

Consultation paper on Amendments to SEBI (CAPSM) Regulations, 2007

1. Objective

1.1. To solicit comments / views / suggestions from the public and other stakeholders on the proposed amendments to 'SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 (**"CAPSM Regulations"**)'. The following proposals are being made:

1.1.1 Review / Expansion of the definition of "Associated Persons"

1.1.2 Manner of obtaining certificate

1.1.3 Inclusion of electronic mode of participation for Continuing Professional Education (CPE) programs

1.1.4 Reviewing the exception criteria for manner of obtaining certificate

2. Background

2.1. Securities and Exchange Board of India (**"SEBI"**) vide 'SEBI (Certification of Associated Persons in the Securities Markets) Regulations, 2007 (**"CAPSM Regulations"**)' may mandate "Associated Persons" to obtain requisite certificate from NISM for engagement or employment with regulated intermediaries.

2.2. The CAPSM Regulations specify the manner of obtaining NISM certificate and also the manner of renewing certificates by way of Continuing Professional Education requirements. To obtain NISM Certificate for the first time is by 'passing the relevant Certification Examination', which is valid for 3 years.

At the time of notification of CAPSM Regulations in 2007, certain exceptions were provided for some categories, such as "Principal", persons having more than 50 years of age as on the date of notification of relevant Regulations, persons having more than 10 years of experience in securities markets as on

the date of notification of relevant Regulations from passing the certification examination.

- 2.3. In view of the changes taking place in the Indian securities market and to strengthen and to bring more clarity and relevance, it is felt that a review of the existing CAPSM Regulations is needed. Accordingly, the following proposals are being made.

3. Proposed changes in CAPSM Regulations

S. No.	Existing Regulation	Proposed Regulation	Proposal and Rationale for change
3.1	Review / Expansion of the definition of “Associated Persons”		
3.1.1	As per Regulation 2 (1) (c) of CAPSM Regulations, Associated Person is defined as under: “Associated person” means a principal or employee of an intermediary or an agent or distributor or other natural person engaged in the securities business and includes an employee of a foreign portfolio	“Associated person” means a principal or employee of an intermediary or <u>a regulated entity</u> or an agent or distributor or other natural person engaged <u>or intending to be engaged in</u> the securities market, <u>directly or indirectly</u> , and includes an employee of a foreign portfolio investor or a foreign venture capital investor working in India.	<p>Proposal: Definition of Associated Person is proposed to be broad based and more inclusive by adding the words “a regulated entity”, “intending to be engaged” and “directly and indirectly” with an objective of encouraging wider participation in the securities market.</p> <p>Rationale: Certain persons associated with securities market are not specifically/explicitly covered within the definition of “Associated person”.</p>



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	<i>investor or a foreign venture capital investor working in India.</i>		<p>Further, SEBI has also introduced new products and services in the securities markets, which led to creation of new categories of regulated entities or persons associated with securities market. It is desirable that these entities have relevant knowledge and expertise to perform their duties.</p> <p>Further to attract the new generation to participate in securities markets and to enhance their employability, it is proposed to include the words 'intending to be engaged in the securities market' in the definition of associated person so that more students can participate in the securities markets.</p> <p>In view of the above, the definition of Associated Person is proposed to be broad based.</p>



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			It may be noted that the decision to mandate certification to any associated person shall be taken by SEBI based on its requirements and after following due process of public consultation.
3.2	Manner of obtaining certificate		
3.2.1	Introduction of long term courses by NISM for manner of obtaining certificate and CPE		
	Not mentioned in the Existing Regulations.	<p>4. (1) <i>Subject to the provisions of this regulation, an associated person may obtain the certificate in any of the following manners, namely:-</i></p> <p>(a)...</p> <p>(b)...</p> <p>(c)...</p> <p><u>(d): by passing long-term course or programme as may be specified by NISM either in physical, online or hybrid mode, having a duration of three months or more.</u></p>	<p>Proposal: It is proposed to include appropriate long term courses / long duration programs of NISM (in which course duration ranges from three months or more and is offered in either physical/classroom, or online, or in hybrid mode) as a new mode of obtaining NISM certificate and CPE.</p> <p>Rationale: Introduction of long-term courses offered by NISM will add more value by imparting in-depth knowledge in comparison to passing the certification examination which will serve as certifications while</p>

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			aiding capacity building. Therefore, including these long-term courses as an alternative to certain certification examinations will give more options to the participants. This will also facilitate capacity building and skill development of functionaries, participants and professionals in the Securities Markets.
3.3	Inclusion of electronic mode of participation for CPE programs		
3.3.1	Regulation 2(1)(f) “Continuing Professional Education” (CPE) means any course, programme, training programme, activity, conference, seminar_ that has been accredited or approved by NISM to enhance the knowledge, skills and professional competency of	Regulation 2(1)(f) “Continuing Professional Education” (CPE) means any course, programme, training programme, activity, conference, seminar, <u>that is conducted either in physical mode or in electronic mode,</u> that has been accredited or approved by NISM to enhance the knowledge, skills and professional competency of associated persons in the areas of	Proposal: It is proposed that CPE programs can be conducted in physical, electronic or hybrid mode. Rationale: Keeping in mind ease and convenience of securities market participants, it is proposed to include electronic mode of participation. This will increase the reach of NISM's certifications and will enhance the convenience of the individuals appearing for CPE courses.



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	associated persons in the areas of securities, governance and ethics;	<i>securities, governance and ethics;</i>	
3.4	Reviewing the exception criteria for manner of obtaining certificate and CPE		
3.4.1	Review of Age criteria, Experience criteria and 'Principal' as exception category		
	<p>a) Regulation 4(2): An associated person being principal shall obtain the certificate in any of the manners specified in clause (a) or clause (b) or clause (c) of sub regulation (1).</p> <p>b) Regulation 4(3): An associated person, other than a principal, who has attained the age of fifty</p>	<p>a) Regulation 4(2) : An associated person being principal shall obtain the certificate in any of the manners specified in clause (a) or clause (b) or clause (c) of sub regulation (1).</p> <p>b) Regulation 4(3): <i>An associated person, other than a principal, who has attained the age of fifty years or and who has at least ten years <u>of</u></i></p>	<p>Proposal: It is proposed to discontinue the exemptions provided to the persons 'principal' as defined in the CAPSM regulations, persons above 50 years of age as on date of notification of certification exam and persons with 10 years of experience in securities market and replace it with new exemption criteria for individuals having minimum 50 years of age with relevant experience of 10 years in the securities market on the date of examination/CPE.</p> <p>Rationale: Currently persons who are 'principal' as defined in the CAPSM regulations, or persons</p>



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	<p>years or who has at least ten years experience in the securities markets in the activities mentioned in sub regulation (4) of regulation 3 on the date as may be specified by the Board under sub regulation (1) of regulation 3, shall obtain the certificate in the relevant category in the manner specified in clause (a) or clause (b) of sub regulation (1).</p> <p>c) Regulation 2(1)(k): “principal” means persons who are actively engaged in the management of</p>	<p><u>relevant</u> experience in the securities markets in the activities mentioned in sub regulation (4) of regulation 3 on the date <u>of examination/CPE</u> as may be specified by the Board under sub regulation (1) of regulation 3, shall obtain the certificate in the relevant category in the manner specified in clause (a) or clause (b) <u>or clause (d)</u> of sub regulation (1).</p> <p>Since Regulation 4(2) is proposed to be deleted, correspondingly Regulation 2(1)(k) and Regulation 4(1)(c) will also be deleted and Regulation 4(4) will be modified as under:</p> <p>(c) Regulation 2(1)(k):</p>	<p>above 50 years of age or persons with 10 years of experience in securities market are given certain exemptions in the mode of getting certified. Instead of giving exams they can get certified by obtaining classroom credits by attending classes on subjects specified by NISM or by delivering of formal classroom sessions.</p> <p>NISM has given feedback that the said exceptions provided in the CAPSM Regulations are being misused. Several instances have come to notice wherein market intermediaries have issued ‘Letter of Designation’ (i.e., the required document to become eligible to attend the NISM approved CPE program under the ‘Principal’ category) to those people who do not meet the criteria in reality.</p> <p>It is proposed that exemption given to ‘Principal’ from giving NISM exam be removed.</p>



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	<p>the intermediary's securities business including supervision, solicitation, conduct of business, and includes:</p> <p>(1) Sole Proprietors (2) Managing Partners and (3) Whole Time Directors</p> <p>d) Regulation 4(1)(c):</p> <p>4. (1) Subject to the provisions of this regulation, an associated person may obtain the certificate in any of the following manners, namely:-</p> <p>(a)...</p> <p>(b)....</p> <p>(c) by delivering such number of</p>	<p>"principal" means persons who are actively engaged in the management of the _____ intermediary's securities _____ business including _____ supervision, solicitation, conduct of business, and includes:</p> <p>(1) Sole Proprietors (2) Managing Partners and (3) Whole Time Directors</p> <p>(d) Regulation 4(1)(c):</p> <p>4. (1) Subject to the provisions of this regulation, an associated person may obtain the certificate in any of the following manners, namely:-</p> <p>(a) (b) (c) by delivering such number _____ of _____ formal</p>	<p>However, to give weightage to age and relevant work experience, it is proposed that individuals having minimum 50 years of age with relevant experience of 10 years can be given certain exemptions in the mode of getting certified and can get certified by way of accumulating classroom credits by attending classes on subjects specified by NISM or or by passing long-term course or programme as may be specified by NISM</p> <p>Further, in the light of ease of doing business, the date of calculating the "Age" and "experience" for a candidate is linked to date of examination/CPE rather than date of notification/specified by board</p>



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	<p>formal classroom sessions in all or specific programmes of continuing professional education as may be specified by NISM from time to time.</p> <p>e) Regulation 4(4): An associated person other than those mentioned in sub regulation (2) or sub regulation (3) shall obtain the certificate in the manner specified in clause (a) of sub regulation (1).</p>	<p>classroom sessions in all or specific</p> <p>programmes of continuing professional education as may be specified by NISM</p> <p>from time to time.</p> <p>(e) Consequential changes in Regulation 4(4): <i>An associated person other than those mentioned in sub regulation (2) or sub regulation (3) shall obtain the certificate in the manner specified in clause (a) <u>or clause (d)</u> of sub regulation (1).</i></p>	

4. Public Comments

4.1 Public comments are sought on the following proposals along with rationale:

4.1.1 Whether to review/ expand the definition of “Associated Persons” (para 3.1.1)

4.1.2 Whether to include long term courses / long duration programs of NISM as manner of obtaining NISM certification and CPE (para 3.2.1 and 3.4.1(e))

4.1.3 Whether to include electronic mode of delivery of participation for CPE programs (para 3.3.1)

4.1.4 Whether to replace the individual exemptions provided by criteria of “Principal”, “Age” and “Experience” in Regulation 4 (2) and 4 (3) for obtaining Certification with a new exemptions based on combined criteria of “Age” and “Experience” for obtaining Certification (para 3.4.1)

4.1.5 Whether the date of calculating the “Age” and “Experience” for a candidate can be linked to the date of examination/CPE (para 3.4.1(b))

4.2 Considering the implications of the aforementioned matters on the market participants, public comments are invited on the aforesaid proposals. The comments / suggestions should be submitted latest by November 27, 2025 through the online web-based form which can be accessed using the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

4.3 Kindly go through the instructions mentioned on the above link before submitting comments on the consultation paper.

4.4 In case of any technical issue in submitting your comment through web based public comments form, you may write to nismdivision@sebi.gov.in through email with the subject:

"Issues in submitting comments on Consultation paper on Amendments to SEBI (CAPSM) Regulations, 2007"


