

# [Mis system in share brokerage firm](https://assignbuster.com/mis-system-in-share-brokerage-firm/)

The capital market in India is entering into the new era of growth, bringing with it new challenges and a host of opportunities. With the NSE and BSE catalyzing the operation, India today has the best stock market trading system in the world. New markets have opened, new instruments have developed, and services have launched. ACUMEN capital market ltd, the premier custodian of Indian capital market has geared up to reposition itself in the changed scenario. With substantial investment in technology, Acumen is confident in bringing the common investor of the country and offers them an investment arena.

There are 22 stock exchanges in India, the first being the Bombay Stock Exchange (BSE), which began formal trading in 1875, making it one of the oldest in Asia. The last so many years, we can see lots of rapid change in the securities market in India, especially in the secondary market. The main reasons behind these developments are advanced technology and online-based transactions they follow. As per the latest data, in terms of the number of companies listed and also in market capitalization, the equity market in India is considered very large.

The number of listed companies increased from 5, 968 in March 1990 to about 10, 000 by May 1998 and market capitalization has grown almost 11 times during the same period. There are large number of government bonds traded in the Indian market. Banks and financial institutions have been holding a substantial part of these bonds as statutory liquidity requirement. The portfolio restrictions on financial institutions’ statutory liquidity requirement are still in place. A primary auction market for Government securities has been created and a primary dealer system was introduced in 1995.

There are six authorized primary dealers. Currently, there are more than 50 mutual funds, out of which above 30 are in the private sector. Mutual funds were opened to the private sector in 1992. Earlier, in 1987, banks were allowed to enter this business, breaking the monopoly of the Unit Trust of India (UTI), which maintains a dominant position. Before 1992, many factors obstructed the expansion of equity trading. Fresh capital issues were controlled through the Capital Issues Control Act. Trading practices were not transparent, and there was a large amount of insider trading.

Recognizing the importance of increasing investor protection, several measures were enacted to improve the fairness of the capital market. The Securities and Exchange Board of India (SEBI) was established in 1988. Fig1. The complete operation of capital markets in India Despite the rules it set, problems continued to exist, including those relating to disclosure criteria, lack of broker capital adequacy, and poor regulation of merchant bankers and underwriters. So there came significant reforms in the regulation of the securities market since 1992 in conjunction with overall economic and financial reforms.

In 1992, the SEBI Act was enacted giving SEBI statutory status as an apex regulatory body. And a series of reforms was introduced to improve investor protection, automation of stock trading, integration of national markets, and efficiency of market operations. India has seen a tremendous change in the secondary market for equity. Its equity market will most likely be comparable with the world’s most advanced secondary markets within a year or two. The key ingredients that underlie market quality in India’s equity market are:

• Exchanges based on open electronic limit order book; Nationwide integrated market with a large number of informed traders and fluency of short or long positions;

• No counterparty risk. Among the processes that have already started and are soon to be fully implemented are electronic settlement trade and exchange-traded derivatives. Before 1995, markets in India used open outcry, a trading process in which traders shouted and hand signaled from within a pit. One major policy initiated by SEBI from 1993 involved the shift of all exchanges to screen-based trading, motivated primarily by the need for greater transparency.

The first exchange to be based on an open electronic limit order book was the National Stock Exchange (NSE), which started trading debt instruments in June 1994 and equity in November 1994. In March 1995, BSE shifted from open outcry to a limit order book market. Currently, 17 of India’s stock exchanges have adopted open electronic limit order. Over the last few years, SEBI has announced several far-reaching reforms to promote the capital market and protect investor interests.

Reforms in the secondary market have focused on three main areas: structure and functioning of stock exchanges, automation of trading and post trade systems, and the introduction of surveillance and monitoring systems. Computerized online trading of securities, and setting up of clearing houses or settlement guarantee funds Page | 3 were made compulsory for stock exchanges. Stock exchanges were permitted to expand their trading to locations outside their jurisdiction through computer terminals.

Thus, major stock exchanges in India have started locating computer terminals in far-flung areas, while smaller regional exchanges are planning to consolidate by using centralized trading under a federated structure. Online trading systems have been introduced in almost all stock exchanges. Trading is much more transparent and quicker than in the past. Until the early 1990s, the trading and settlement infrastructure of the Indian capital market was poor. Trading on all stock exchanges was through open outcry, settlement systems were paper-based, and market intermediaries were largely unregulated.

The regulatory structure was fragmented and there was neither comprehensive registration nor an apex body of regulation of the securities market. Stock exchanges were run as “ brokers clubs” as their management was largely composed of brokers. There was no prohibition on insider trading, or fraudulent and unfair trade practices. Since 1992, there has been intensified market reform, resulting in a big improvement in securities trading, especially in the secondary market for equity. Most stock exchanges have introduced online trading and set up clearing houses/corporations.

A depository has become operational for scrip less trading and the regulatory structure has been overhauled with most of the powers for regulating the capital market vested with SEBI. The Indian capital market has experienced a process of structural transformation with operations conducted to standards equivalent to those in the developed markets. It was opened up for investment by foreign institutional investors (FIIs) in 1992 and Indian companies were allowed to raise resources abroad through Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs).

The primary and secondary segments of the capital market expanded rapidly, with greater institutionalization and wider participation of individual investors accompanying this growth. However, many problems, including lack of confidence in stock investments, institutional overlaps, and other governance issues, remain as obstacles to the improvement of Indian capital market efficiency. Stock Market is a place where the trading takes place. A place where lots of money is invested to buy stocks and lots of money is earned while selling stocks.

Some people go with profit and some people carries losses. But still for a trader it’s an everyday game. And in games there are certain rules and regulations to be followed then only you can make strategies and plans and play the game according to it and win it. For a new trader the first thing to know about is where to invest, how to invest, how much to invest and win the game of investment.  When an investor starts investing in the stocks or the commodity market he has some prominent exchanges to invest in. Few important ones are as follows:

BSE (Bombay Stock Exchange): BSE is the oldest stock exchange in Asia and has the greatest number of listed companies in the world, with 4700 listed as of August 2007. Here the trading in stocks takes place. It is located at Dalal Street, Mumbai, India. On 31 December 2007, the equity market capitalization of the companies listed on the BSE was US$ 1. 79 trillion, making it the largest stock exchange in South Asia and the 12th largest in the world. BSE’s key index is sensex. NSE (National Stock Exchange): It is the largest stock exchange in India in terms of daily turnover and number of trades, for both equities and derivative trading.

NSE has a market capitalization of around Rs 47, 01, 923 crore (7 August 2009) and is expected to become the biggest stock exchange in India in terms of market capitalization by 2009 end. NSE’s key index is Nifty. 3. MCX (Multi Commodity Exchange): MCX is an independent commodity exchange based in India. It was established in 2003 and is based in Mumbai.

The turnover of the exchange for the period Apr-Dec 2008 was INR 32 Trillion. MCX offers futures trading in Agricultural Commodities, Bullion, Ferrous & Nonferrous metals, Pulses, Oils & Oilseeds, Energy, Plantations, Spices nd other soft commodities. 4. NCDEX (National Commodity & Derivatives Exchange Limited): NCDEX is an online commodity exchange based in India.

It was incorporated as a private limited company incorporated on April 23, 2003 under the Companies Act, 1956. It obtained its Certificate for Commencement of Business on May 9, 2003. It has commenced its operations on December 15, 2003. NCDEX is a closely held private company which is promoted by national level institutions and has an independent Board of Directors and professionals not having vested interest in commodity markets.

Acumen capital market ltd, a public limited company, was incorporated in 1995 with cochin as its corporate office. The company was promoted by Mr. T. S Anantharaman, (B Com and FCA) an acknowledged authority in the capital markets. Acumen launched its stock broking operations as a member of the National Stock Exchange (NSE) in 1996. Since then over the short span of a 1. 5 decade, Acumen has made tremendous strides that have taken it to the enviable position of one of the top market players in the country.

The company acquired membership of Cochin stoke exchange in 1997, became a Depository Participant (DP) National Securities Depository Limited (NSDL0 in 1999, purchased membership of Bombay Stock Exchange (BSE) in 2000, and took up clearing membership of the derivative segment comprehensive coverage of all aspects of the capital market in India, with one of the largest trading networks in the country, and state of the art technology that can offer unmatched services to its large customer base spread all over the country and abroad.

All stock exchanges in India follow screen based trading system NSE being the stock exchange in the country to provide nationwide order driver, screen based trading systems. Exchanges have fully automated screen based trading system where a member can punch into the computer quantities of securities and the prices at which he likes to transact and the transaction is executed as soon as it finds a matching orders from the counter party.

The trading system provides tremendous flexibility to the uses in terms of kind of orders that can be placed on the system. SEBI also allowed use of internet as an order routing system for communicating clients orders to the exchanges through brokers. DEMAT TRADING Demat means dematerialized account for individual Indian citizens to trade in listed stocks or debentures in electronic format. In the demat format, shares and securities are held electronically as compared to the olden times where we need to take the share certificate for each transactions.

Two depositaries in India viz NSDL and CSDL, maintain ownership records of dematerialized securities in a book entry form and transfer ownership of securities electronically without making the securities move from person to person. The Company uses a variety of management information systems to deal with their clients, franchises and the government agencies. One of the major MIS part is linking the clients with the stock exchange and allowing them to trade as they wish. ODIN software of financial technologies helps them in accomplishing this.

The company had some very important business needs and ODIN as a software helped them in achieving it. Let us look into some of the major business needs and how ODIN helped ACUMEN in accomplishing it.  A robust trading front end with excellent order execution speed Being one of the leading brokerage houses in the country with a vast experience in the Indian stock market and running one of the largest chain of share shops across the country, Acumen required a trading platform with excellent order execution speed and reliability.

With ODIN, Financial technologies limited provided Acumen with real-time connectivity to the multiple exchanges, offering the highest-order execution speed and operational stability. ODIN has equipped users at Acumen with extensive search and filtering options with minimal investment and ease of manageability.  A comprehensive risk management system that offers risk monitoring at various levels For Acumen, a large network of branches and outlets, servicing thousands of retail clients across the country demanded a comprehensive risk management system for the trading solution, which could facilitate risk monitoring at multiple levels.

ODIN has equipped Acumen with a comprehensive multi-tier risk management across various exchange segments. With over 80 real-time risk management checks per order and real-time position tracking, ODIN facilitated administering at various levels and allowed ease of monitoring for users at Acumen.  Functionalities that enable users to capture profit-making opportunities in the market To stay ahead in a competitive brokerage industry, Acumen required a trading solution that would enable its users to capture profit-making opportunities in the market.

ODIN offered Acumen a sophisticated trading front end that would offer an advanced trading strategies tool for capturing the finest profit-making opportunities. With ODIN, users at Acumen created multiple portfolios and customized the software in terms of fonts, layouts etc as per the requirements.  Bandwidth -friendly solution with high standards of security that is able to make an optimum use of system resources.

For its HN1 clients, Acumen required an internet-based trading solution with high standards of security. ODIN Diet, Financial Technologies’ Internet-based trading application, retained all the functionalities of ODIN required by an end-client. Using ODIN Diet, Acumen has provided its clients a bandwidth-friendly secure and robust application with all features that matched a professional trading front end.