Fast Track Webinar Series

RACE *for* SACE

Day 2

SEBI - NiSM Social Auditor Certification Exam

3rd Batch

Tuesday ◊ 23rd JAN 2024 ◊ 08:30 AM to 09:30 AM ◊ www.3spro.blogspot.com

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SACE - Assessment Structure

- The examination consists of 85 multiple choice questions and 3 case-based questions (each case having 5 sub-questions) adding upto 100 marks.
- The assessment structure is as follows:

Multiple Choice Questions	**MCQ**	85 questions x 1 mark each	**85**
Case Based Questions	**CBQ**	3 cases x 5 questions x 1 mark each	**15**
		Total Marks	**100**

To register and to take the examination

visit www.nism.ac.in

SACE - Assessment Structure

- The examination should be completed in 2 hours.
- The passing score for the examination is 60.
- *There shall be negative marking of 25% of the marks assigned to a question.
- **Name of Module:** NISM Series XXIII: Social Auditors Certification Examination

Fees (Rs.)	**1770+**
Test Duration (in minutes)	**120**
No. of Questions	**100~**
Maximum Marks	**100**
Pass Marks (%)	**60***
Certificate Validity (in years)	**3#**

Passing Certificate will be issued only to those candidates who have furnished/ updated their Income Tax Permanent Account Number (PAN) in their registration details.

SACE - Syllabus

#	Chapter Description	Questions	Marks
1	Introduction to Social Sector and Indian Financial Markets	4 + 4	**8**
2	Introduction to Trading, Clearing Settlement and Risk Management	4	**4**
3	Introduction to Social Stock Exchange	10	**10**
4	Registration and Listing on Social Stock Exchanges	5	**5**
5	Social Audit and Social Auditors	12	**12**
6	Social Audit Techniques and Standards	13	**13**
7	Social Impact Assessment	15	**15**
8	Social Impact Assessment - Case Studies	3	**15**
9	Disclosure Norms, Reporting Requirements by Social Auditors and Penalties	10	**10**
10	Taxation	4	**4**
11	Key Regulations	4	**4**
		88	**100**

Chapter 2

Introduction to Trading, Clearing Settlement and Risk Management

No of Questions = 4

Marks = 4

1. ………. is the process of <u>determination</u> of obligations, after which the obligations are discharged by settlement.

a) Clearing

b) Settlement

c) Risk Management

d) Auction

2. In India, in the equity segment which of the following is <u>not</u> a clearing corporation

a) NCL

b) ICCL

c) MCCIL

d) IOCL

3. An auction is resorted to when there are <u>shortages</u> in <u>delivery</u> by a ……

a) Buyer Broker

b) Seller Broker

c) Clearing Corporation

d) Exchange

Chapter 3

Introduction to Social Stock Exchange

No of Questions = 10

Marks = 10

1. "Social Stock Exchange" means …….. having nationwide trading terminals permitted to register NPO and / or list the securities issued by NPO in accordance with provisions of these regulations.

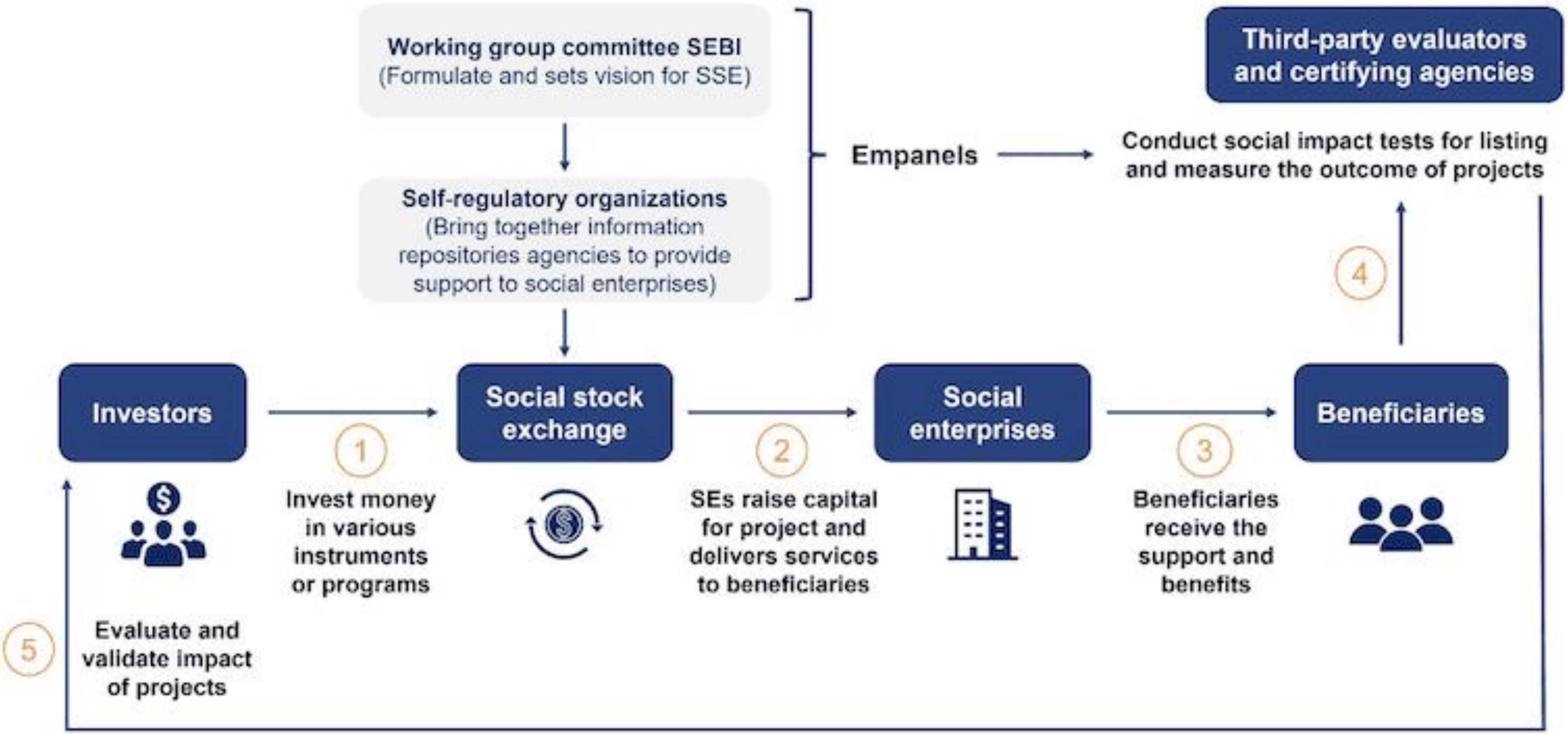
a) a separate segment of a recognised stock exchange

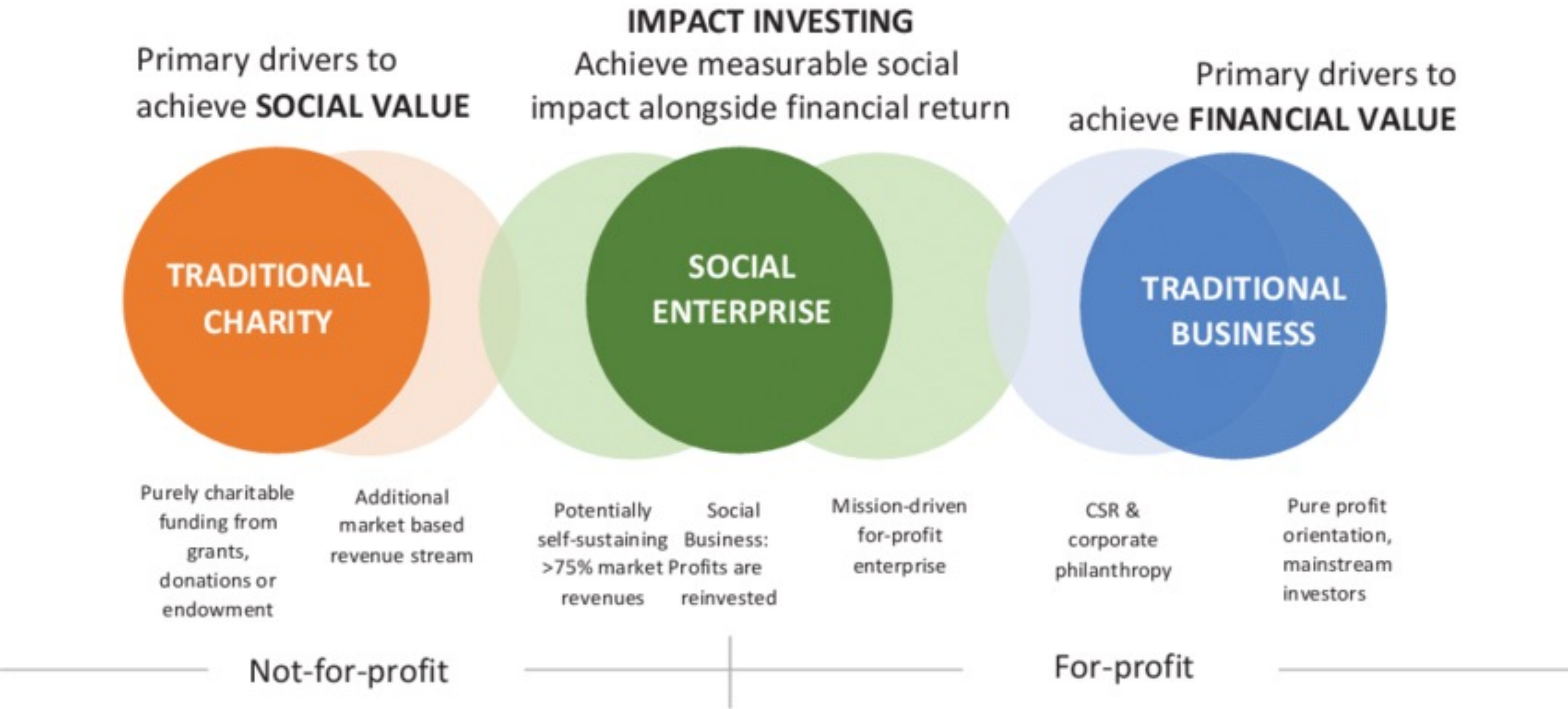
b) a recognised stock exchange

c) a platform

d) AOTA

Reg 292A(i) – SEBI ICDR Regulations


Working group committee SEBI
(Formulate and sets vision for SSE)
Self-regulatory organizations
(Bring together information repositories agencies to provide support to social enterprises)
Empanels
Third-party evaluators and certifying agencies
Conduct social impact tests for listing and measure the outcome of projects
Investors
1
Invest money in various instruments or programs
Social stock exchange
2
SEs raise capital for project and delivers services to beneficiaries
Social enterprises
3
Beneficiaries receive the support and benefits
Beneficiaries
4
5
Evaluate and validate impact of projects



IMPACT INVESTING
Achieve measurable social impact alongside financial return
Primary drivers to achieve SOCIAL VALUE
Primary drivers to achieve FINANCIAL VALUE
TRADITIONAL CHARITY
SOCIAL ENTERPRISE
TRADITIONAL BUSINESS
Purely charitable funding from grants, donations or endowment
Additional market based revenue stream
Potentially self-sustaining >75% market revenues
Social Business: Profits are reinvested
Mission-driven for-profit enterprise
CSR & corporate philanthropy
Pure profit orientation, mainstream investors
Not-for-profit
For-profit

2. "Not for Profit Organization" (NPO) means a Social Enterprise which is any of the following entities, except;

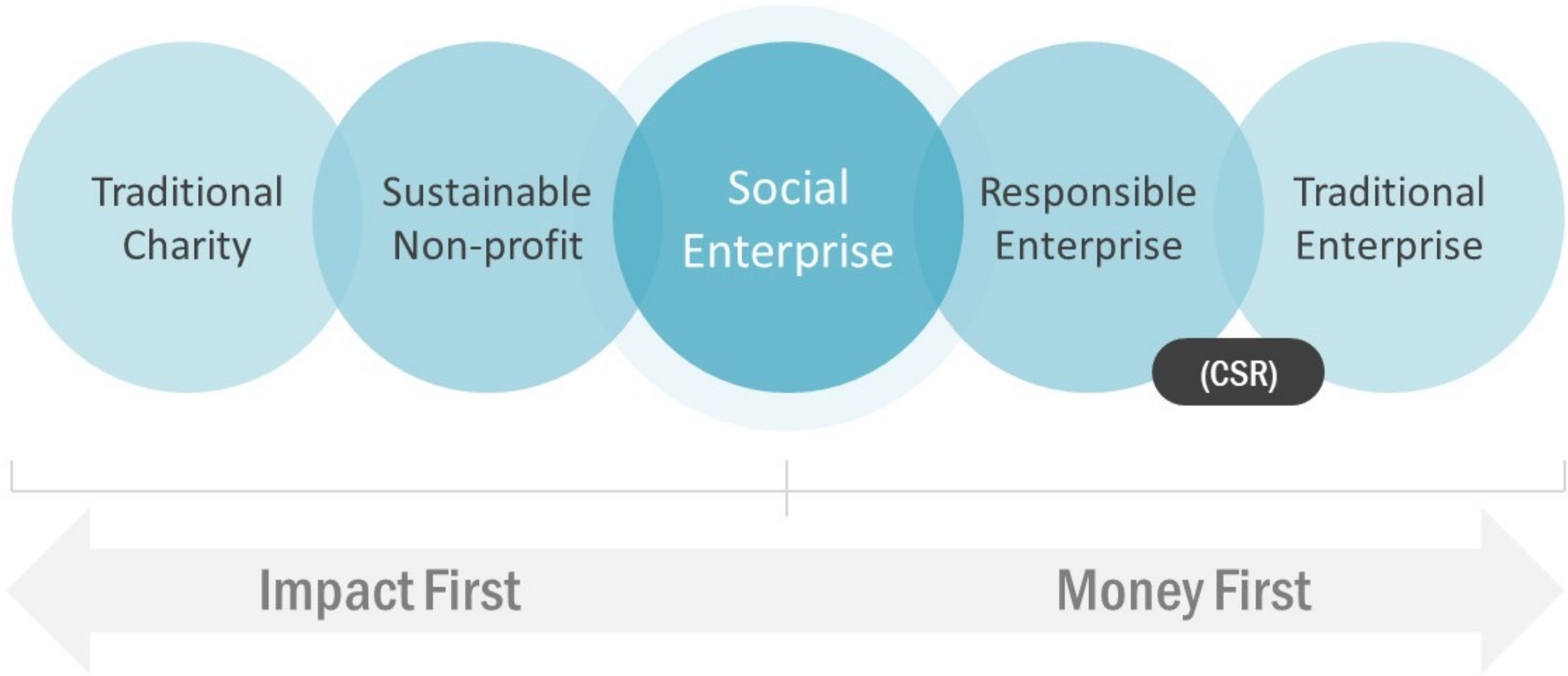
a) a charitable trust registered under the Indian Trusts Act, 1882 / the public trust statute of the relevant state;

b) a charitable society registered under the Societies Registration Act, 1860

c) a political party registered under Representation of the People Act

d) a company incorporated under section 8 of the Companies Act, 2013

Reg 292A(e) – SEBI ICDR Regulations


Traditional Charity
Sustainable Non-profit
Social Enterprise
Responsible Enterprise
Traditional Enterprise
(CSR)
Impact First
Money First

3. "Social Auditor" means, except;

a) An Individual registered with a Self-regulatory organisation under the Institute of Chartered Accountants of India or such other agency, as may be specified by the Board,

b) who has qualified a certification program conducted by National Institute of Securities Market

c) holds a valid certificate

d) an individual / a partnership firm

Reg 292A(f) – SEBI ICDR Regulations

4. Information Repositories (IRs) are a very important category of participants in the SSE ecosystem. The IRs perform the functions of, except;

a) enumeration (listing of active NPOs and their activities)

b) standardization (articulating a standard reporting format for NPOs and helping them to do information reporting)

c) verification (due diligence)

d) certification (examination conducted for qualifying as social auditor)

Para 3.3.2 – TGR on SSE – Page 29; Page 62 – NiSM SACE Work Book

5. "Social Audit Firm" means, except;

a) any entity (Individual / Firm)

b) average annual grants or expenditure of social enterprise for which impact assessment has been carried out for the last three financial years should be at least Rs.50 lakhs.

c) which has employed Social Auditors

d) has a track record of minimum 3 years for conducting social impact assessment

Reg 292A(g) – SEBI ICDR Regulations

6. Sustainable Development Goal 12 (SDG 12 or Global Goal 12), titled ……….., is one of the 17 Sustainable Development Goals established by the United Nations in 2015

a) Responsible Consumption and Production

b) Industry Innovation and Infrastructure

c) Reduced Inequalities

d) Sustainable cities and communities

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12
RESPONSIBLE
CONSUMPTION
AND PRODUCTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

UNSUSTAINABLE PATTERNS

OF **CONSUMPTION AND PRODUCTION** ARE ROOT CAUSE OF

TRIPLE PLANETARY CRISES

CLIMATE CHANGE

BIODIVERSITY LOSS

POLLUTION

OUR RELIANCE ON NATURAL RESOURCES IS INCREASING

RISING OVER **65%** GLOBALLY FROM 2000 TO 2019

TOO MUCH FOOD IS BEING LOST OR WASTED

IN EVERY COUNTRY EVERY DAY

HARVESTING → TRANSPORT → STORAGE → PROCESSING

13.3% OF THE WORLD'S FOOD IS LOST AFTER HARVESTING AND BEFORE REACHING RETAIL MARKETS

HOUSE → GROCERY STORE → HOUSEHOLD → RESTAURANT

17% OF TOTAL FOOD IS WASTED AT THE CONSUMER LEVEL

VAST MAJORITY OF THE WORLD'S ELECTRONIC WASTE IS NOT BEING SAFELY MANAGED

E-WASTE COLLECTION RATES (2019)

LATIN AMERICA AND THE CARIBBEAN	1.2%
SUB-SAHARAN AFRICA	1.6%
EUROPE AND NORTHERN AMERICA	46.9%
GLOBAL AVERAGE	22.8%

THE SUSTAINABLE DEVELOPMENT GOALS REPORT 2022: UNSTATS.UN.ORG/SDGS/REPORT/2022/

E-waste: a growing challenge

Did you know that ~50 million metric tonnes (Mt) of e-waste were produced in 2018?*

2018	2021	2050
50 Mt	52 Mt	120 Mt

What you can do

REUSE
use things more than once

RECYCLE
separate waste materials

REDUCE & REPAIR
use fewer resources

Managing e-waste

Conserves natural resources
Materials recovered can be used to make new products, which in turn saves energy and reduces pollution and greenhouse gas emissions

Protects environment
Proper recycling promotes sound management of toxic chemicals and saves landfill space

Creates more jobs
Creates jobs for professional recyclers and creates markets for the recycled materials

fast forward together
#ICT4SDG

For more information go to:
www.itu.int/ewastemonitor

* "A New Circular Vision for Electronics; Time for a Global Reboot" report

7. Firms or Institutions that are not financial auditors and wish to perform non-financial audits shall also qualify through the NISM course, (if individuals) they shall themselves be, or (if firms or institutions) they shall employ any of the following; except

a) Post-graduates from universities recognized by the UGC with a minimum of 3 years of experience in the development sector

b) Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector

c) Cost and management accountants or any other persons with suitable accreditations with a minimum of 6 years of experience in the development sector.

d) Graduates from universities recognized by the UGC

Para 3.3.1 – TGR on SSE – Page 26

8. “For Profit Social Enterprise” means; except

a) company or a body corporate operating for profit

b) a Social Enterprise as per SEBI (ICDR) regulations

c) company incorporated under section 8 of the Companies Act, 2013

d) foreign company

2(42) Foreign Company

Foreign Company means any company or body corporate incorporated outside India which

a) Has a place of business in India whether by itself or through an agent, physically or through electronic mode; and

b) Conducts any business activity in India in any other manner;

9. While both FPSEs and NPOs are concerned with social impact, the type of funding avenues open to them are fundamentally different given the nature of their legal structures and expectations of their "fund providers"; which statement is true

a) FPSEs can raise equity while all NPOs cannot

b) FPSEs & NPOs can raise equity

c) NPOs can raise equity while all FPSEs cannot

d) FPSEs & NPOs cannot raise equity

10. Listing criteria for FPSEs, ……..

a) are same as NPOs

b) are entirely different when compared to 'for-profit conventional enterprises

c) just as they apply for 'for-profit conventional enterprises' who list on the main board of the stock exchanges

d) FPSEs listing can be done in SSE

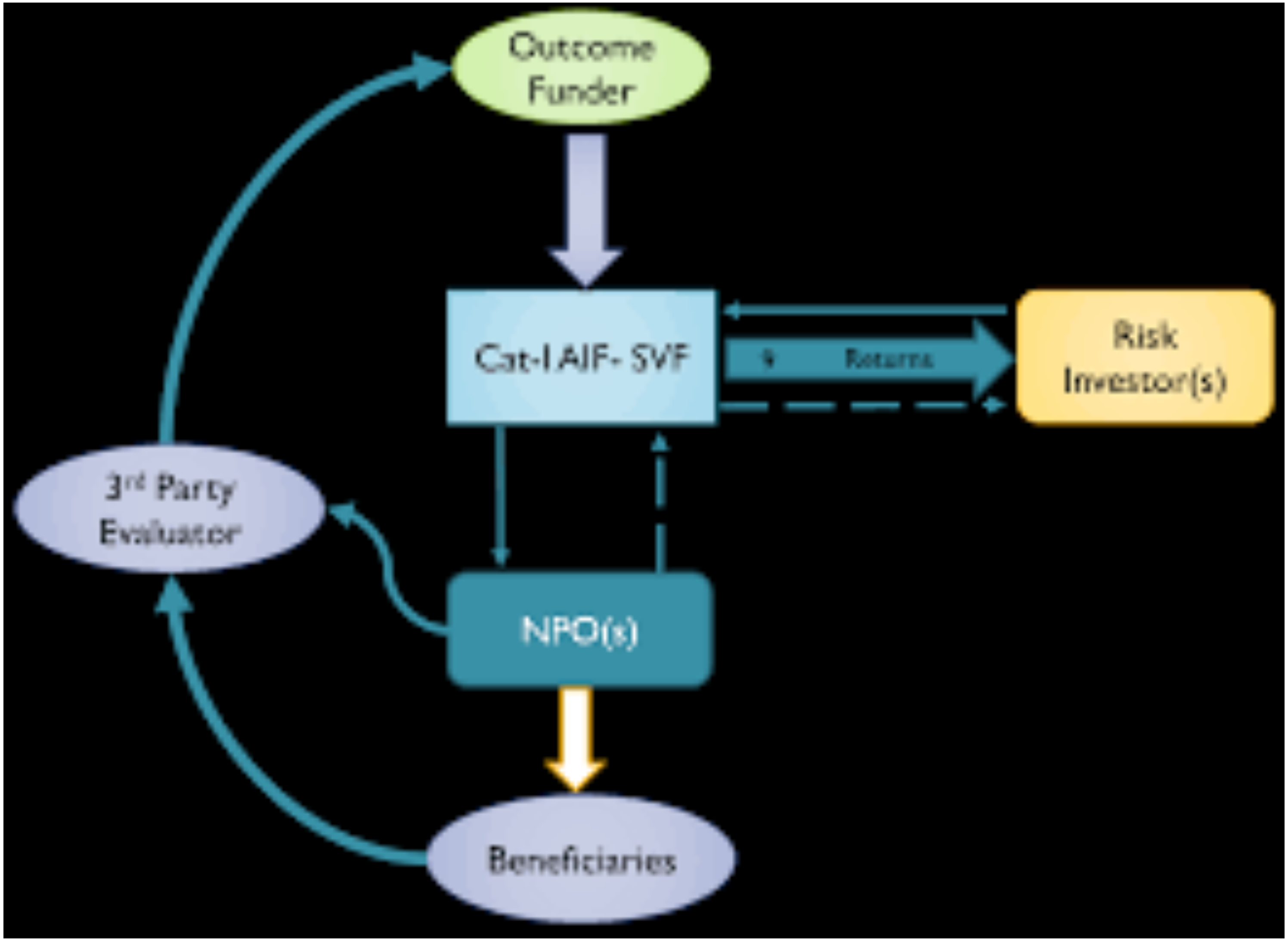
11. The donor who makes the grant when the social metrics are achieved is termed as ……..

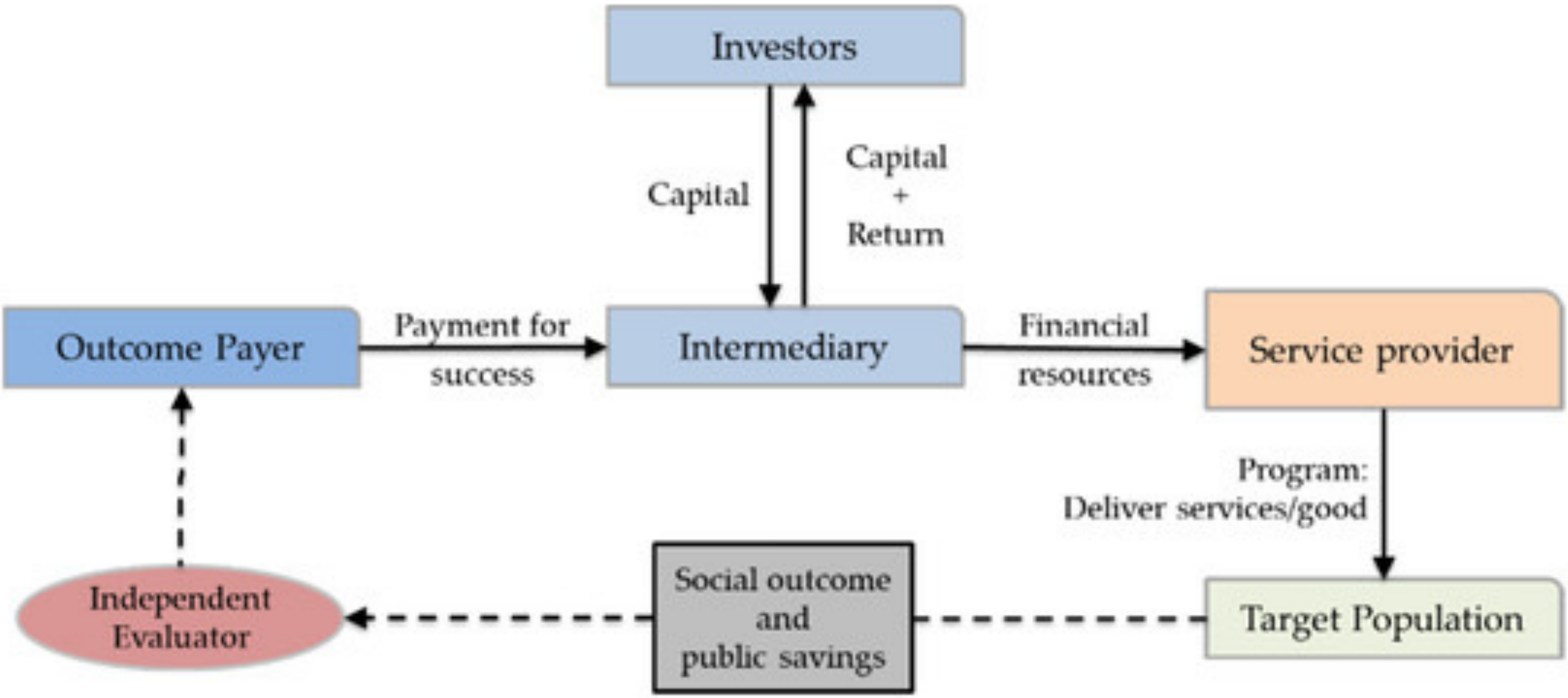
a) Risk Investor

b) Implementation Agencies

c) Outcome Funder

d) NPOs


Outcome Funder
Cat-I AIF- SVF
Returns
Risk Investor(s)
3rd Party Evaluator
NPO(s)
Beneficiaries


Investors
Capital
Capital
+
Return
Outcome Payer
Payment for
success
Intermediary
Financial
resources
Service provider
Program:
Deliver services/good
Independent
Evaluator
Social outcome
and
public savings
Target Population

12. The donor who makes the grant when the social metrics are achieved is termed as ……..

a) Risk Investor

b) Implementation Agencies

c) Outcome Funder

d) NPOs

13. .... is an innovative funding mechanism which ensures that CSR funds are deployed effectively as payment is made only when social impact is achieved.

a) Pay-for-success through Development Impact Bond

b) Pay-for-success through Lending Partners

c) Pay-for-success through Grants

d) Any of the Above

Page 65 – NiSM Workbook

14. A For Profit Social Enterprise (FPSE) may raise funds through; except

a) issuance of equity shares on the main board, SME platform or Innovators Growth Platform

b) issuance of debt securities

c) issuance of Zero Coupon Zero Principal (ZCZP) Instruments to institutional investors and/or non-institutional investors as per SEBI (ICDR) Regulations, 2018

d) equity shares issued to an Alternative Investment Fund including a Social Impact Fund;

Social Venture

- Social Venture means a trust, society or company or venture capital undertaking or limited liability partnership formed with the purpose of promoting social welfare or solving social problems or providing social benefits.


SUSTAINABLE DEVELOPMENT GOALS
1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS
SUSTAINABLE DEVELOPMENT GOALS

Fast Track

ANOTHER SHOT AT SUCCESS

This is the second expert panel report on setting up SSEs in the country

	Exchange	Instrument	Disclosures
FOR-PROFIT	IGP, SME, NSE or BSE (main board)	Equity, debt, development impact bonds, SVPs	Social impact reporting
NOT-FOR-PROFIT	Separate segment under the existing stock exchanges	Equity, ZCZP, MFs, SVPs, development impact bonds	Social impart reporting and other disclousre requirements of exchanges

Source: Sebi report

Pillar 1	SEBI	Regulator		
Pillar 2	SRO	Self-Regulatory Organisation	ISAI	
Pillar 3A	SSE	Social Stock Exchange	NPOs	
Pillar 3B	SE	Stock Exchange	FPSEs	
	NiSM	Certification		
	SRO	Registration		
Front-End	IA	NPOs / FPSEs	Implementation Agencies	
	Planet / People	Beneficiaries		
Hero	Money	Traditional Donation		
	Mahalakshmi	Modern Donation	ZCZP	

Tier 1	**SEBI**		
Tier 2	SRO	SE	SSE
Tier 3	SA	FPSE	NPO
Tier 4	SIA	MB	ZCZP
		SME	Donation
		IGP	
		AIF	
Applicable 12A		No	Yes
Applicable 80G		No	Yes
Donor		No	Yes
ZCZP issue		No	Yes


ANALYSE

1. Who can take NISM-Series-XXIII: Social Auditors Certification Examination?

The following persons can take NISM-Series-XXIII: Social Auditors Certification Examination:

- Individuals registered as social auditors
- Employees of Social audit firm
- Students pursuing social work and interested in gaining more knowledge in Social Audit

2. How can I register for NISM-Series-XXIII: Social Auditors Certification Examination?

Candidates can register at https://certifications.nism.ac.in/nismaol/

After successful registration, candidates may select a test centre, date and time slot of their choice on the Test Administrator website. Candidates are required to follow further instructions available on the Test Administrator websites.

3. What is the fee structure?

The fees for "NISM-Series-VIII: Social Auditors Certification Examination" is Rupees One Thousand Five Hundred only (Rs. 1500/-) plus applicable GST.

4. What is the assessment structure?

The examination will be of 100 marks, will have 100 questions, and should be completed in 2 hours. There will be negative marking of 25% of the marks assigned to a question. The passing score for the examination is 60%.

5. Is there a study material available for preparing for this examination?

You will receive a soft copy of the workbook/study material after enrolment for the examination. For non-receipt of a soft copy of the workbook/study material, you may contact NISM at: certification@nism.ac.in

6. Do I have to pay for the study material?

You will receive a soft copy of the workbook/study material free of cost after enrolment for the examination. Candidate can buy printed workbooks from Taxmann Publications Private Ltd.

Visit https://www.taxmann.com/bookstore to place your orders for NISM workbooks.

If you prefer to order by phone, please call your nearest store directly to place your order. Click here to get the details of your nearest store.

7. I have passed NISM Social Auditors Certification Examination, when will I receive the certificate?

Only the candidates who have produced their Income Tax Permanent Account Number (PAN) during registration would receive the NISM Certificate within two weeks of appearing for the examination.

Candidates who produced other identification proofs would not receive the NISM certificate. They would receive only the temporary mark sheet at the end of the examination.

Chapter - II : Introduction to Trading, Clearing Settlement and Risk Management – 15 Questions

2.1 Know the Trading Mechanism

- 2.1.1 Know the Trade Life Cycle Process
- 2.1.2 Learn about the Order Management
- 2.1.3 Know the Different types of orders
  - 2.1.3.1 Market Order
  - 2.1.3.2 Limit Order
  - 2.1.3.3 Stop order
  - 2.1.3.4 IOC order
- 2.1.4 Learn about the Order Routing Process through exchanges
- 2.1.5 Learn about the Order Modification and Cancellation

2.2 Know the Clearing, Settlement and Risk management

- 2.2.1 Learn about the Clearing and Settlement Process
- 2.2.2 Clearing banks and their functions
- 2.2.3 Role of Custodians
- 2.2.4 Settlement Obligations
- 2.2.5 Risk management framework
- 2.2.6 Role of clearing corporation
- 2.2.7 Auction of Securities

Fast Track

3.1 Understand the Concept of Social Stock Exchange

- 3.1.1 Understanding Definition of Social Stock Exchange
- 3.1.2 Rationale of Social Stock Exchange
- 3.1.3 Objectives of Social Stock Exchange
- 3.1.4 Functions of Social Stock Exchange

3.2 Know the Stakeholders of Social Stock Exchange

- 3.2.1 Know about the Trading Members
- 3.2.2 Understand Non-Profit Organisation and For-Profit Enterprises
- 3.2.3 Learn about Social Auditors
- 3.2.4 Learn about the Information Repositories
- 3.2.5 Learn about the Market Infrastructure Institutions
- 3.2.6 Learn about Regulator and SRO
- 3.2.7 Learn about Investors
- 3.2.8 Learn about the Primary Stakeholder: Communities/target groups

3.3 Understanding the Funding Structures

3.3.1 Explain the Funding Structures for NPOs

3.3.1.1 Pay-for-success Structure

- Pay-for-success through Social/ Development Impact Bonds
- Pay-for-success through Lending Partners
- Pay-for-success through Grants

3.3.1.2 Social/ Development Impact Bond (DIB)_Structure

- Key Partners in DIB structure
  - » Implementation Agencies or NPOs o Outcome funders
  - » Risk investors
  - » Third-party evaluator
  - » Intermediary (Project Manager/ AIF-SIF in SSE)
- Pros and Cons of DIB Structure
- Examples of DIBs in India and other Jurisdictions
- Benefits for DIBs for India

3.3.1.3 Financing Instruments for NPOs

- Zero Coupon Zero Principal Instruments
- Social Impact Fund
- Equity/ Debt

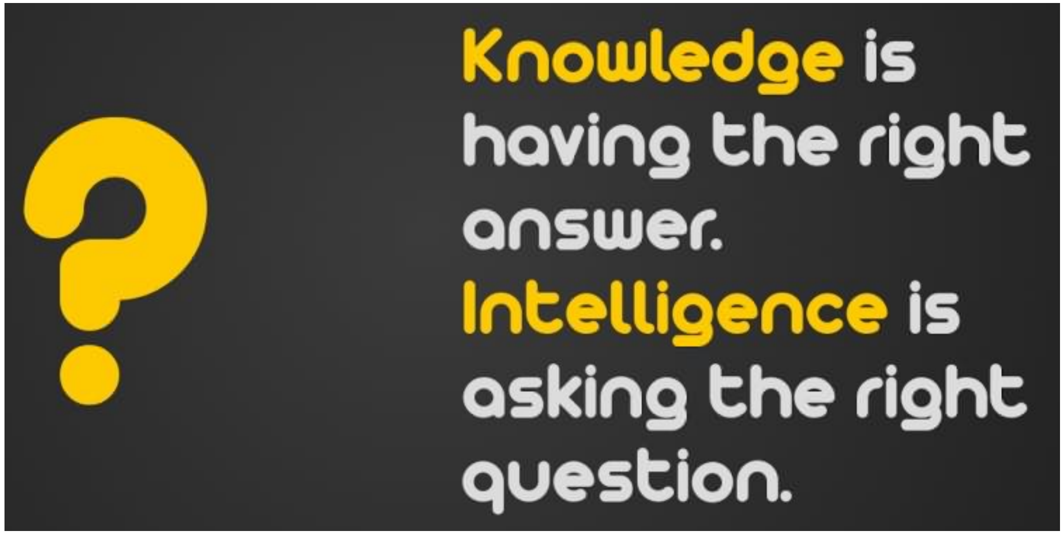
3.3.2 Explain the Funding Structures for FPEs

3.3.2.1 Financing Instruments for FPEs

- Equity/ Debt
- Social Impact Fund/ Development Impact Bonds

The social sector is also called the third sector comprising myriad development organizations, voluntary organizations, NGOs, non-state, non-market organizations working on issues of development, Section 8 Companies, social enterprises and entrepreneurs, individuals working on fellowships, collaborative and collectives.

1	a	11		21		31		41	
2	c	12		22		32		42	
3	d	13		23		33		43	
4	d	14	c	24		34		44	
5	b	15		25		35		45	
6	a	16		26		36		46	
7	d	17		27		37		47	
8	c	18		28		38		48	
9	a	19		29		39		49	
10	c	20		30		40		50	



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Fast Track