
of all investment  
documents.



As you would keep  
your car documents  
at hand.



**INVEST RIGHT TOH FUTURE BRIGHT**

Visit <https://www.bseipf.com/doandonts.html> to know safe investing practices.

# INVESTORS RELATED DEVELOPMENTS IN CAPITAL MARKET

## MONTH - DECEMBER 2022

(Courtesy: BSE IPF/SEBI)

### ➤ **Introduction of Investor Risk Reduction Access (IRRA) platform in case of disruption of trading services provided by the Trading Member (TM)**

In recent times, with increasing dependence on technology in securities market, there is a rise in instances of glitches in trading members' (TMs) systems, some of which result into disruption of trading services and investor complaints. In such instances, investors with open positions are at risk of non-availability of any avenues to close their positions, particularly if markets are volatile.

In order to address this issue, SEBI vide its circular dated December 30, 2022 has decided that if any of the TM is unable to prevent disruption in some situation like TM being unable to move to Disaster Recovery Site within stipulated time, cyber-attacks etc., a contingency service will be provided by the Stock Exchanges.

In this regard, following has been decided:

**Development of the service:** A joint platform to provide Investor Risk Reduction Access (IRRA) service will be developed by the Exchanges to provide the investors an opportunity to square off/close the open positions and/or cancel pending orders in case of disruption of trading services provided by the TM. The IRRA service will be available for multiple segments across multiple Exchanges.

**Enablement of IRRA service:** Upon facing technical glitches which lead to disruption of trading services, TM can request for enablement of the IRRA service as per the procedures specified by the Stock Exchanges from time to time and IRRA. In addition, Stock Exchanges shall also monitor factors like connectivity, order flow, social media posts etc. and suo moto enable the service, if needed, irrespective of any such request by the TM. This service will be enabled by the Exchanges, suo moto, only in case of disruption of trading services of TM across all the Exchanges, where the TM is member. In case of disruption of trading services of TM with one/some of the Exchanges, where the TM is member, TM shall use the service of the other Exchange/s.

**Access to Investors:** Once the service is enabled, all the investors of the TM will be informed by the Exchange about the availability of the service through email/SMS and a public notice on Exchanges' website. TMs shall also communicate the same by displaying on their website. Investors can login to the service using either the Unique Client Code (UCC) or the PAN number and they shall be authorized by a One Time Password (OTP) to be sent to their registered mobile numbers and email ids.

**Actions on IRRA service:** Once successfully authorized, the investors can square off/close the open positions across segments and Exchange/s and/or cancel the orders across segments which are pending at the Exchange/s.

**Reverse Migration to the TM's systems:** Stock exchanges shall design a detailed framework for reverse migration from IRRA system to the TM's trading system, as and when the TM's trading system is revived successfully.

This system shall come into effect on or before October 01, 2023

**Impact for Investors:** Considering the dependency of the present trading system on the technology, this is an important initiative to safeguard the interest of investors who may suffer financial losses due to failure of their Trading member's system to execute the orders for any of the reason/s. Presently, there is no avenue available either in the hands of investors or even with the trading member to reduce the losses of the investors, in such situation.

Link of above SEBI circular: [https://www.sebi.gov.in/legal/circulars/dec-2022/introduction-of-investor-risk-reduction-access-irra-platform-in-case-of-disruption-of-trading-services-provided-by-the-trading-member-tm-\\_66785.html](https://www.sebi.gov.in/legal/circulars/dec-2022/introduction-of-investor-risk-reduction-access-irra-platform-in-case-of-disruption-of-trading-services-provided-by-the-trading-member-tm-_66785.html)

# PRIMARY MARKET AND SECONDARY MARKET



**Primary Market:** This market is also called as the new issues market where company / institutions raise funds (capital) from public by issuing new securities (shares, debentures, bonds, etc.).

There are two major types of issuers of securities:

Corporate Entities (companies) which mainly issue equity instruments (shares) and debt instruments (bonds, debentures, etc.)

Government (Central as well as State) which issues debt securities (dated securities and treasury bills).

The types of issues made in Primary Market are:

## **1 Public Issue**

Securities are issued to general public and anyone can subscribe to them. Public issue of equity shares can be categorized as follows:

### **i. Initial Public Offer (IPO):**

An IPO is where first public offer of shares is made by a company. An IPO can be in the following forms:





**Fresh Issue of shares** where new shares are issued by the company to public investors in this kind of an issue, the funds of investors will go to the company to be used for the purpose for which the issue is made.

**Offer for Sale** where existing shareholders such as promoters or financial institutions or any other person offer their holding to the public. In this kind of an Issue, the funds of the investors will go to such sellers of the shares and not to the company.

## ii. Follow on Public Offer (FPO):

It is made by an issuer/ company that has already done an IPO in the past and is making a fresh issue of securities to the public.

## 2 Preferential Issue

In this mode of issue, securities are issued to an identified set of investors like promoters, strategic investors, employees, etc.

## 3 Rights Issue

When the Company gives its existing shareholders the right to subscribe to newly issued shares, in proportion to their existing shareholding, it is called a rights issue.

## 4 Bonus Issue

When the existing shareholders of a company are issued additional shares, in proportion to their existing shareholding and without any additional cost, then it is called a bonus issue.

In order to raise funds from public, companies need to file an offer document with SEBI which is called as the draft red herring prospectus or the draft prospectus. The prospectus contains details like the history of the company, details of the promoters, business model, financial history of the company, risks in that business, purpose for which the money is being raised, terms of issue and such other information that will help an investor to make an informed decision on investment in the shares of that company. The securities which are issued in primary market are listed on a recognized Stock Exchange in less than six (06) working days from the date of the closure of the issue. The shares are then listed on the recognized stock exchanges, where further trading of the shares takes place.

The shares allotted by the company are credited in the Demat account of the investor which is maintained with a Depository through a SEBI registered Depository Participant (DP). An investor can sell the shares on the stock exchanges through a SEBI registered Stock broker and receive the money.



**Secondary market:** Once the securities are issued in the primary market, they get listed on the Stock Exchanges and the investors can buy or sell these listed securities through those Stock EXchanges. Stock Exchanges have two main segments- Cash Market segment and the Derivatives Market segment.

## મંદીના સમયમાં ટૂંકું નહીં, લાંબું વિચારો !

ક્યારેક સ્ટોક માર્કેટ નિષ્ણાતો કે ગુરુઓ પણ બજાર માટે નેગેટિવ વાતો કરતા હોય છે, જેમના મત સાંભળીને બહુબધા લોકો નિરાશ પણ થતા હોય છે, હવે તો અમુક સમય સુધી બજાર તફ જોવું જ નહીં, કે પછી કોઈ શેર હાલ ખરીદવા જ નહીં, હવે તો સેન્સેક્સ અમુક લેવલે પહોંચે પછી જ વાત કરવી કે વિચારવું વગેરે જેવી ધાર-ણાઓમાં ઊતરી જનારા બહુમતીમાં હોઈ શકે છે, કારણકે આપણે નિરાશાના અથવા નેગેટિવ ન્યૂસ તેમ જ અભિપ્રાયોને તરત પકડી લઈએ છીએ. જોકે આ નિષ્ણાતોની વાતોમાંથી પકડવા જેવી સારી બાબતો પર પણ ખાસ નજર કરવા જેવી હોય છે. સવાલ માત્ર નિષ્ણાતોના અભિપ્રાયનો નથી, બલકે સમગ્ર સાઈકોલોજીનો છે.



### મોટા ઘટાડાને ખરીદીની તક પણ બનાવી શકાય

બજારની સૌથી મોટી આશા કહો કે હકીકત, બજાર લાંબા ગાળા માટે સારું હોય છે, અર્થાત્, લોંગ ટર્મ માટે પ્લાનિંગ કરી રહેલા કે તેમાં વિશ્વાસ ધાવતા રોકાણકારો માટે પછીના સમયમાં ફેન્ટાસ્ટિક તક આવતી હોય છે, જો ખરેખર બજાર ચોક્કસ સ્તર સુધી નીચે જાય તો તમને કેવી-કેવી લગડી સ્કિપ્સ કેવા આકર્ષક ભાવે ઉપલબ્ધ થશે એ પણ સમજવાનું હોય છે. અલબત્ત, આવા શેરો ધરાવનારા રોકાણકારોનું મૂડીઘોવાણ કેવું થઈ જશે એ પણ વિચારવું હું. કિંતુ અહીં સમજવાનું એ છે કે આવા સમયમાં ઘટના બને તે પૂર્વે નફો બુક કરી લેવાય, પણ ઘટના બની ગયા બાદ પેનિકમાં આવીને વેચવા દોડાય નહીં. હા, ત્યાર બાદ નીચા ભાવે ખીદી ચોક્કસ કરાય. જેઓ લાંબા ગાળા માટે રોકાણ કરતા હોય છે તેઓ પાંચથી સાત વરસનો ગાળો ગણીને ચાલતા હોય છે, જેથી તેઓને મોટા કડાકાનો ભય લાગતો નથી, તેમની માટે આ બજારની એક સાઈકલ ગણાય છે. કારણકે તેમના શેરોના ભાવોનો ઘટાડો આખરે તો કાગળ પર જ હોય છે. આમ બજાર ઘટવાની વાતો કે એવા મતના મેસેજને રોકાણકારો ખરીદીની એક તક પણ ગણીને ચાલી શકે છે.

## ભાવોની એવરેજનો લાભ લઈ શકાય

હવે વધુ એક સાદી સમજી લઈએ તો જો શેરબજાર આગામી સમયમાં ઘટવાનું હોય તો કોઈ એક ચોક્કસ સમયે ખરીદી કરવાને બદલે નિયમિત ધોરણે દર મહિને ખરીદી થતી હે એ વધુ બહેતર છે, કેમ કે એમાં ખરીદી ટુકડે ટુકડે પણ થાય અને દરેક વખતે ભાવોની એવરેજનો લાભ પણ મળે. ઈન શોર્ટ માર્કેટના દરેક સ્તરે રોકાણની તક લાંબે ગાળે લાભમાં રહેવાની સ્ટ્રેટજી છે. આ બાબતનો સરળ અર્થ એ થાય કે રોકાણકારો એકસાથે મોટું જોખમ ન લઈ શકે એમ હોય અથવા તેમની પાસે મોટી મૂડી ન હોય તો સિસ્ટેમેટિક ઈન્વેસ્ટમેન્ટ પ્લાન, ખાસ કરીને મન્યલી એસઆઈપી, એસટીપી, વીઆઈપી (વેલ્યુ એવરેજિંગ ઈન્વેસ્ટમેન્ટ પ્લાન) તથા એકસચેંજ ટ્રેડેડ ફંડ, ઈન્ડેક્સ ફંડ વગેરે જેવાં સાધનો મારફત આ કાર્ય કરી શકે છે.

## મંદીના સમયમાં મજબૂત શેરો શોધતાં રહો

શેરબજાર સામેનાં જોખમો કે નકારાત્મક પરિબળો સમજી લેવાં પણ જરૂરી છે. ક્યારેક બજાર પાસે દિશા કે સારા સેન્ટિમેન્ટ ન હોય એવું પણ બને, ઊંચે જવા માટેના કોઈ ટ્રિગર ન હોય, પરિબળો ન હોય, કારણો ન હોય. ઉપરથી ઊંચો ફુગાવો, વધતા વ્યાજ દરો, રાજકીય મોરચે ભરપૂર તંગદિલી જેવી સ્થિતિ, યુરોપના દેશોની કટોકટી, મોરેશિયસ સહિતના દેશો સાથેના કરવેરાના ઇસ્યૂઝ, વિદેશી સંસ્થાકીય ઈન્વેસ્ટરોનો ઘટતો પ્રવાહ વગેરે જેવી સ્થિતિ હોય ત્યો એ બાબતોને સ્પષ્ટ થવા દેવા સૌએ બજારના સુધારાની રાહ જોવી બહેતર ગણાય. આપણે આવા સમયમાં સમીક્ષા અને પ્રતીક્ષા કરવી જરૂરી હોય છે, જેમાં સારા-મજબૂત શેરો શોધવા લાગી જવું જોઈએ. આમ પણ જ્યારે માર્કેટ નબળું હોય ત્યારે રોકાણકારોએ સિલેક્ટિવ સ્ક્રિપ્સ પર ધ્યાન આપવું વધુ બહેતર હોય છે. બજારની અનિશ્ચિતતા વચ્ચે સ્ક્રિપ્સની પસંદગી લાંબે ગાળે વધુ ફળદાયી સાબિત થઈ શકે.

# 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.

Disclaimer : - The illustration are merely indicative in nature which should not be construed as investment advice and neither ensure you profits nor protect you from making a loss in declining market.

## INVESTOR PROTECTION THROUGH EDUCATION

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