

Securities and Exchange Board of India



Glossary of Capital Market

Compiled by
Research Division
Research and Training Department
SEBI

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FOREWORD

Financial markets, domestic as well as international, particularly capital markets have been undergoing metamorphic changes in the recent past. Indeed, the intensity and speed of changes in the market place is rendering all veterans, conventional and orthodox, organizations and people redundant at an amazing speed. Dynamics of the capital market commandeers changes in the laws, rules and regulations on a continuing basis. Consequently new definitions, words, concepts etc., are added to capital market lexicon almost on a daily basis. Many a time searches have to be made at different sources to find out definitions, meanings and usages of various terminologies used in the capital market business language. In order to facilitate and provide “single source” accessibility, SEBI has taken an initiative once again to put all possible definitions, terms, usages, etc., as of now in the area of capital market and publish them for the benefit of readers.

This publication “Glossary of Capital Market” covers terminologies from finance, financial economics, stock market, related laws, economics, etc. Several published sources such as books, websites, acts, rules, regulations, etc., have been referred to compile this publication. I sincerely hope this publication will help readers as a reference tool kit. As new laws, regulations, rules and practices keep coming into vogue, new terms also will be added to the lexicon. Our endeavour would be to update and publish it so that it serves a useful purpose in the market place. However, for legal purposes the ‘Definition of Key Terms’ under the law, rules and regulation should be referred and relied upon. I congratulate Research Officer, Ms Deepthi L. S., who has worked painstakingly to compile all the information for this publication.

G. N. BAJPAI
Chairman
Securities and Exchange Board of India

October 30, 2003
Mumbai

ACKNOWLEDGEMENT

Glossary of capital market (2003), the successor to the Glossary of capital market (2001) is the culmination of the efforts to bring to fruition a key item of the Strategic Action Plan 2003-04 – “Definition of key terms and concepts”. Indeed it is a revision of the pre-existing one. This is being revised and published with the inclusion of a number of new terms of interest and current relevance. With an array of changes marking the capital market scenario since it was first published, this is an ideal time to unveil the new edition with the maximum inclusions feasible within the constraints of time and space.

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Finally we would like to thank all the published and other sources from which we have gathered the definitions.

While it is unrealistic to expect that all the errors of omission and commission are avoided, earnest endeavour has been made to make it a useful one.

SECURITIES AND EXCHANGE BOARD OF INDIA

The Securities and Exchange Board of India was constituted on April 12, 1988 as a non-statutory body through an Administrative Resolution of the Government for dealing with all matters relating to the development and regulation of the securities market and investor protection and to advise the Government on all these matters. SEBI was given statutory status and powers through an Ordinance promulgated on January 30, 1992. SEBI was established as a statutory body on February 21, 1992. The Ordinance was replaced by an Act of Parliament on April 4, 1992. The preamble of the SEBI Act, 1992 enshrines the objectives of SEBI – to protect the interest of investors in securities market and to promote the development of and to regulate the securities market. The statutory powers and functions of SEBI were strengthened through the promulgation of the Securities Laws (Amendment) Ordinance on January 25, 1995, which was subsequently replaced by an Act of Parliament.

Disclaimer: The information has been compiled to present the reader with simplistic explanation of terms /concepts related to capital markets. The terms do not purport to explain or interpret the Regulations, Acts, Rules, Circulars or Guidelines.

Request for individual copies may be sent to the Research and Training Department,
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