

Fast Track Webinar Series

RACE *for* SACE

Day 2

SEBI - NiSM Social Auditor Certification Exam

**4th
Batch**



RACE for SACE - Batch IV

FAST TRACK

Webinar Series for SEBI - NISM - SACE
Social Auditor Certification Exam

Social Auditors



FREE COURSE TO CRACK THE EXAM



Tuesday ♦ 4th JUNE 2024 ♦ 08:30 AM to 09:30 AM ♦ www.3spro.blogspot.com

CA Dr GOPAL KRISHNA RAJU

Chartered Accountant, Insolvency Professional, Registered Valuer & Arbitrator

Visiting Faculty, Indian Institute of Management



RACE for SACE - Batch IV

FAST TRACK

Webinar Series for SEBI - NISM - SACE

Social Auditor Certification Exam

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FREE COURSE TO CRACK THE EXAM



8.30am - 9.30am



June 3rd - 7th, 2024



NISM NATIONAL INSTITUTE OF
SECURITIES MARKETS
An Educational Initiative of SEBI



RSVP | Venkatesh | Webinar Coordinator | 75502 25226

Fast Track

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

1. is the process of determination 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 not a clearing corporation

- a) NCL
- b) ICCL
- c) MCCIL
- d) IOCL

3. An auction is resorted to when there are shortages in delivery by a

- a) Buyer Broker
- b) Seller Broker
- c) Clearing Corporation
- d) Exchange

**4. The Indian securities market currently follows a
rolling settlement in the equity market**

- a) $T + 0$
- b) $T + 1$
- c) $T + 2$
- d) $T + 3$

5. The order conditions are broadly classified into three categories; **except**

- a) price related conditions
- b) time-related conditions
- c) quantity related conditions
- d) loss related conditions

6. The type of order that allows the Trading Member to place an order which gets activated only when the market price of the relevant security reaches or crosses a threshold price. Until then the order does not enter the market.

- a) Market Order
- b) Limit Order
- c) Stop Order
- d) Immediate or Cancel Order

7. In stop order, the client enters

- a) Only one price
- b) Two prices
- c) Three prices
- d) Any of the above

8. Clearing Bank(s) acts as an important intermediary between

- a) a Clearing Member(s) and the Clearing Corporation
- b) a clearing member(s) and Custodians
- c) The clearing corporation and Custodians
- d) The Stock Exchange and Clearing Corporation

9. receives the details of trades and prices from the Exchange. Settlement obligations are computed using predefined methodology specified for the segment/product.

- a) Clearing Corporation
- b) Clearing Bank
- c) Custodian
- d) Member of Stock Exchange

10. The settlement of securities and funds will take place even if there is a failure by a broker/clearing member to fulfil their obligation is known as

- a) Settlement Obligation
- b) Settlement Guarantee
- c) Clearing
- d) Settlement

11. When a trade occurs on the Stock Exchange it is a legal contract between the buyer and seller. If there is a default by either the buyer or the seller will have to bear the loss.

- a) The Clearing Corporation
- b) The counterparty to the trade
- c) The Clearing Bank
- d) The Broker

12. means the act of a clearing corporation interposing itself between both parties of every trade, being the legal counterparty to both.

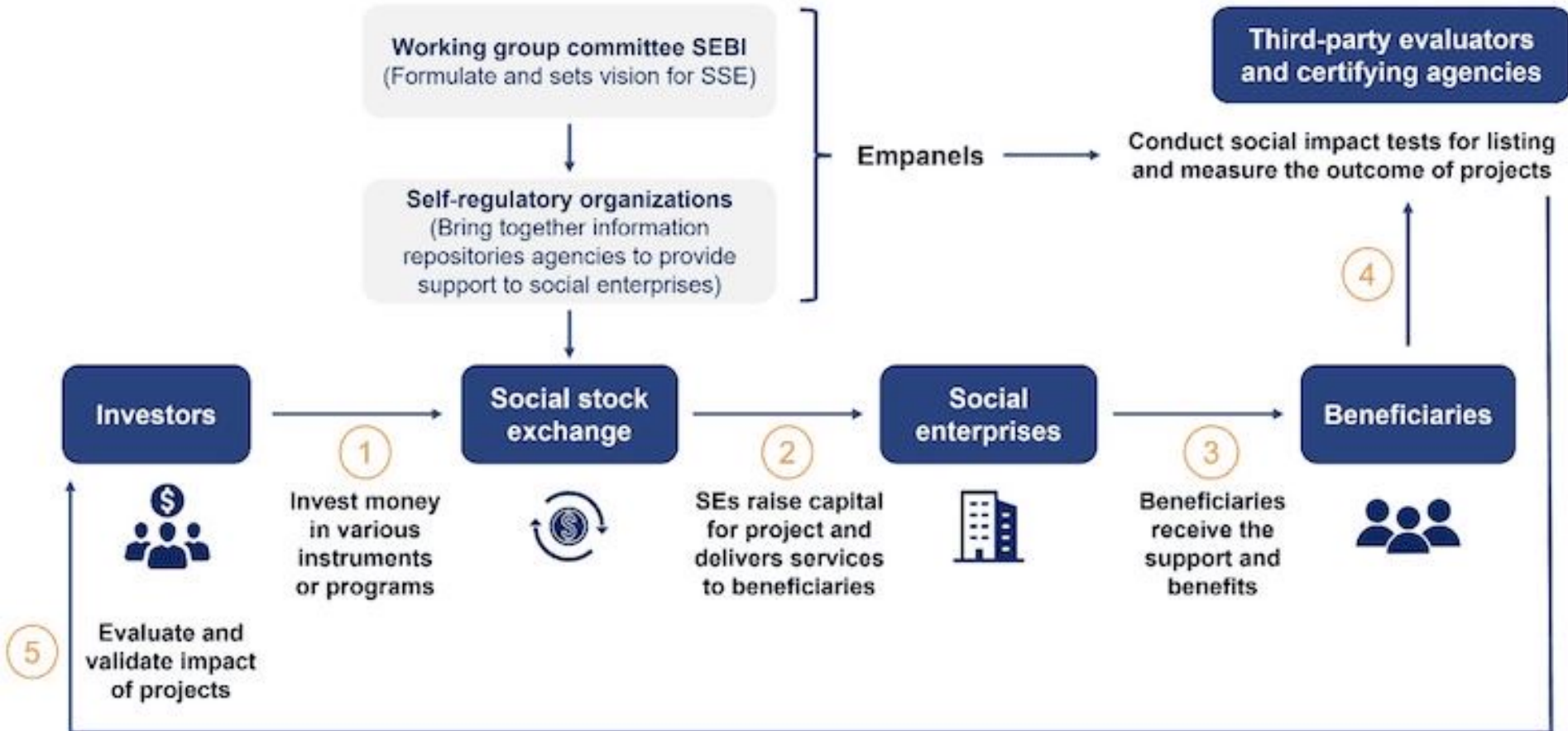
- a) Netting
- b) Positioning
- c) Novation
- d) Auction

Chapter 3

Introduction to Social Stock Exchange

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

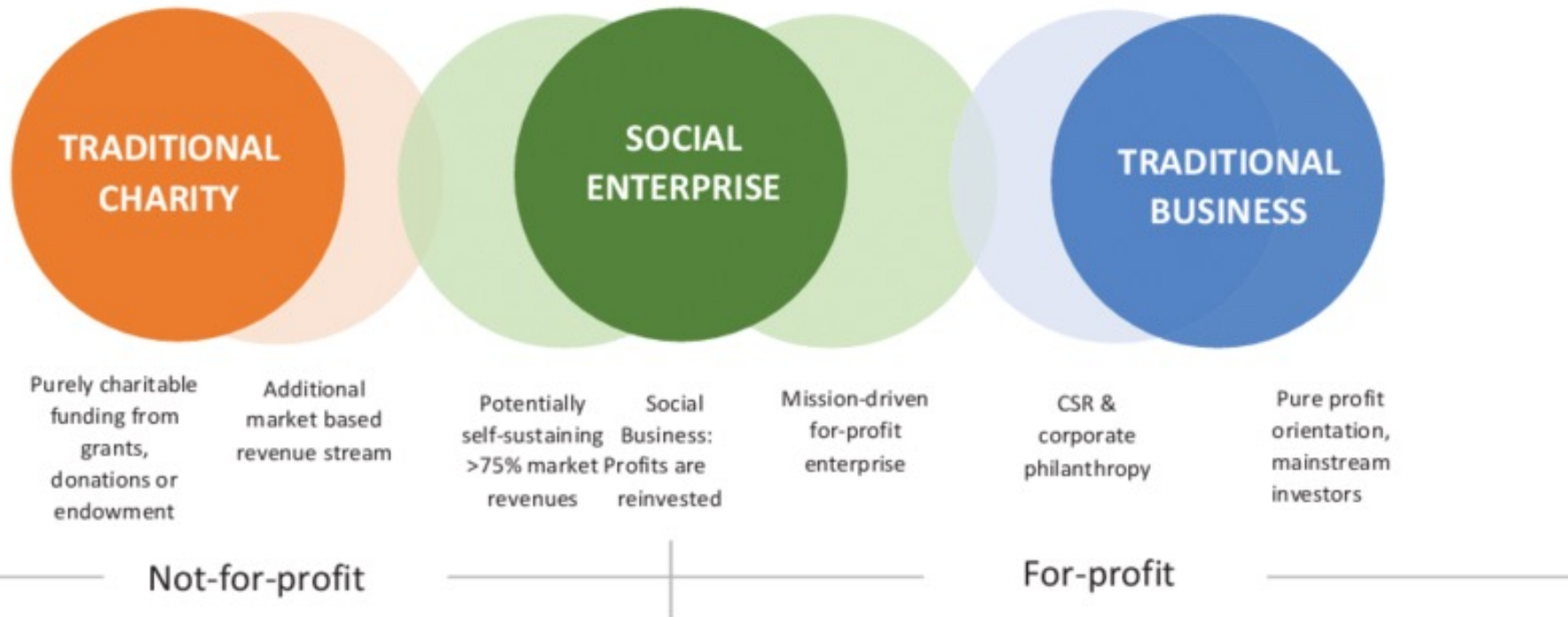


IMPACT INVESTING

Primary drivers to achieve **SOCIAL VALUE**

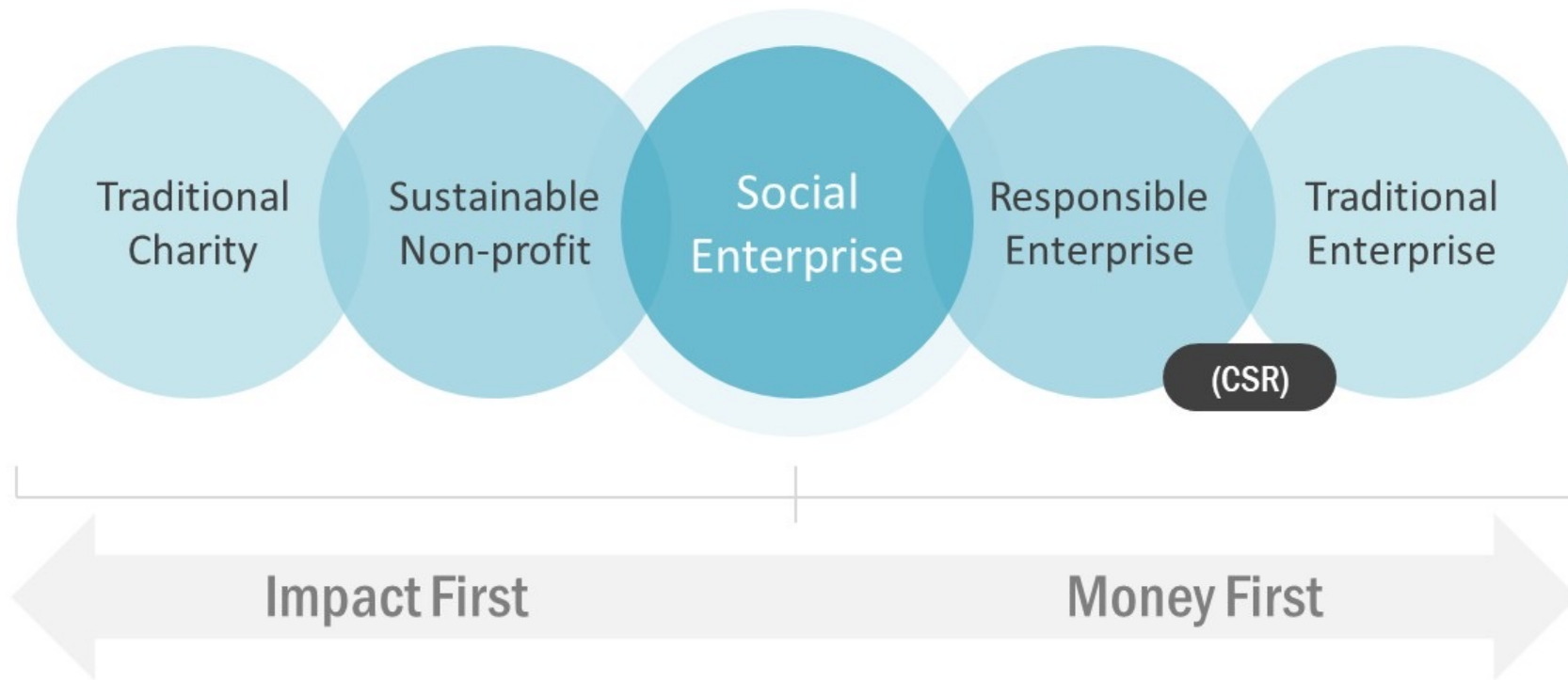
Achieve measurable social impact alongside financial return

Primary drivers to achieve **FINANCIAL VALUE**



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



3. “Social Impact Assessor” means, **except;**

- a) An Individual Registered with a Self-regulatory organisation viz. ICAI ISAI or ICMAI SRO or ICSI ISA
- b) Qualified a certification program conducted by National Institute of Securities Market
- c) Holds a valid certificate
- d) Partnership firm

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)

5. “Social Impact Assessment 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 Impact Assessor(s)
- d) has a track record of minimum 3 years for conducting social impact assessment

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

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

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

OUR RELIANCE ON NATURAL RESOURCES

IS INCREASING

RISING OVER
65% GLOBALLY
FROM
2000 TO 2019



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

E-WASTE COLLECTION RATES (2019)



LATIN AMERICA
AND
THE CARIBBEAN



SUB-SAHARAN
AFRICA



EUROPE AND
NORTHERN AMERICA



GLOBAL AVERAGE

E-waste: a growing challenge

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



2018
50 Mt



2021
52 Mt



2050
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

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

8. “For Profit Social Enterprise” means; **except**

- a) company or a body corporate
- b) operating for profit which is 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

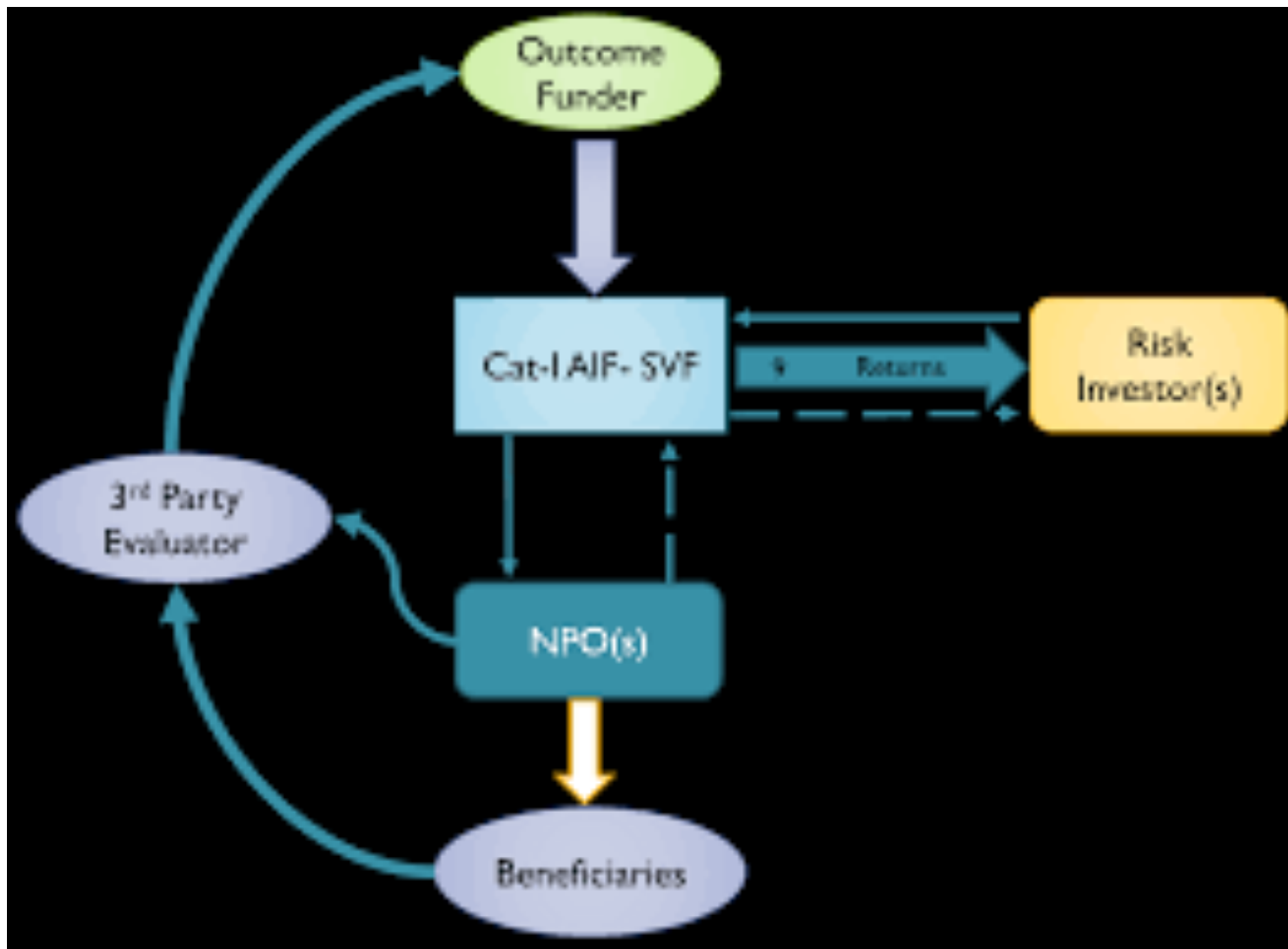
- a) FPSEs can raise equity while all NPOs cannot
- b) FPSEs & NPOs can raise equity
- c) NPOs can raise equity while all FPSEs cannot
- d) FPSEs & NPOs cannot raise equity

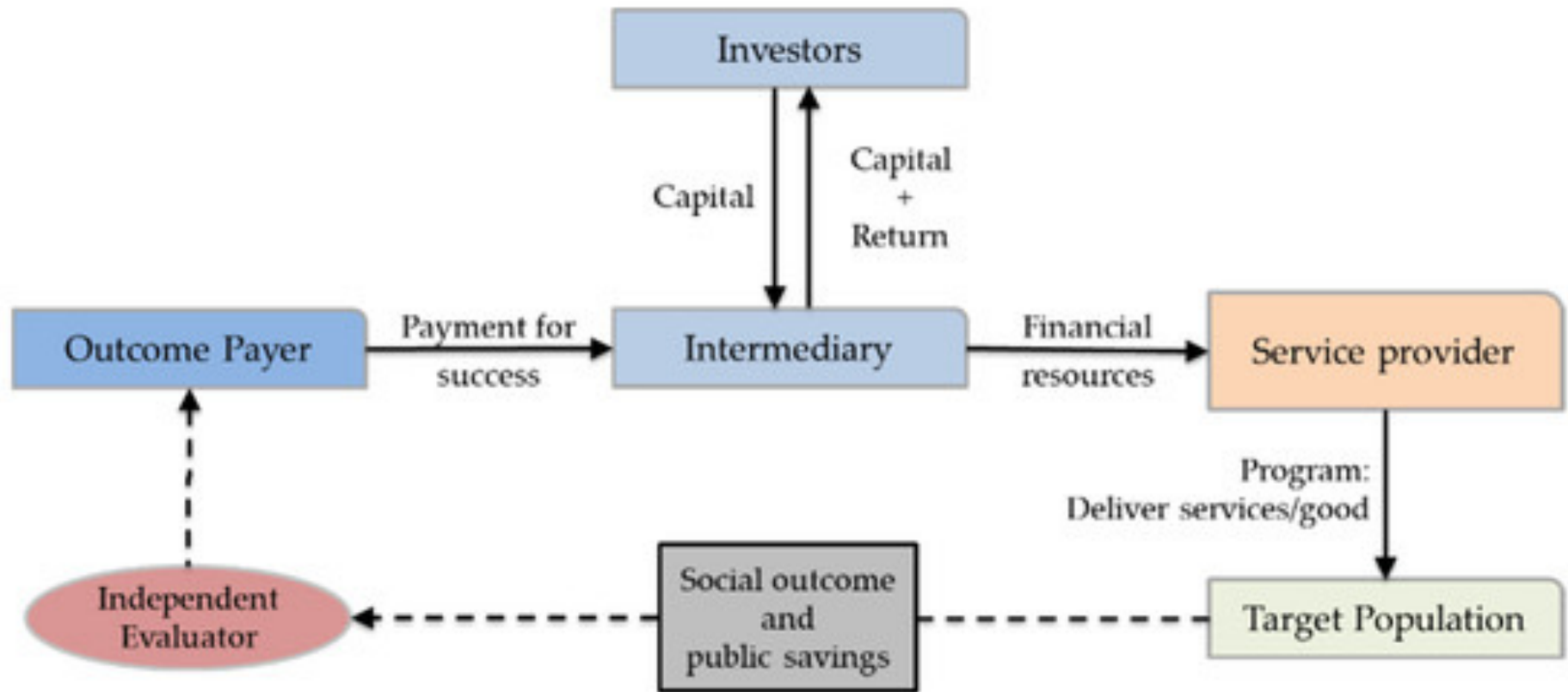
10. Listing criteria for FPSEs,

- 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 Social Stock Exchange

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





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

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 on the main board
- 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;

15. A For Profit Social Enterprise (FPSE) may raise funds through issuance of equity shares on the; except

- a) Innovators Growth Platform
- b) SME platform
- c) NASDAQ
- d) Main board

16. Social Impact Funds (SIFs) issued by AIFs can invest 75% of their investable funds in; except

- a) Unlisted securities of social ventures
- b) Partnership interest of social ventures
- c) Units of social ventures
- d) Donations
- e) Securities of social enterprises

16. Social Impact Funds (SIFs) issued by AIFs can invest 75% of their investable funds in; except

- a) Unlisted securities of social ventures
- b) Partnership interest of social ventures
- c) Units of social ventures
- d) Donations
- e) Securities of social enterprises

17. The various types of funding structures for NPO are; except

- a) Financial Instruments for NPOs
- b) Social Impact Bond (SIB) / Development Impact Bond (DIB)
- c) Pay-for-Success
- d) RBI Sovereign Gold Bonds

18. A Not-for-Profit Organization may raise funds on a Social Stock Exchange (SSE) through; **except**

- a) issuance of Zero Coupon Zero Principal (ZCZP) Instruments to institutional investors and/or non-institutional investors as per SEBI (ICDR) Regulations, 2018
- b) donations through Mutual Fund schemes as specified by SEBI
- c) Equity Shares
- d) Social Impact Funds

19. The following are Self-Regulatory Organisation specified by SEBI; **except**

- a) The Institute of Social Auditors of India (ISAI)
- b) ICMAI Social Auditors Organisation (ICMAI SAO)
- c) ICSI Institute of Social Auditors (ICSI ISA)
- d) Centre for Social Audit (CSA)

20. 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 and includes;

- a) Public charitable trusts registered with Charity Commissioner
- b) Societies registered for charitable purposes or for promotion of science, literature, or fine arts
- c) Non-Banking Finance Companies
- d) Company registered under section 8 of the Companies Act, 2013
- e) Micro finance institutions

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.

21. means corpus of the Alternative Investment Fund net of estimated expenditure for administration and management of the fund;

- a) Social Venture Fund
- b) Venture Capital Fund
- c) Investible Fund
- d) Private Equity Fund
- e) SME Fund

22. NPOs **shall** issue ZCZP Instruments through;

- a) private issuance of Zero Coupon Zero Principal Instruments to Social Impact Fund(s)
- b) public issuance of Zero Coupon Zero Principal Instruments
- c) Any one of the above (a) or (b)
- d) Private issuance and Public Issuance of ZCZP both

23. A not only enables financing of operations on a pre-payment basis, but also undertakes the risk of non-delivery of social metrics by the NPO.

- a) Outcome Funder
- b) Third Party Evaluators
- c) Implementation Agencies
- d) Risk Funder

Figure 3.2: Pay-for-success through Lending Partners

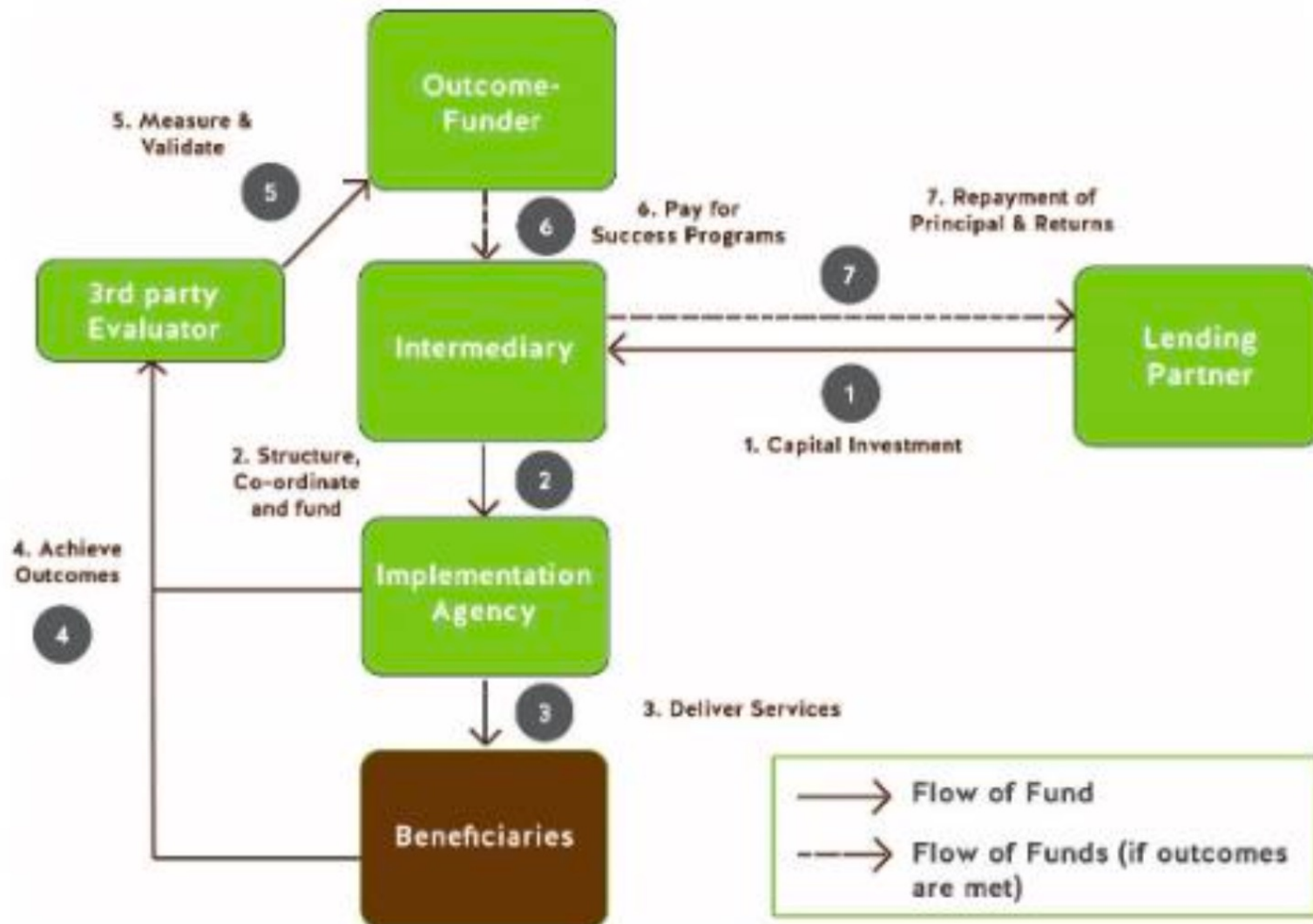
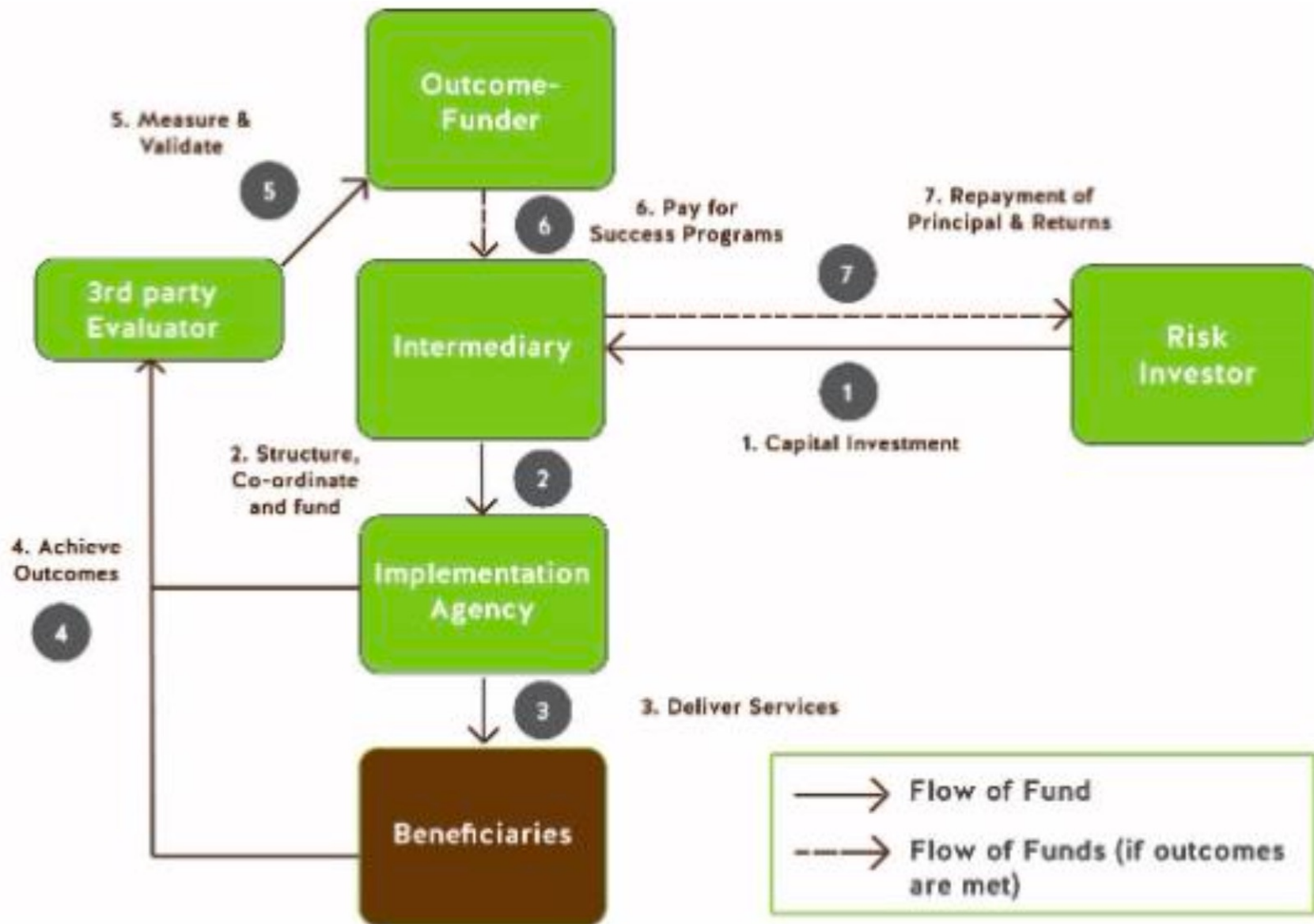


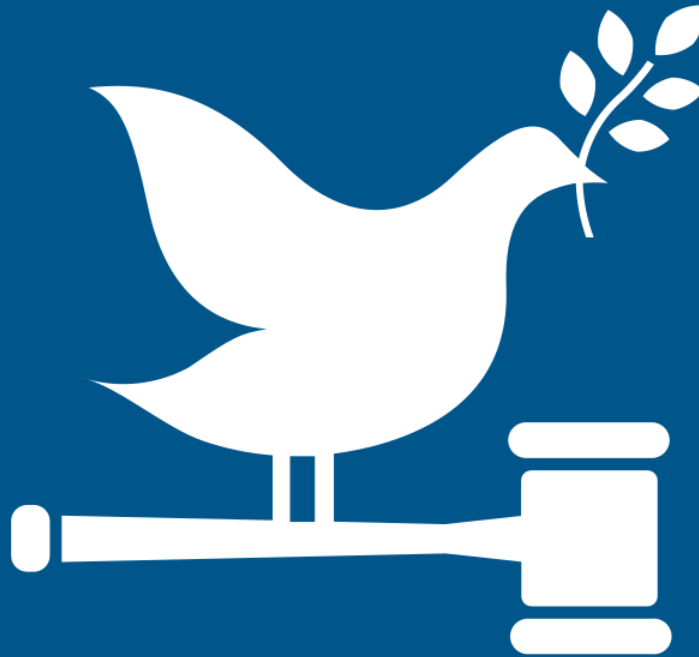
Figure 3.4: Financing through Social/ Development Impact Bond



SUSTAINABLE DEVELOPMENT GOALS



16 PEACE, JUSTICE AND STRONG INSTITUTIONS





ANOTHER SHOT AT SUCCESS

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

Source: Sebi report

	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 disclosoure requirements of exchanges

292A(e)	NPO	(1) Charitable Trust (2) Charitable Trust (3) Charitable Society (4) Section 8 Company	under Indian Trust Act viz. Bombay Public Trusts Act under Societies Registration Act under Companies Act, 2013
292A(c)	FPSE	(1) Company (2) Body Corporate	operating for profit operating for profit
Stock Exchanges	Three	BSE NSE MSE	Bombay National Metropolitan
Register SRO	Self-Regulatory Organisation		ICAI ISAI ICMAI SRO ICSI ISA ISAI 1 ISAI 2 ISAI 3
Social Impact Assessor	Register Qualify Valid	SRO NISM Certificate	a.k.a Social Auditor

Funding Structure

NPOs

(1) Pay-for-Success

(2) SIB / DIB

(3) Financial Instruments - Issues ZCZP through SSE

Zero Coupon No Interest

Zero Principal No Repayment **Social Returns**

Funding Structure

FPSEs

(1) Issue Equity Shares - Main Board (SE) / SME Platform (SE) / IGP Platform (SE)

(2) Issue Debt Securities - Main Board (SE)

(3) Issue Equity Shares - Issued to an AIF; Issued to a SIF

ZCZP (Donation)

Application Size	Minimum	10,000	Contributor
Issue Size	Minimum	50,00,000	NPO
Subscription	Minimum	75%	



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

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

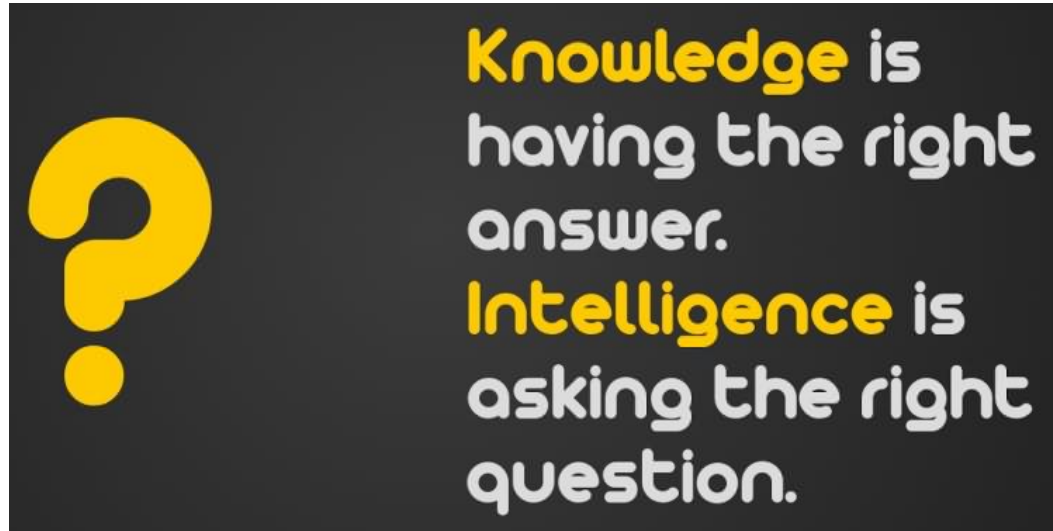
3.3.2 Explain the Funding Structures for FPEs

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	b		1	a	11	c	21	c
2	d	12	c		2	c	12	c	22	d
3	b				3	d	13	c	23	d
4	b				4	d	14	c		
5	d				5	b	15	c		
6	c				6	a	16	d		
7	b				7	d	17	d		
8	a				8	c	18	c		
9	a				9	a	19	d		
10	b				10	c	20	c		



CA Dr GOPAL KRISHNA RAJU

Chartered Accountant, Insolvency Professional & Registered Valuer

Partner : K GOPAL RAO & CO | Chartered Accountants

Mumbai, Chennai, Bengaluru, Coimbatore, Hyderabad, Trichy, Madurai & Tiruvallur

Email: gkr@icai.org; gkr@kgrca.in **Blog:** www.3spro.blogspot.com

Mobile: 98400 63269 | 98401 63269