



THE STOCK EXCHANGE OF MAURITIUS LTD



The Stock Exchange of Mauritius (SEM) has entered into a cooperative venture with the National Stock Exchange of India (NSE) for the organisation of online courses for our market participants, investors and public at large. Considering the prime need of creating an awareness and understanding amongst the market participants and investors in Mauritius and also with a view to protecting investors' interests in financial markets for taking informed decisions, SEM has commenced a structured program in various aspects of financial markets.

The easy accessibility as well as flexibility involved in the programme has already resulted in its wider acceptance in India amongst market intermediaries, students, regulators etc. Since its launch in India over two hundred thousand candidates have enrolled for various programs and during the last year there has been a rising trend in its usefulness for investors and over 500 candidates have been taking online examinations each day.

Likewise, a derivatives program has been structured in collaboration with the Colombo Stock Exchange, Sri Lanka for their market participants in 2005. More than 100 candidates have successfully participated in the program and have taken online examinations during the last year. Discussions are in progress with Securities Exchange Commission Sri Lanka and CSE to continue such a programme on a continuous basis.

These online courses for Mauritius candidates are a self-testing mechanism, an interesting e-learning concept for administering examinations on an online basis. Two education modules are available:

- Financial Markets for beginners
- Derivatives Market

The two subjects test the practical knowledge and skills that are required to operate in financial markets in a secure and unbiased manner and awards certificates to successful candidates thereby ensuring that informed, trained and skilled persons enter this field.



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The curriculum and course contents of these programs are as follows:

Financial Markets for beginners

Markets and Financial Instruments

- Types of Markets: Equity, debt, derivatives, commodities, meaning and features of private, public companies; types of investment avenues: Fixed Deposits, Bank Deposits, Provident Fund, Life Insurance, Post Office Savings, Small savings, Gold, Mutual Funds, Equity Share, Debentures/Bonds.

Primary Market

- Initial Public Offer (IPO), Book Building through Online IPO, Eligibility to issue securities, Pricing of Issues, Fixed versus Book Building issues, Allotment of Shares, Basis of Allotment, Private Placement.

Secondary Market

- Role and Functions of : Market Regulator, Depositories, Stock Exchanges, Stock Price Indices, Brokers, Sub-brokers, Foreign Institutional Investors (FIIs), Portfolio Managers, Custodians, Share Transfer Agents, Know Your Client, Member Constituent Agreement, Merchant Bankers, Bankers to an Issue, Debenture Trustees, Underwriters, Credit Rating Agencies, Listing, Membership, Screen-based trading, Client Code, Contract Note, Price-time priority, Price Bands, Clearing and Settlement, Rolling Settlement, Settlement Guarantee Fund (SGF), Margins, Investor Protection Fund (IPF), Do's and Don'ts for investors.

Financial Statement Analysis

- Balance Sheet, Profit & Loss Account, Stock Market Related Ratios, Simple Analysis before investing in the shares: sources of information, understanding Annual Report, Director's report etc.



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Derivatives Market

1. Introduction to derivatives
 - Definition,
 - Products
 - Participants and functions (Types of members to be included)
 - Types of derivatives
 - Exchange-traded vs. OTC derivatives markets.
2. Market Index:
 - Understanding the index number
 - Index construction
 - Desirable attributes of an Index
 - Types of indexes
 - The S&P CNX Nifty (Introduction, components)
 - Applications of Index
3. Introduction to futures and options
 - Forward contracts
 - Limitations of forward markets
 - Introduction to futures
 - Distinction between futures and forwards contracts
 - Futures terminology
 - Introduction to options
 - Option terminology
 - Distinction between Futures and options
 - Index derivatives
4. Application of Futures & Options
 - Payoff for derivatives contracts (futures and options)
 - Difference between trading securities and trading futures on individual securities
 - Use of Futures (Only simple strategies of hedging, speculation and arbitrage)
 - Index futures
 - Stock futures
 - Use of Options (Only simple strategies of hedging, speculation and arbitrage)
 - Index options
 - Stock options



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5. Trading

- Futures and options trading system
- Entities in the trading system
- Basis of trading
- Corporate hierarchy
- Order types and conditions
- The trader workstation
- The market watch window
- Inquiry window
- Placing orders on the trading system
- Market spread/ combination order entry
- Basket trading
- Futures and options market instruments (include interest rate futures)
- Contract specifications for index futures
- Contract specification for index options
- Contract specifications for stock futures
- Contract specifications for stock options
- Contract cycle
- Eligibility of stocks for futures and option trading
- Determination of market lot
- Quantity freeze
- Charges

6. Clearing and settlement

- Clearing entities
- Clearing members
- Clearing banks
- Clearing mechanism
- Settlement mechanism
- Settlement of futures contracts
- Settlement of options contracts
- Special facility for settlement of institutional deals
- Risk Management Systems (Volatility, types of margins & SPAN)
- Adjustments for corporate actions