

Contents

FPSB® Investment Specialist Competency Profile	1
Global Personal Financial Management	1
India-Specific Personal Financial Management	3
Investment Planning and Asset Management.....	4
Global Investment Planning and Asset Management.....	4
India-Specific Investment Planning and Asset Management	12
Regulatory Environment, Law and Compliance	16
Global Regulatory Environment, Law and Compliance	16
India-Specific Regulatory Environment of Financial Sector	19

FPSB® Investment Specialist Competency Profile

Global Personal Financial Management

Chapter 1: Personal Financial Situation

Learning Objectives

- 1-1 Identify the types of information to collect regarding a client’s assets and liabilities
- 1-2 Evaluate whether a client is living within financial means

Knowledge Items

- 1.1 Living within financial means
 - 1.1.1 Statement of financial position – Balance sheet
- 1.2 Assets
- 1.3 Liabilities
 - 1.3.1 Net worth

Chapter 2: Time Value of Money

Learning Objectives

- 2-1 Describe the impact of rate assumptions on goal achievement
- 2-2 Calculate the present value of a single sum or payment
- 2-3 Calculate the future value of a single sum or payment
- 2-4 Calculate the interest rate or compounding period
- 2-5 Calculate the periodic payment
- 2-6 Calculate the present value for an inflation-adjusted (serial) payment
- 2-7 Calculate the inflation-adjusted (serial) payment for a future sum
- 2-8 Calculate the present value or internal rate of return of unequal cash flows

Knowledge Items

- 2.1 Time value of money (TMV) concepts and assumptions
 - 2.1.1 Solving time value of money problems
- 2.2 Basic time value of money calculations
 - 2.2.1 Capitalization of a number

- 2.2.2 Present value of a single sum
- 2.2.3 Future value of a single sum
- 2.2.4 Number of compounding periods and interest rate per compounding period
- 2.2.5 Present value of an annuity
- 2.2.6 Future value of an annuity
- 2.2.7 Periodic payment or receipt
- 2.3 Intermediate time value of money calculations
 - 2.3.1 Inflation and serial payments
 - 2.3.2 Present value of an annuity due (PVAD) of a serial payment
 - 2.3.3 Serial payment for a future sum
- 2.4 Advanced time value of money calculations
 - 2.4.1 Internal rate of return with unequal cash flows
 - 2.4.2 Net present value calculation with unequal cash flow

Chapter 3: Cash Flow Demands and Conflicts

Learning Objectives

- 3-1 Identify the types of information to collect regarding a client's cash flow and financial obligations
- 3-2 Identify types of conflicting demands on cash flow

Knowledge Items

- 3.1 Cash flow statement
- 3.2 Conflicting demands

Chapter 4: Budget and Emergency Fund

Learning Objectives

- 4-1 Identify the types of information to collect to prepare a client's budget
- 4-2 Describe how to prepare statements of a client's net worth, cash flow and budget
- 4-3 Determine a client's ability to save
- 4-4 Analyze the adequacy of a client's emergency fund

Knowledge Items

- 4.1 Budget creation and evaluation
 - 4.1.1 Special needs and goals
- 4.2 Types of budgets
 - 4.2.1 Financial ratios
- 4.3 Emergency fund and funding vehicles
- 4.4 Building cash reserves
- 4.5 Income generation

Chapter 5: Debt and Financing Alternatives

Learning Objectives

- 5-1 Evaluate the implications of a client's attitude toward debt
- 5-2 Identify types of credit
- 5-3 Analyze financing alternatives

Knowledge Items

- 5.1 Credit use and potential problems
- 5.2 Mortgages and other installment loans
- 5.3 Revolving credit
- 5.4 Leasing versus buying

Chapter 6: Financial Management Strategies

Learning Objectives

- 6-1 Determine potential financial management strategies for a client
- 6-2 Identify the advantages and disadvantages of financial management strategies
- 6-3 Optimize financial management strategies to make recommendations
- 6-4 Prioritize action steps to assist a client in implementing financial management strategies

Knowledge Items

- 6.1 Developing and optimizing financial management strategies
- 6.2 Implementing financial management strategies with a client

India-Specific Personal Financial Management

Chapter 1: Cash Management/ Liquid Investment Products in India

Learning Objectives

- 1-1 Identify types of cash management and liquid products in India

Topics

- 1.1. Savings bank account, Recurring Deposit and Fixed Deposit with graded maturity profile
- 1.2. Corporate Deposit, Post Office Term Deposit
- 1.3. Ultra-Short duration fund, low duration fund, Liquid scheme, Money Market Mutual Fund

Chapter 2: Sources of Personal Credit/Debt in India

Learning Objectives

- 2-1 Compare different sources from which to borrow funds
- 2-2 Identify types of credit

Topics

- 2.1 Structured Lending Institutions
 - 2.1.1 Public Sector and Private Sector Banks, Small Banks, Co-operative Banks, Regional Rural Banks, Payment Banks
 - 2.1.2 Financial Institutions, State Financial Corporations
 - 2.1.3 Non-banking Financial Companies (NBFC), Housing Finance Companies, Gold Finance Companies, Micro-Finance Institutions
- 2.2 Unregulated lending
 - 2.2.1 Moneylenders
 - 2.2.2 Chit Funds
 - 2.2.3 Cooperative Credit Societies
- 2.3 Others
 - 2.3.1 Loans and Advances from Employer

Chapter 3: Credit/Debt Management

Learning Objectives

- 3-1 Identify nature and types of debt
- 3-2 Explain CIBIL score and purpose
- 3-3 Understand types of loans to suit purpose and tenure
- 3-4 Analyze debt and financing alternatives

Topics

- 3.1 Nature and Types of Debt, Productive and Unproductive Debt
- 3.2 CIBIL¹ Score
 - 3.2.1 CIBIL collects and maintains credit records of individuals as well as commercial entities
 - 3.2.2 Banks/NBFCs access CIBIL score to ascertain creditworthiness of individuals
 - 3.2.3 Tracks Debt repayment history, Credit limit utilization/enhancement, disputes, repayment capacity, etc.
- 3.3 Types of Loans to finance varied goals
 - 3.3.1 Consumer Loan, personal Loan, Credit Card Debt, Vehicle Loan
 - 3.3.2 Mortgage, Fixed Rate vs. Variable Rate
 - 3.3.3 MIBOR², MCLR³ in determining interest level
 - 3.3.4 Loan against Property or Securities, Gold loan, Gold Monetization scheme
 - 3.3.5 Reverse Mortgage
- 3.4 Using the right credit to finance goals
- 3.5 Analysis of Debt and Financing Alternatives
 - 3.5.1 Loan Repayment Schedules
 - 3.5.2 Refinancing - Loan Restructuring, Present value of future payments
 - 3.5.3 Varying Interest Rates - Fixed EMI vs. Fixed Tenure, Option of Bullet payments
 - 3.5.4 Hire purchase

Investment Planning and Asset Management

Global Investment Planning and Asset Management

Chapter 1: Investment Objectives, Constraints and Suitability

Learning Objectives

- 1-1 Describe the steps of the initial client interview process
- 1-2 Explain the characteristics of various investor personality types
- 1-3 Identify the types of information to collect from a new client
- 1-4 Identify factors that affect a client's risk tolerance
- 1-5 Identify a client's potential tax issues
- 1-6 Describe the characteristics of a client's financial life stages
- 1-7 Describe the characteristics of a well-defined investment goal
- 1-8 Describe common categories of investment objectives
- 1-9 Explain the primary purpose of an Investment Policy Statement (IPS)
- 1-10 Identify components of an Investment Policy Statement (IPS)

¹ TransUnion CIBIL, a venture between TransUnion and Credit Information Bureau (India) Limited. CIBIL score is a three-digit number between 300 and 900.

² Mumbai Interbank Offered Rate

³ Marginal Cost of Funds based Lending Rate

Knowledge Items

- 1.1 Engaging investment clients
 - 1.1.1 The initial client interview
 - 1.1.2 Discovery process
 - 1.1.3 Investor personalities
 - 1.1.4 Gathering client data
- 1.2 Risk tolerance and suitability
 - 1.2.1 Determining investor risk tolerance
 - 1.2.2 Risk tolerance questionnaires
 - 1.2.3 Suitability using risk tolerance information
 - 1.2.4 Matching return expectations with risk tolerance
 - 1.2.5 Risk-return application
- 1.3 Potential tax issues
 - 1.3.1 Taxability of a portfolio
 - 1.3.2 Effect of selling property
 - 1.3.3 Real property
 - 1.3.4 Capital assets gains and losses
 - 1.3.5 Good record-keeping
- 1.4 Understanding life stages
- 1.5 Establishing goals and timelines
 - 1.5.1 SMART goals
- 1.6 Defining and determining investment objectives
 - 1.6.1 Inappropriate portfolio assets
 - 1.6.2 Portfolio proposal
- 1.7 Investment Policy Statement (IPS)
 - 1.7.1 Putting the pieces on paper
 - 1.7.2 Advisor as investment manager
 - 1.7.3 Advisor as investment intermediary
 - 1.7.4 The value of advisor monitoring and follow-up

Chapter 2: Asset Classes and Securities

Learning Objectives

- 2-1 Describe the characteristics of common stock
- 2-2 Explain the purpose of an Initial Public Offering (IPO)
- 2-3 Explain dividends
- 2-4 Calculate the dividend payout ratio
- 2-5 Explain key dates associated with stock dividend payouts
- 2-6 Explain stock splits and reverse stock splits
- 2-7 Explain why a company would use a stock split or reverse stock split
- 2-8 Calculate the intrinsic value of a dividend-paying stock using the dividend discount model
- 2-9 Describe alternative valuation methods for stocks that do not pay a dividend
- 2-10 Describe the characteristics of a bond

- 2-11 Identify the types of bonds issued by various entities
- 2-12 Calculate a bond's current price/value
- 2-13 Describe the characteristics of preferred stock
- 2-14 Calculate the inherent value of preferred stock using the zero-growth model
- 2-15 Describe the advantages and disadvantages of owning real estate
- 2-16 Calculate the value of income-producing real estate using the net income method
- 2-17 Identify strategies used to employ call and put options
- 2-18 Explain structured products
- 2-19 Explain how futures contracts are used to hedge a long or short position
- 2-20 Explain alternative investments

Knowledge Items

- 2.1 Equity/common stock
 - 2.1.1 Capitalization of a business
 - 2.1.2 Rights
 - 2.1.3 Initial Public Offering (IPO)
- 2.2 Buying and selling securities
 - 2.2.1 Primary market
 - 2.2.2 Secondary market
 - 2.2.3 Third market
 - 2.2.4 Fourth market
 - 2.2.5 Types of orders
- 2.3 Types of return from common stock
 - 2.3.1 Dividends
 - 2.3.2 Stock splits
 - 2.3.3 Equity valuation methods
 - 2.3.4 Additional valuation ratios
- 2.4 Fixed income securities
 - 2.4.1 Cash and equivalents
 - 2.4.2 Bonds
 - 2.4.3 Types of bonds and issuers
 - 2.4.4 Bond risks and returns
 - 2.4.5 Buying and selling bonds
 - 2.4.6 Bond yields
 - 2.4.7 Bond price / valuation calculations
 - 2.4.8 Duration and immunization
 - 2.4.9 Convexity
 - 2.4.10 Bond portfolio examples
 - 2.4.11 Yield curve and risk-free rate of return
- 2.5 Preferred stock
 - 2.5.1 Preferred stock valuation (zero-growth model)
- 2.6 Real assets
 - 2.6.1 Real estate (and taxation)
 - 2.6.2 Considerations of real estate ownership

- 2.6.3 Forms of real estate ownership
- 2.6.4 Valuation of income producing property
- 2.6.5 Real assets and collectibles
- 2.7 Derivatives
 - 2.7.1 Options contracts, key terms, rights and obligations
 - 2.7.2 Options strategies
 - 2.7.3 Structured products/market-linked securities
- 2.8 Commodities
 - 2.8.1 Futures and forward contracts
- 2.9 Alternative investments
 - 2.9.1 Venture capital
 - 2.9.2 Private equity
 - 2.9.3 Hedge funds

Chapter 3: Pooled Investment Products

Learning Objectives

- 3-1 Describe the characteristics of mutual funds
- 3-2 Identify the advantages and disadvantages of mutual funds
- 3-3 Describe the characteristics of closed-end funds
- 3-4 Identify the advantages and disadvantages of closed-end funds
- 3-5 Describe the characteristics of Exchange-Traded Funds (ETFs)
- 3-6 Identify the advantages and disadvantages of Exchange-Traded Funds (ETFs)
- 3-7 Describe the characteristics of Exchange-Traded Notes (ETNs)
- 3-8 Identify the advantages and disadvantages of Exchange-Traded Notes (ETNs)
- 3-9 Describe the characteristics of Unit Investment Trusts (UITs)
- 3-10 Identify the advantages and disadvantages of Unit Investment Trusts (UITs)
- 3-11 Describe the characteristics of managed accounts
- 3-12 Identify the advantages and disadvantages of managed accounts
- 3-13 Explain key considerations when evaluating and selecting pooled investment products

Knowledge Items

- 3.1 Mutual funds
 - 3.1.1 Characteristics
 - 3.1.2 Advantages of mutual funds
 - 3.1.3 Disadvantages of mutual funds
 - 3.1.4 The fund prospectus
 - 3.1.5 Fund reporting
 - 3.1.6 The name game and types of mutual funds
 - 3.1.7 Purchasing strategies
- 3.2 Closed-end funds
 - 3.2.1 Characteristics, advantages and disadvantages
- 3.3 Exchange Traded Funds (ETFs)
 - 3.3.1 Characteristics, advantages and disadvantages

- 3.4 Exchange Traded Notes (ETNs)
 - 3.4.1 Characteristics, advantages and disadvantages
- 3.5 Unit Investment Trusts (UITs)
 - 3.5.1 Characteristics, advantages and disadvantages
- 3.6 Managed accounts
 - 3.6.1 Characteristics, advantages and disadvantages
- 3.7 Considerations in investment product analysis/selection
 - 3.7.1 Fund comparison
 - 3.7.2 Manager discretion
 - 3.7.3 Total costs
 - 3.7.4 Turnover
 - 3.7.5 Individual securities versus pooled holdings

Chapter 4: Principles of Investment Risk

Learning Objectives

- 4-1 Explain the various sources of systematic investment risk
- 4-2 Explain the various sources of nonsystematic investment risk
- 4-3 Calculate the standard deviation of a single asset
- 4-4 Calculate the standard deviation of a two-asset portfolio
- 4-5 Explain covariance and its main limitation
- 4-6 Explain how correlation coefficient is used in the construction of investment portfolios
- 4-7 Analyze the correlation coefficient between two different assets
- 4-8 Analyze the coefficient of determination
- 4-9 Analyze beta
- 4-10 Evaluate the uses of beta in security selection/risk measurement

Knowledge Items

- 4.1 Total risk
 - 4.1.1 Types of investment-related risk
 - 4.1.2 Systematic risk
 - 4.1.3 Nonsystematic risk
- 4.2 Risk measurements
 - 4.2.1 Standard deviation
 - 4.2.2 Covariance
 - 4.2.3 Correlation coefficient (R)
 - 4.2.4 Coefficient of determination (R²)
 - 4.2.5 Beta

Chapter 5: Investment Performance Management

Learning Objectives

- 5-1 Compare and contrast measures of return: weighted average, time-weighted, dollar-weighted, holding period

- 5-2 Apply Sharpe Ratio to measure risk-adjusted return
- 5-3 Apply Sharpe Ratio to make fund comparisons
- 5-4 Apply Treynor Ratio to measure risk-adjusted return
- 5-5 Apply Treynor Ratio to make fund comparisons
- 5-6 Apply Jensen Index to measure risk-adjusted return
- 5-7 Describe methods of constructing market benchmarks
- 5-8 Describe the primary approaches to fundamental analysis
- 5-9 Identify the basic assumptions of technical analysis
- 5-10 Evaluate the rules of contrarian investing

Knowledge Items

- 5.1 Types and measures of return
- 5.2 Evaluating performance
 - 5.2.1 Weighted-average return
 - 5.2.2 Time-weighted return
 - 5.2.3 Dollar-weighted return
 - 5.2.4 Holding-period return
- 5.3 Assessing/comparing performance
 - 5.3.1 Sharpe Ratio
 - 5.3.2 Treynor Ratio
 - 5.3.3 Jensen's Index / Alpha
 - 5.3.4 Benchmark construction and comparisons
 - 5.3.5 Application of performance measures
- 5.4 Historical returns by asset class
- 5.5 Fundamental analysis
 - 5.5.1 Top-down analysis
 - 5.5.2 Bottom-up analysis
- 5.6 Technical analysis
 - 5.6.1 General assumptions of technical analysis
 - 5.6.2 Contrarian investing rules/strategies
 - 5.6.3 Price and volume based rules

Chapter 6: Investment Theory

Learning Objectives

- 6-1 Explain the assumptions of Modern Portfolio Theory (MPT)
- 6-2 Explain how Modern Portfolio Theory (MPT) is used to evaluate and construct client portfolios
- 6-3 Explain the concept of optimal portfolio
- 6-4 Calculate the required rate of return using the Capital Asset Pricing Model (CAPM)
- 6-5 Illustrate the three forms of the Efficient Market Hypothesis (EMH)

Knowledge Items

- 6.1 Modern Portfolio Theory (MPT)

- 6.1.1 Assumptions
- 6.1.2 The efficient frontier and optimal portfolios
- 6.1.3 Capital Asset Pricing Model (CAPM)
 - 6.1.3.1 Capital market line
 - 6.1.3.2 Security market line
- 6.2 Arbitrage pricing theory
- 6.3 Efficient Market Hypothesis (EMH)
- 6.4 Random walk theory

Chapter 7: Asset Allocation

Learning Objectives

- 7-1 Identify the advantages and disadvantages of asset allocation strategies
- 7-2 Identify the advantages and disadvantages of asset rebalancing strategies
- 7-3 Identify the advantages and disadvantages of active and passive asset management strategies

Knowledge Items

- 7.1 Asset allocation
 - 7.1.1 Strategic allocation
 - 7.1.2 Tactical allocation
 - 7.1.3 Dynamic allocation
 - 7.1.4 Core/satellite allocation
 - 7.1.4.1 Asset allocation process
 - 7.1.4.2 Asset classes and individual securities
- 7.2 Rebalancing strategies
 - 7.2.1 Time-based
 - 7.2.2 Threshold-based
 - 7.2.3 Time-and threshold-based
- 7.3 Active management
 - 7.3.1 Passive management
 - 7.3.2 Designing a portfolio

Chapter 8: Wealth Management

Learning Objectives

- 8-1 Evaluate implications of concentration of a client's investment holdings
- 8-2 Evaluate strategies to address a concentrated position
- 8-3 Analyze a company's financial statements
- 8-4 Evaluate alternative investments for inclusion in a client's portfolio
- 8-5 Describe the characteristics of venture capital
- 8-6 Describe the characteristics of private equity
- 8-7 Describe the characteristics of hedge funds
- 8-8 Describe the characteristics of managed futures

8-9 Describe the characteristics of private banking services

Knowledge Items

- 8.1 Wealth management process
- 8.2 Executive stock options
- 8.3 Concentrated stock positions
 - 8.3.1 Concentrated stock definitions and risks
 - 8.3.2 Options to address
- 8.4 Corporate finance / financial statement analysis
 - 8.4.1 Liquidity ratios
 - 8.4.2 Activity ratios
 - 8.4.3 Profitability ratios
- 8.5 Alternative investments for high net worth individuals
 - 8.5.1 Managed futures
- 8.6 Private banking
 - 8.6.1 Private banking versus wealth management
 - 8.6.2 Private banking services

Chapter 9: Behavioral Finance

Learning Objectives

- 9-1 Describe a client's behavioral, information processing and emotional biases
- 9-2 Explain the theories of how money makes clients think and behave
- 9-3 Describe methods to help clients "behave" their way to success

Knowledge Items

- 9.1 Behavioral biases
 - 9.1.1 Cognitive dissonance
 - 9.1.2 Conservatism
 - 9.1.3 Confirmation
 - 9.1.4 Representativeness
 - 9.1.5 Illusion of control
 - 9.1.6 Hindsight
- 9.2 Information processing biases
 - 9.2.1 Anchoring and adjustment
 - 9.2.2 Mental accounting
 - 9.2.3 Framing
 - 9.2.4 Availability
 - 9.2.5 Ambiguity aversion
 - 9.2.6 Self-attribution
 - 9.2.7 Outcome
 - 9.2.8 Recency
- 9.3 Emotional biases
 - 9.3.1 Loss aversion

- 9.3.2 Overconfidence
- 9.3.3 Optimism
- 9.3.4 Self-control
- 9.3.5 Status quo
- 9.3.6 Endowment
- 9.3.7 Regret aversion
- 9.4 The psychology of money
- 9.5 Choice architecture

India-Specific Investment Planning and Asset Management

Chapter 1: Introduction to Indian Financial Markets

Learning Objectives

- 1-1 Understand the Indian economy and structures
- 1-2 Describe the securities market and the key players

Topics

- 1.1. The Indian Economy
- 1.2. Structure of Financial Markets in India
- 1.3. The Securities Markets – Structure and Key Players
- 1.4. Role of Participants in the Securities Markets

Chapter 2: The Investment Landscape

Learning Objectives

- 2-1 Explain varying markets and key players
- 2-2 Distinguish the investment landscape

Topics

- 2.1 Debt Markets
 - 2.1.1 Depth of Debt Markets and Key Players
 - 2.1.2 Types of Fixed Income Instruments and their tax aspects
 - 2.1.3 Structure of Interest Rates, Repo, Reverse Repo, MIBOR, MCLR, Issue of Government Securities and Auction of Treasury Bills
 - 2.1.4 Trading in Debt Products – Institutional and Individual
- 2.2 Equity Markets
 - 2.2.1 Major Stock Exchanges, Stock Index – Basis and Composition
 - 2.2.2 Investing in Equity Shares – Shareholders' Rights
 - 2.2.3 Shareholding – Promoters, Institutions and Retail Investors
 - 2.2.4 Equity Derivatives Market – Indicators, Pricing Mechanism, hedging and arbitrage strategies
- 2.3 Commodities Markets
 - 2.3.1 Structure, Exchanges and Regulation

- 2.3.2 Commodities Futures and their Settlement Mechanism
- 2.4 Foreign Exchange Markets
 - 2.4.1 Structure, Functions and Regulation
 - 2.4.2 Pricing of Forwards & Futures and Interest Rate Swaps
 - 2.4.3 Concept of Interest Rate Parity
- 2.5 Real Estate, Precious Metals and Collectibles
 - 2.5.1 Forms of Realty – Land, Residential and Commercial
 - 2.5.2 Gold, Silver, Diamonds, Art and Antiques

Chapter 3: Investing in Capital Markets and Investment Products

Learning Objectives

- 3-1 Identify the needs and objectives of your clients and their specific category
- 3-2 Understand norms and operations for introducing clients to various investments
- 3-3 Discuss direct investments in equity and debt products
- 3-4 Understand mutual funds and other pooled investments
- 3-5 Explain small savings instruments and other schemes

Topics

- 3.1 Operational Aspects
 - 3.1.1 Know Your Client (KYC) and client acquisition process; PAN, Aadhaar, etc.
 - 3.1.2 Common Reporting Standard (CRS) and Foreign Account Tax Compliance Act (FATCA)
 - 3.1.3 Investor Types, Norms for Non-Resident Indian Investors, Power of Attorney, etc.
 - 3.1.4 Change in Status of Special Investor Categories
- 3.2 Direct Investing
 - 3.2.1 Demat Account and Depository Participant
 - 3.2.2 Dematerialization/Re-materialization of Securities
 - 3.2.3 Equity shares, Derivatives, Corporate Bonds, NCDs, Bank and Company FD
- 3.3 Portfolio Management Schemes (PMS)
 - 3.3.1 Type of Investors, Scheme Types
 - 3.3.2 Fee Structure and Regulation
- 3.4 Mutual Funds
 - 3.4.1 History and Evolution, SEBI (Mutual Funds) Regulations, 1996
 - 3.4.2 Regulatory Framework, Role of Association of Mutual Funds in India (AMFI)
 - 3.4.3 Process and Benefits
 - 3.4.4 Main Features, NAV and other Concepts, Terminology, Modes of investing
 - 3.4.5 Types of Products
 - 3.4.5.1 Equity Diversified Schemes – Large/ Mid/ Small Cap funds, Fund of Funds (FoF), International Funds, Arbitrage Funds
 - 3.4.5.2 Features of Sector funds, Index funds, Exchange Traded Funds (ETF) and Gold ETFs, Commodity ETFs
 - 3.4.5.3 Income or Debt Schemes – Ultra Short term, Short term, Long term and Dynamic bond funds

- 3.4.5.4 Government Securities Schemes (Gilt/G-Sec) and Fixed Maturity Plans (FMP)
- 3.4.5.5 Hybrid Funds/Balanced schemes and Monthly Income Plans (MIPs)
- 3.4.5.6 Liquid Funds and Money Market Mutual Funds (MMMFs)
- 3.4.6 Taxation Aspect of Mutual Fund Products
 - 3.4.6.1 Categorization of Equity-oriented fund or Income/Debt fund
 - 3.4.6.2 Basis of redemption – Long-term (Equities and Debt) or Short-term
- 3.5 Investor's rights to various disclosures under Mutual Fund schemes
- 3.6 Other Pooled Investments
 - 3.6.1 Alternative Investment Funds (AIF)
 - 3.6.1.1 Private Equity (PE), Venture Capital (VC), Hedge funds, Managed futures, Art and Antiques, Commodities and derivatives contracts
 - 3.6.1.2 Regulation of AIFs
 - 3.6.2 Real Estate investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs)
- 3.7 Small Savings Instruments and other schemes with sovereign guarantee
 - 3.7.1 Public Provident Fund (PPF)
 - 3.7.2 National Savings Certificates (NSC)
 - 3.7.3 Kisan Vikas Patra (KVP)
 - 3.7.4 Post Office Monthly Income Scheme (POMIS)
 - 3.7.5 Senior Citizens Savings Scheme (SCSS)
 - 3.7.6 Sukanya Samriddhi Yojana
 - 3.7.7 Sovereign Gold Bonds (SGBs)

Chapter 4: Investment Discipline, Tools and Strategies

Learning Objectives

- 4-1 Compare various portfolio strategies
- 4-2 Understand derivatives
- 4-3 Distinguish mutual fund systematic investment options

Topics

- 4.1 Buy and Hold strategy vs. frequent churning of Portfolio/high turnover ratio
- 4.2 Active investing and Passive (Index investing)
- 4.3
- 4.4 Mutual Fund Investment Options and Systematic Transactions
 - 4.4.1 Growth option vs. Dividend Payout/Reinvestment
 - 4.4.2 Systematic Investment Plan (SIP) or Rupee Cost Averaging
 - 4.4.3 Systematic Withdrawal Plan (SWP)
 - 4.4.4 Systematic Transfer Plan (STP)
 - 4.4.5 Value Averaging Investment Plan (VIP)

Chapter 5: Evaluation of Investment Alternatives and Investment Performance

Learning Objectives

- 5-1 Explain product profiling in terms of risk and tenure of investment

5-2 Calculate returns and evaluate investment performance

Topics

- 5.1 Product Profiling in terms of inherent Risk and Tenure of investment/goals
 - 5.1.1 Income and low returns with capital protection (Short-term)
 - 5.1.2 Inflation beating returns with moderate capital appreciation (Medium-term)
 - 5.1.3 Managed risk for wealth creation (Long-term)
- 5.2 Reviewing, Evaluating and Selecting Mutual Fund Schemes – Equity, Debt and Hybrid
- 5.3 Valuation of Stocks and Bonds to appraise investment decisions
 - 5.3.1 Price Earnings, Price Earnings Growth and Price to Book Value
 - 5.3.2 Yield to Maturity (YTM), Yield to Call
- 5.4 Returns
 - 5.4.1 Real (Inflation Adjusted) vs. Nominal Rate of Return
 - 5.4.2 Annual Effective Rate of Return (APR) vs. Nominal Period Returns
 - 5.4.3 Valuation of securities
 - 5.4.4 Performance analysis of securities and portfolios
 - 5.4.5 Performance of markets, benchmarks
 - 5.4.6
 - 5.4.7 Tax-adjusted returns

Chapter 6: Financial Advisory and Financial Planning

Learning Objectives

- 6-1 Illustrate the need for financial advisory services
- 6-2 Determine the financial position of clients
- 6-3 Assess insurance needs and requirements
- 6-4 Construct the retirement planning process
- 6-5 Analyze tax efficiencies
- 6-6 Understand estate planning

Topics

- 6.1 Need for Financial Advisory Services
- 6.2 Financial Advisory and Execution
- 6.3 Scope of Financial Planning Services
- 6.4 Financial Planning and Delivery Process
- 6.5 Evaluating the financial position of clients and determining Financial Goals
- 6.6 Assets, Liabilities, Net worth and Loan Schedules
- 6.7 Preparation and Analysis of Household Budget
- 6.8 Contingency Planning
- 6.9 Role of Insurance in Personal Finance
 - 6.9.1 Need for Insurance and Requirements of an Insurable risk
 - 6.9.2 Steps in Insurance Planning
 - 6.9.2.1 Life Insurance Needs Analysis
 - 6.9.2.2 Economic value of human life - Coverage of expected future income stream

- 6.9.2.3 Life cover based on future expenses, financial liabilities and major financial goals
- 6.9.3 Insurance Products – Life and Non-Life, Health and Mortgage Insurance
- 6.10 Retirement planning process
 - 6.10.1 Critical assessment of all parameters – economic indicators and life expectancy of client and spouse, special needs dependents
 - 6.10.2 Financial objectives on retirement including Gifts, Bequeath and Charity
 - 6.10.3 Determining the Retirement Corpus
 - 6.10.4 Determining the liquidity of Assets on Retirement
 - 6.10.5 Assessment and analysis of various Retirement Products – Pension, Annuities, maturity proceeds from NPS/PPF/EPF, Reverse Mortgage as alternative income
- 6.11 Tax incidence and relative tax efficiency
 - 6.11.1 Tax compliances
 - 6.11.2 Tax incidence of various transactions
 - 6.11.3 Tax efficiency in the transfer of assets
 - 6.11.4 Comparative tax advantage of various investment products
- 6.12 Estate Planning
 - 6.12.1 Characteristics and efficiency of various Estate vehicles - Wills and Trusts
 - 6.12.2 Tax efficiency of all asset transactions and transfers on succession
 - 6.12.3 Provisions of Hindu Succession Act and Indian Succession Act
 - 6.12.4 Estate planning for family office, family business and family trust

Chapter 7: Comprehensive Financial Planning

Learning Objectives

- 7-1 Explain debt strategies and prioritizing financial goals
- 7-2 Determine pure risk and select insurance products
- 7-3 Distinguish investment risk and management of client portfolios
- 7-4 Construct retirement and succession strategies with tax efficiency of portfolios

Topics

- 7.1 Debt – Determining indebtedness and evaluating strategies to reduce debt burden
- 7.2 Counseling for reduction of unproductive debt and debt servicing
- 7.3 Prioritizing Financial Goals
- 7.4 Investments for Liquidity and Financial Goals
- 7.5 Determining Investment Risk Profile of clients and right Asset Allocation
- 7.6 Selecting Model Portfolios or Designing Optimum Portfolio
- 7.7 Covering Pure Risks – Selecting right insurance products to cover life contingency and assets, health, mortgage, etc.
- 7.8 Retirement Planning and Philanthropy
- 7.9 Tax Planning and Succession Planning

Regulatory Environment, Law and Compliance

Global Regulatory Environment, Law and Compliance

Chapter 1: Introduction to the Regulatory Environment

Learning Objectives

- 1-1 Explain how the regulatory environment is related to financial services
- 1-2 Describe the various regulatory bodies, their function and responsibilities
- 1-3 Demonstrate Knowledge Items of relevant regulatory, economic and political environments
- 1-4 Demonstrate relevant Knowledge Items of law and consider and discuss the impact of compliance issues on the practice of financial advice

Knowledge Items

- 1.1 What is financial regulation?
 - 1.1.1 Economic
 - 1.1.2 Safety
 - 1.1.3 Corporate governance and securities regulation
 - 1.1.4 Information
- 1.2 Regulators
- 1.3 Legislation and regulation

Chapter 2: Legislated “Client Best Interest” Requirement

Learning Objectives

- 2-1 Describe the legal framework within which financial advisors operate and their legal, social and ethical responsibilities

Knowledge Items

- 2.1 The fiduciary standard
- 2.2 Fiduciary duty and suitability

Chapter 3: Economic Environment and Financial Advice

Learning Objectives

- 3-1 Demonstrate basic Knowledge Items of micro- and macro-economic environment effects as they apply to financial planning and financial advice
- 3-2 Explain the impact of monetary and fiscal policy
- 3-3 Understand the normal business cycle and its impact on financial planning and financial advice
- 3-4 Understand economic indicators and their impact

Knowledge Items

- 3.1 Monetary and fiscal policy
 - 3.1.1 Monetary policy
 - 3.1.2 Open market operations
 - 3.1.3 Discount rate
 - 3.1.4 Reserve requirements

- 3.1.5 Fiscal policy
- 3.1.6 Economics 101
- 3.2 Economic indicators
- 3.3 Business cycle
 - 3.3.1 Expansion
 - 3.3.2 Downturn and contraction
 - 3.3.3 Recession and depression
 - 3.3.4 Recovery
- 3.4 Economic indicators revisited
 - 3.4.1 Economics overview
 - 3.4.2 Macroeconomic schools of thought

Chapter 4: Social and Political Environments

Learning Objective

4-1 Demonstrate Knowledge Items of social and political environments relevant to financial planning, financial advice and the economic environment

Knowledge Items

- 4.1 Government and politics: local government sentiment
 - 4.1.1 Local economic environment
 - 4.1.2 Regional economic environment
 - 4.1.3 Global economic environment
- 4.2 Social welfare policy
- 4.3 Retirement policy

Chapter 5: Compliance and Implications

Learning Objectives

5-1 Describe the impact of legal, regulatory and ethical compliance issues on the practice of financial advice

Knowledge Items

- 5.1 Disclosure documents
- 5.2 Potential conflicts of interest

Chapter 6: Anti-Money Laundering

Learning Objectives

- 6-1 Understand money laundering, its purpose and practice
- 6-2 Identify global laws and regulations designed to counter money laundering
- 6-3 Understand how to avoid money laundering personally and by clients
- 6-4 Describe how financial advisors can comply with relevant anti-money laundering regulation

6-5 Assess the potential risks affecting the financial system, their impact on financial service products, providers, clients and economic performance

6-6 Assess relevant case histories involving financial advisors

Knowledge Items

6.1 The three stages of money laundering

6.2 Global rules and regulations

6.3 Detecting money laundering

6.4 Case studies

India-Specific Regulatory Environment of Financial Sector

Chapter 1: Regulatory System and Environment

Learning Objectives

1-1 Explain how the Indian financial sector is governed

1-2 Understand the multiple Acts, Rules and Regulations and the five majority bodies

Topics

1.1 Reserve Bank of India (RBI)

1.2 Securities and Exchange Board of India (SEBI)

1.3 Insurance Regulatory and Development Authority of India (IRDAI)

1.4 Pension Fund Regulatory and Development Authority (PFRDA)

1.5 Forward Markets Commission (FMC) [*merged with SEBI on September 28, 2015*]

Chapter 2: Role of Regulators

Learning Objectives

2-1 Identify the role of regulators

Topics

2.1 Regulation-making

2.2 Executive functions

2.3 Administrative law functions

2.4 Consumer Protection

2.5 Micro-prudential Regulation – Manage Systemic Risk

2.6 Resolution

2.7 Financial Inclusion and Market Development

2.8 Capital Controls

2.9 Public Debt Management

2.10 Monetary Policy

Chapter 3: Acts Relevant to Corporate Entities, Securities and External Trade

Learning Objectives

3-1 Distinguish Acts in India specific to financial sector regulation

Topics

- 3.1 The Companies Act, 2013 (erstwhile 1956)
- 3.2 The Indian Trusts Act, 1882
- 3.3 The Securities Contracts (Regulation) Act, 1956
- 3.4 The Foreign Exchange Management Act, 1999
- 3.5 The Prevention of Money Laundering Act, 2002 (PMLA)
- 3.6 The Insolvency and Bankruptcy Code, 2016 (IBC)
- 3.7 Negotiable Instruments Act, 1883
- 3.8 The Forward Contracts (Regulation) Act, 1952
- 3.9 The Indian Contract Act, 1872
- 3.10 The Indian Partnership Act, 1932
- 3.11 The Limited Liability Partnership Act, 2008

Chapter 4: Consumer Grievances Redressal

Learning Objectives

- 4-1 Understand consumer grievances redressal under various regulators
- 4-2 Distinguish nuances of comprehensive consumer empowerment in the digital era

Topics

- 4.1 Redress in Banking – The Banking Ombudsman Scheme 2006 (amended July 1, 2017)
- 4.2 Investor Grievance Redress Mechanism – SEBI Complaints Redress System (SCORES) platform
- 4.3 Insurance Ombudsman Scheme
- 4.4 Stipendiary Ombudsman – PFRDA
- 4.5 The Consumer Protection Act, 2019 (new act)

Chapter 5: Other Acts, Statutes and Regulations Relevant to Financial Consumers

Learning Objectives

- 5-1 Understand other Acts, Statutes and Regulations impacting financial consumers

Topics

- 5.1 Right to Information Act, 2005 (RTI)
- 5.2 SEBI (Disclosure and Investor Protection) Guidelines, 2000 (DIP)
- 5.3 IRDAI (Protection of Policyholders' Interests) Regulations, 2017

Chapter 6: Regulation of Market Intermediaries in Financial Products

Learning Objectives

- 6-1 Compare regulations of market intermediaries in financial products

Topics

- 6.1 SEBI (Intermediaries) Regulations, 2008
- 6.2 SEBI (Investment Advisers) Regulations, 2013
- 6.3 SEBI (Self-Regulatory Organizations) Regulations, 2004
- 6.4 PFRDA (Retirement Adviser) Regulations, 2016
- 6.5 PFRDA (Point of Presence) Regulations, 2015
- 6.6 IRDA (Licensing of Insurance Agents) Regulations, 2000