

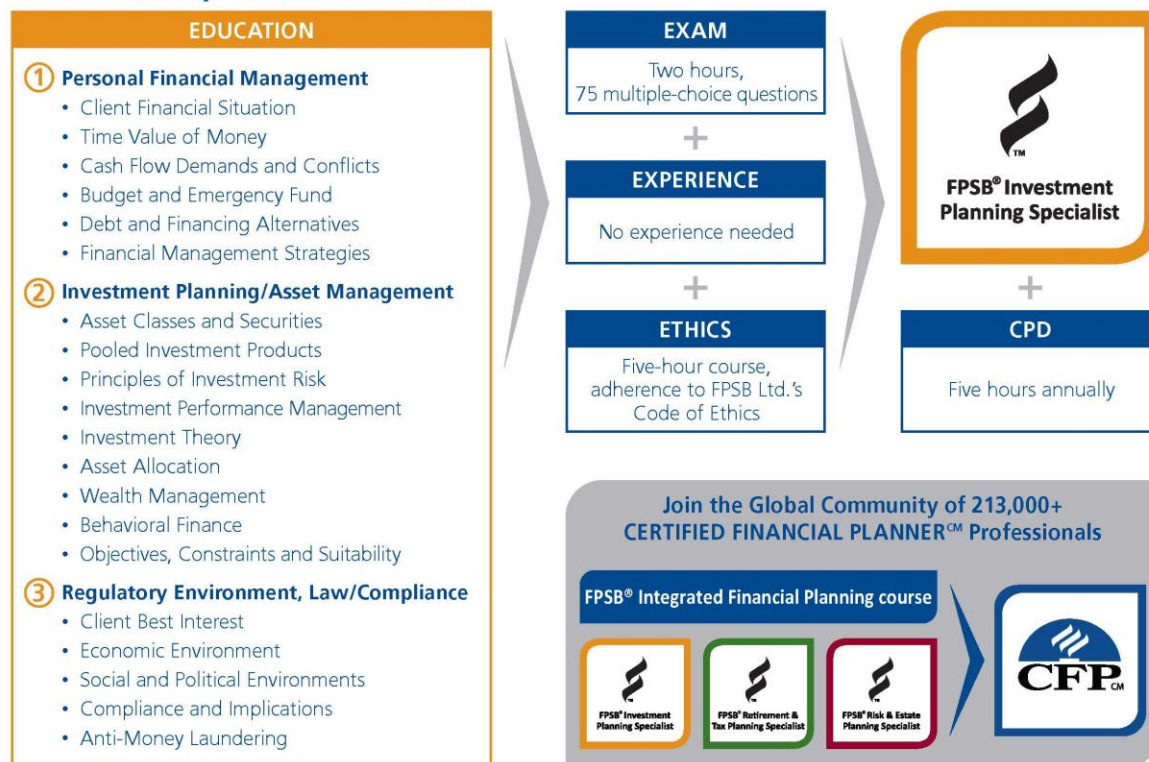
**FPSB<sup>®</sup> Investment Planning Specialist**  
***Guide***



Are you ready for a world-class learning experience brought to you by Financial Planning Standards Board Ltd., the standards-setting body for the global financial planning profession? Taken either online or with an instructor, FPSB Ltd.'s investment planning course prepares you to develop strategies to optimize your clients' investments considering their risk profile, financial capacity and constraints.

The course teaches you about different types of securities, investment theory and practice, portfolio construction and management, investment strategies and tactics, and securities laws and regulatory compliance. To be recognized by employers, clients and the public for your knowledge and competency in investment planning, complete the roadmap below to obtain FPSB® Investment Planning Specialist certification in India.

## The Roadmap to Certification




Financial Planning Standards Board Ltd. owns the CFP™, CERTIFIED FINANCIAL PLANNER™, CFP®, CFP® and FPSB™ marks in India, and permits qualified individuals to use these marks in India to indicate that they have met FPSB's initial and ongoing certification requirements.

Learn more at [india.fpsb.org](http://india.fpsb.org)

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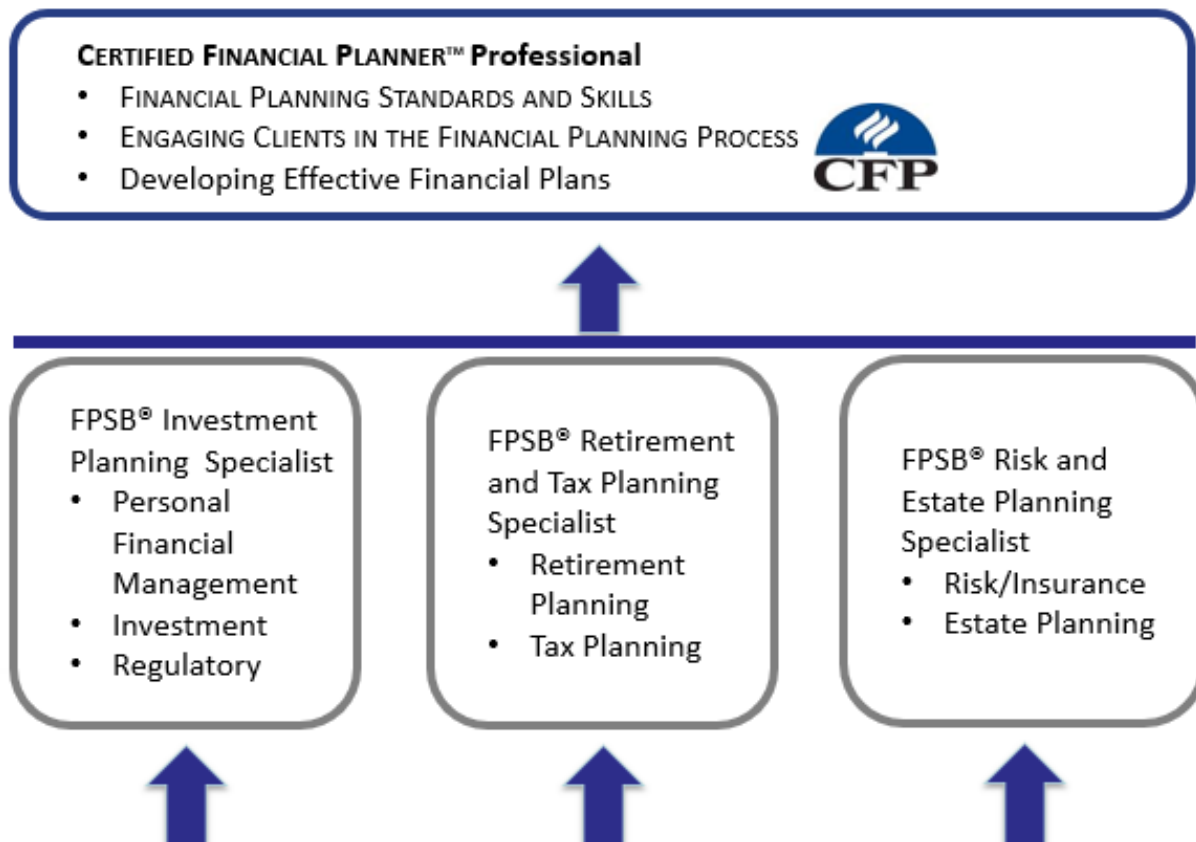
## About FPSB Ltd. and FPSB Programs in India

Financial Planning Standards Board Ltd. (FPSB) is the global standards setting body for financial planning and owner of the CFP<sup>CM</sup>, CERTIFIED FINANCIAL PLANNER<sup>CM</sup> and  marks outside the United States. FPSB is proud to offer FPSB's Investment Planning Specialist program, one of three pathway courses to CFP certification in India:

- FPSB® Investment Planning Specialist
- FPSB® Risk and Estate Planning Specialist
- FPSB® Retirement and Tax Planning Specialist

Each certification carries its own stand-alone coursework, exam and credential. Importantly the coursework required for FPSB's pathway certifications also fulfills part of the required education for CFP<sup>CM</sup> certification in India.

Interested professionals can begin their journey toward CFP certification by registering with FPSB to begin the coursework for any of the three pathway certifications (in any order). This guide will focus on the **FPSB Investment Planning Specialist** certification.



For more information about FPSB and its certification programs in India, please visit [www.india.fpsb.org](http://www.india.fpsb.org).

## FPSB® Investment Planning Specialist Overview

### Take Your Career to the Next Level

Whether taken online or with an instructor, the FPSB® Investment Planning Specialist course explains the process for developing strategies and techniques to optimize a clients' investments in light of their risk profile, financial capacity and constraints. The course is designed to help you understand the different types of securities, investment theory and practice, portfolio construction and management, investment strategies and tactics, securities laws and regulatory compliance.

### Steps to Initial Certification

The requirements for FPSB Investment Planning Specialist certification are as follows:

1. Successfully complete the FPSB Ltd. **Ethics** Course.
2. Successfully complete FPSB's **education** modules for:
  - Personal Financial Management
  - Investment Planning and Asset Management
  - Regulatory Environment, Law and Compliance
3. Pass the FPSB Investment Planning Specialist **exam**, which aligns to the topics identified in the FPSB Investment Planning Specialist Competency Profile (Appendix A).
4. Complete your **certification application**, which includes your agreement to comply with FPSB Ltd.'s Code of Ethics and payment of an annual certification fee.

#### Step 1: Education

FPSB Investment Planning Specialist			
1) Education	2) Exam	3) Ethics	4) Certification Application
3 Education Modes -Self-Paced Learning -Instructor-led Learning	Topics -Personal Financial Management -Regulations -Investments  2 hour 75 multiple choice questions	FPSB Online Ethics Course	Application for certification  Agreement to abide by FPSB Code of Ethics

### Criteria to Register

Candidates who are at least age 18 and have completed HSC/12th pass (Std XII/HSC) may register with FPSB and begin the FPSB Investment Planning Specialist education course. (Please also see Q#21 of Appendix D: Frequently Asked Questions). FPSB Registration should be at least 30 days prior to Exam Registration.

### Period for Course Completion

Individuals must complete the FPSB Investment Planning Specialist certification program within three years of first registering with FPSB Ltd. and must renew their registration on an annual basis. After three years in the system, FPSB Ltd. will consider the registration invalid.

Candidates should consider the feasibility of completing the program in this timeline before registering.

Module	Name and Description
<b>Personal Financial Management</b>	The Personal Financial Management module provides an overview of how to evaluate and collect client information. Candidates will learn how to evaluate investment strategy options and develop financial management strategies based on a client's unique situation. Candidates will learn how to develop an implementation plan that will provide the client an opportunity to meet his or her financial management goals and objectives.
<b>Investment Planning and Asset Management</b>	The Investment Planning and Asset Management module provides an overview of global and local economic institutions and other factors, such as the stock exchange, asset classes and securities, that impact investment planning as well as principles of investment risk. Candidates will learn various methods of computing expected returns from stocks, bonds and integrated portfolios, including investment risk and valuation ratios. Through this module, Candidates will become familiar with the concepts of buying and selling securities, pooled investment products and behavioral finance, and learn how to interview clients to develop a personal risk profile.
<b>Regulatory Environment, Compliance and Law</b>	The Regulatory Environment module provides an overview of key foundational legislation and regulations. Through this module Candidates will become familiar with various regulatory bodies and varying economic, social and political environments. Other fundamental topics covered in the module include anti-money laundering and behavioral finance.

### FPSB Ltd. Educational Resources

FPSB Ltd. will provide program participants with digital textbooks, supplemental post-chapter practice quizzes, post-module exams and supplemental course materials through its online learning portal, *MyFPSBlearning*. All FPSB Ltd. education materials are aligned to the FPSB Investment Planning Specialist learning objectives described in Appendix A. All Candidates, regardless of education mode, are required to purchase these materials.

<b>Global Modules/Chapters</b>		
<b>Personal Financial Management</b>	<b>Investment Planning and Asset Management</b>	<b>Regulatory Environment, Law and Compliance</b>
1.1 Personal Financial Situation	2.1 Asset Classes and Securities	3.1 Introduction to the Regulatory Environment
1.2 Time Value of Money	2.2 Pooled Investment Products	3.2 Legislated “Client Best Interest” Requirement
1.3 Cash Flow Demands and Conflicts	2.3 Principles of Investment Risk	3.3 Economic Environment and Financial Advice
1.4 Budget and Emergency Funds	2.4 Investment Performance Management	3.4 Social and Political Environments
1.5 Debt and Financing Alternatives	2.5 Investment Theory	3.5 Compliance and Implications
1.6 Financial Management Strategies	2.6 Asset Allocation	3.6 Anti-Money Laundering
	2.7 Wealth Management	
	2.8 Behavioral Finance	
	2.9 Investment Objectives, Constraints and Suitability	

<b>India Specific Modules/Chapters</b>		
<b>Personal Financial Management</b>	<b>Investment Planning and Asset Management</b>	<b>Regulatory Environment, Law and Compliance</b>
1.1 Cash Management/ Liquid Investment Products in India	2.1 Indian Financial Markets	3.1 Regulatory System and Environment
1.2 Sources of Personal Credit/Debt in India	2.2 The Investment Landscape	3.2 Role of Regulators
1.3 Credit/Debt Management	2.3 Investing in Capital Markets, Operational Aspects and Investment Products	3.3 Acts Relevant to Corporate Entities, Securities and External Trade
	2.4 Small Savings Schemes and Instruments with Sovereign Guarantee	3.4 Consumer Grievances Redressal



	2.5 Investing in Fixed Income Securities	3.5 Other Acts, Statutes and Regulations Relevant to Financial Consumers
	2.6 Evaluation of Ecosystem and Client Sensitivity in Managing Situations	3.6 Regulation of Market Intermediaries in Financial Products
	2.7 Financial Advisory and Financial Planning	

## Education

Candidates may complete the FPSB Investment Planning Specialist education requirement and become eligible to sit for the certification exam in one of three ways:

### 1. Self-Paced Education

Candidates who register with FPSB and select “Self-Paced Learning” will receive a password for FPSB’s online learning portal, MyFPSB/learning, where they can read and interact with FPSB’s various learning materials at their own speed and test their knowledge with quizzes and module tests to validate their learning experience. The self-paced education path may be most appealing to experienced investment professionals or self-starters who enjoy studying on their own schedule.

\*Self-paced learners who do not pass all FPSB Investment Planning Specialist module exams after the two attempts will be asked to pursue the instructor-led path by enrolling with an Authorized Education Provider (AEP).

### 2. Instructor-Led Education

Candidates who want an immersive educational experience with hands-on learning and access to an FPSB Authorized Education Provider should register for “Instructor-Led Learning” when signing up with FPSB. FPSB Authorized Education Providers offer both classroom and online education experiences. When registering with FPSB, individuals who sign up for instructor-led education will be asked to select from amongst FPSB’s authorized providers, which are also listed on the [FPSB Ltd. website](#).

Candidates who opt for FPSB’s instructor-led education can expect to receive the below teaching hours per module.

FPSB Investment Planning Specialist Modules	Estimated Teaching Hours
Personal Financial Management	10
Investment Planning and Asset Management	40
Regulatory Environment, Law and Compliance	10
Minimum Hours of Education	60



## Step 2. Exam

FPSB Investment Planning Specialist			
1) Education	2) Exam	3) Ethics	4) Certification Application
<p>3 Education Modes</p> <ul style="list-style-type: none"> <li>-Self-Paced Learning</li> <li>-Instructor-led Learning</li> </ul>	<p>Topics</p> <ul style="list-style-type: none"> <li>-Personal Financial Management</li> <li>-Regulation</li> <li>-Investments</li> </ul> <p>2 hour 75 multiple choice questions</p>	<p>FPSB Online Ethics Course</p>	<p>Application for certification</p> <p>Agreement to abide by FPSB Code of Ethics</p>

Upon successful completion of the FPSB Investment Planning Specialist education requirement, whether through an FPSB instructor-led or self-paced education course, candidates will be able to sit for the FPSB Investment Planning Specialist exam.

The exam assesses the level of knowledge, skill and ability needed to earn the FPSB Investment Planning Specialist credential, including the functions of collection, analysis and synthesis (detailed further below). Each question on the exam focuses primarily on a specific element of competency from the FPSB Investment Planning Specialist Competency Profile (Appendix A), and may require integration across several competencies.

### Exam Overview

- 75 multiple-choice questions (4 possible answer choices), of which a minimum of 65 questions are potentially scored and up to 10 questions are used to develop future exams.
- Computer-based testing format
- Duration - two hours
- Financial calculators permitted (data must be erased)
- There will be two possible marks: correct, with points allotted; or incorrect, for zero points. Candidates will not have points deducted (referred to as 'negative marking')

### Exam Scoring

- The passing point on the FPSB® Investment Planning Specialist exam is set to a level that is what is required for competent practice. Once set, future exams are equated to this same level so that candidates who take the exam one month have the same opportunity to demonstrate their abilities as candidates who take the exam a different month. The level of ability is what is consistent. This means that even if one exam is harder than another, the equating process gives every candidate the same opportunity to pass.

## Areas of Practice

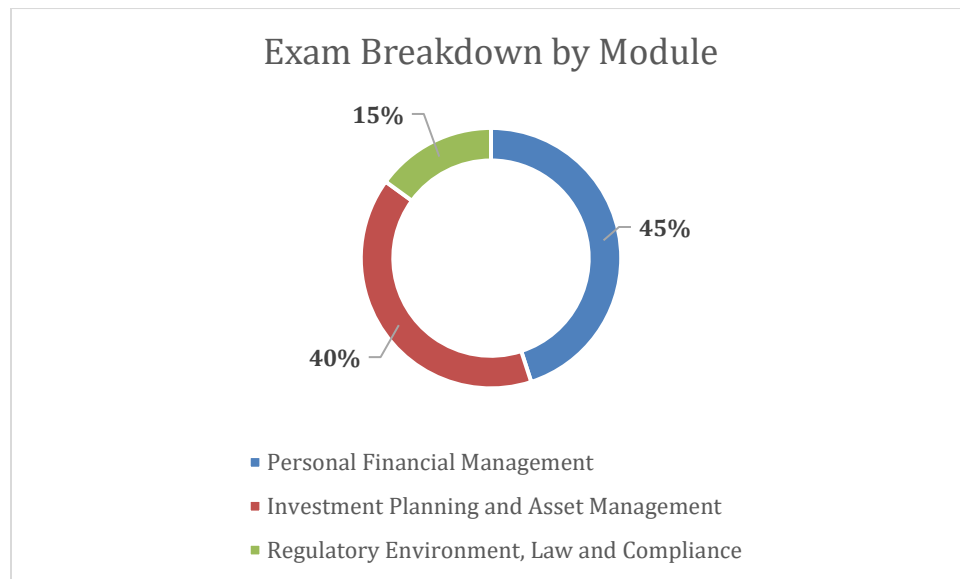
The exam will test the following areas of practice, which are also described to in more detail in the FPSB Investment Planning Specialist Competency Profile (Appendix A).

<b>FPSB Investment Planning Specialist Global Areas of Practice</b>		
<b>Personal Financial Management</b>	<b>Investment Planning and Asset Management</b>	<b>Regulatory Environment, Law and Compliance</b>
Personal Financial Situation	Investment Objectives, Constraints and Suitability	Introduction to the Regulatory Environment
Cash Flow Demands and Conflicts	Asset Classes and Securities	Legislated 'Client Best Interest' Requirement
Budget and Emergency Funds	Pooled Investment Products	Economic Environment and Financial Advice
Debt and Financing Alternatives	Principles of Investment Risk	Social and Political Environments
Financial Management Strategies	Investment Performance Management	Compliance and Implications
Time Value of Money	Investment Theory	Anti-Money Laundering
	Asset Allocation	
	Wealth Management	
	Behavioral Finance	

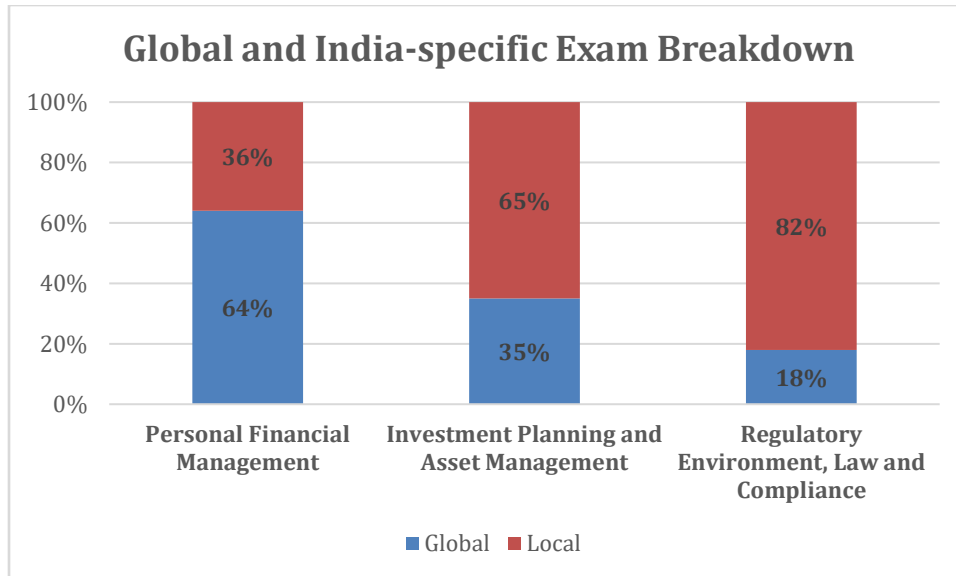
<b>FPSB Investment Planning Specialist India Specific Areas of Practice</b>		
<b>Personal Financial Management</b>	<b>Investment Planning and Asset Management</b>	<b>Regulatory Environment, Law and Compliance</b>
Cash Management/ Liquid Investment Products in India	Indian Financial Markets	Regulatory System and Environment
Sources of Personal Credit/Debt in India	The Investment Landscape	Role of Regulators
Credit/Debt Management	Investing in Capital Markets, Operational Aspects and Investment Products	Acts Relevant to Corporate Entities, Securities and External Trade

	Small Savings Schemes and Instruments with Sovereign Guarantee	Consumer Grievances Redressal
	Investing in Fixed Income Securities	Other Acts, Statutes and Regulations Relevant to Financial Consumers
	Evaluation of Ecosystem and Client Sensitivity in Managing Situations	Regulation of Market Intermediaries in Financial Products
	Financial Advisory and Financial Planning	

The FPSB Investment Planning Specialist exam will test the knowledge, skills and abilities from the FPSB Investment Planning specialist education modules in the below proportions. However, there will not be specific sections allocated to the modules. Instead, questions relating to each module will appear in no specific order throughout the exam.

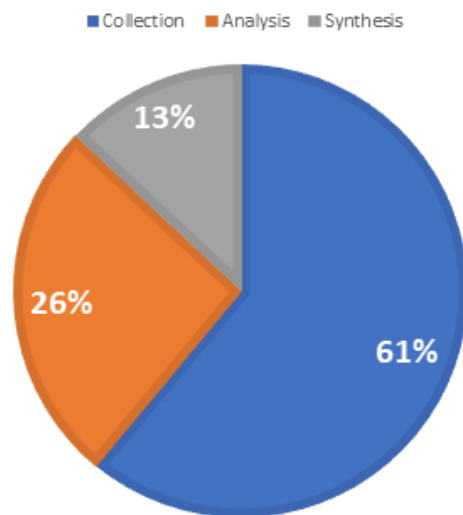


Likewise, although the FPSB Investment Planning Specialist textbooks draw a distinction between “global” and “India-specific” education content, exam questions will not be specifically identified as such, and will appear in no specific order throughout the exam.



### Difficulty Levels

The FPSB Investment Planning Specialist certification exam is designed to assess knowledge, skills and abilities in the areas of collection, analysis and synthesis in approximately the following proportions:



<p><b>Collection:</b> gathering information and identifying related facts by making required calculations and arranging client</p>	<p><b>Analysis:</b> considers issues, performs financial analysis and assesses the resulting information to be able to develop strategies</p>	<p><b>Synthesis:</b> integrates the information needed to develop and evaluate strategies to create an investment plan.</p>
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information for analysis. During the collection function, the core competency is to collect both the quantitative and qualitative information required to provide investment advice.	for the client. This includes: (1) considering potential opportunities and constraints in developing strategies, and (2) assessing information to develop strategies.	
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### **Appeal Process**

Candidates may choose to appeal the results of an exam by submitting a request at <https://india.fpsb.org/product/india-cfp-exam-evaluation/>.

Once submitted, exam results will be reviewed in detail and the Candidate will receive additional determination information. Any appeal must be received no later than 30 days from the intimation of the exam result in LMS or through email. The decision after the appeal is completed will be considered final.

### Step 3. Ethics

FPSB Investment Planning Specialist			
1) Education	2) Exam	3) Ethics	4) Certification Application
<p>3 Education Modes</p> <ul style="list-style-type: none"> <li>-Self-Paced Learning</li> <li>-Instructor-led Learning</li> </ul>	<p>Topics</p> <ul style="list-style-type: none"> <li>-Personal Financial Management</li> <li>-Regulation</li> <li>-Investments</li> </ul> <p>2 hour 75 multiple choice questions</p>	FPSB Online Ethics Course	<p>Application for certification</p> <p>Agreement to abide by FPSB Code of Ethics</p>

FPSB requires all individuals to successfully complete the FPSB Ethics course soon after they register in the Investment Planning Specialist course. This course is included with the purchase of the course material. Passing the Ethics course and abiding by Code of Ethics is a prerequisite for holding the Investment Planning Specialist certification. It is required to be passed only once for holding one or more Specialist certifications and CFP<sup>CM</sup> certification. The FPSB Ethics course is conducted online in MyFPSBlearning. The interactive FPSB Ethics Course consists of recorded instruction that can be taken in one or multiple sittings with knowledge checks throughout. *Once completed, the FPSB Ethics Course is valid for all FPSB Ltd. certifications offered in India.*

#### Ethics Attestation

After candidates have passed the FPSB Ethic Course, they must, as part of the FPSB Investment Planning Specialist certification process, attest and agree to abide by the FPSB Code of Ethics.

Introduction	Codes of Ethics
<p><u>Learning Objectives</u></p> <ul style="list-style-type: none"> <li>● Explain why financial services professionals should study ethics</li> <li>● Describe the difference between values and principles</li> <li>● Describe the relationship between ethics and the law</li> <li>● Describe a financial services professional</li> <li>● Identify characteristics of a professional</li> <li>● Evaluate the public perception of the financial services profession</li> </ul>	<p><u>Learning Objectives</u></p> <ul style="list-style-type: none"> <li>● Identify the purposes of codes of ethics</li> <li>● Distinguish between the reasonable person standard and the professional practice standard</li> <li>● Identify the eight principles of FPSB's Code of Ethics</li> <li>● Apply the principles of FPSB's Code of Ethics to various case studies and examples</li> <li>● Construct a personal code of ethics</li> </ul>

<p><u>Knowledge Items</u></p> <ul style="list-style-type: none"><li>● Why financial services professionals should study ethics</li><li>● The difference between values and principles</li><li>● Ethics and the law</li><li>● Characteristics of a financial services professional</li><li>● Public perception of the financial services profession</li></ul>	<p><u>Knowledge Items</u></p> <ul style="list-style-type: none"><li>● The purpose of a code of ethics</li><li>● Business conduct standards</li><li>● Reasonable person standard</li><li>● Professional practice standard</li><li>● Eight principles of FPSB's Code of Ethics</li><li>● Personal code of ethics</li></ul>
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## Step 4. Initial and Ongoing Certification

FPSB Investment Planning Specialist			
1) Education	2) Exam	3) Ethics	4) Certification Application
<p>3 Education Modes</p> <ul style="list-style-type: none"> <li>-Self-Paced Learning</li> <li>-Instructor-led Learning</li> </ul>	<p>Topics</p> <ul style="list-style-type: none"> <li>-Personal Financial Management</li> <li>-Regulation</li> <li>-Investments</li> </ul> <p>2 hour 75 multiple choice questions</p>	<p>FPSB Online Ethics Course</p>	<p>Application for certification</p> <p>Agreement to abide by FPSB Code of Ethics</p>

### Ongoing FPSB Investment Planning Specialist Certification Requirements

To maintain the right to use the FPSB Investment Planning Specialist credential, certification holders must maintain their professional skills, knowledge, and abilities through ongoing learning activities.

FPSB Ltd. requires FPSB Investment Planning Specialists to renew their certification annually. To remain certified as an FPSB Investment Planning Specialist certification holders must:

- ✓ Commit to adhere to FPSB Ltd.'s Code of Ethics and any applicable laws and regulations.
- ✓ Obtain at least five Continuing Professional Development (CPD) hours/points. All points must be completed before applying for renewal of certification. At least two CPD hours/points need to directly relate to FPSB Ltd.'s Code of Ethics.

### FPSB Coursework as Continuing Professional Development

FPSB Investment Planning Specialists who pursue other Specialist courses are considered to have met their annual CPD requirement through the coursework for FPSB's other certifications – as proven by registration in the *FPSB Risk and Estate Planning Specialist*, *FPSB Retirement and Tax Planning Specialist*, or CFP<sup>CM</sup> certification programs.

### Using your Badge and Certification Name Correctly

FPSB will post guidance on how to correctly identify yourself as an FPSB Investment Planning Specialist. All certification holders will be required to abide by the guidance as part of the FPSB Code of Ethics.

## Appendix A. FPSB Investment Planning Specialist Competency Profile

### Module IA. 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: Cash Flow Demands and Conflicts

##### Learning Objectives

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

##### Knowledge Items

- 2.1 Cash flow statement
- 2.2 Conflicting demands

#### Chapter 3: Budget and Emergency Fund

##### Learning Objectives

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

##### Knowledge Items

- 3.1 Budget creation and evaluation
  - 3.1.1 Special needs and goals
- 3.2 Types of budgets
  - 3.2.1 Financial ratios
- 3.3 Emergency fund and funding vehicles
- 3.4 Building cash reserves
- 3.5 Income generation

#### Chapter 4: Debt and Financing Alternatives

##### Learning Objectives

- 4-1 Evaluate the implications of a client's attitude toward debt
- 4-2 Identify types of credit

#### 4-3 Analyze financing alternatives

##### Knowledge Items

- 4.1 Credit use and potential problems
- 4.2 Mortgages and other installment loans
- 4.3 Revolving credit
- 4.4 Leasing versus buying

### **Chapter 5: Financial Management Strategies**

##### Learning Objectives

- 5-1 Determine potential financial management strategies for a client
- 5-2 Identify the advantages and disadvantages of financial management strategies
- 5-3 Optimize financial management strategies to make recommendations
- 5-4 Prioritize action steps to assist a client in implementing financial management strategies

##### Knowledge Items

- 5.1 Developing and optimizing financial management strategies
- 5.2 Implementing financial management strategies with a client

### **Chapter 6: Time Value of Money**

##### Learning Objectives

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

##### Knowledge Items

- 6.1 Time value of money (TMV) concepts and assumptions
  - 6.1.1 Solving time value of money problems
- 6.2 Basic time value of money calculations
  - 6.2.1 Capitalization of a number
  - 6.2.2 Present value of a single sum
  - 6.2.3 Future value of a single sum
  - 6.2.4 Number of compounding periods and interest rate per compounding period
  - 6.2.5 Present value of an annuity
  - 6.2.6 Future value of an annuity
  - 6.2.7 Periodic payment or receipt
- 6.3 Intermediate time value of money calculations
  - 6.3.1 Inflation and serial payments
  - 6.3.2 Present value of an annuity due (PVAD) of a serial payment
  - 6.3.3 Serial payment for a future sum
- 6.4 Advanced time value of money calculations
  - 6.4.1 Internal rate of return with unequal cash flows
  - 6.4.2 Net present value calculation with unequal cash flow

## Module IB. 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 CIBIL<sup>1</sup> 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.

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

### 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 MIBOR<sup>2</sup>, MCLR<sup>3</sup> 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

## Module IIA. 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)

#### 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

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<sup>2</sup> Mumbai Interbank Offered Rate

<sup>3</sup> Marginal Cost of Funds based Lending Rate

- 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
  - 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

.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

## Module IIB. 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. Market Infrastructure Institutions
  - 1.2.1. Reserve Bank of India – The Central Bank
  - 1.2.2. Securities and Exchange Board of India
- 1.3. Structure of Financial Market in India
  - 1.3.1. Money Markets
  - 1.3.2. The Securities Markets – Structure and Key players
    - Securities and Types of Securities
    - Types of Securities Markets
    - Key Players in Securities Markets
    - Role of Participants in Securities markets
  - 1.3.3. Primary Market
    - Functions of Primary Market
    - Intermediaries in Primary Market
    - Investment Banks, Lead Managers and Registrars
    - Types of Issues - Public and Preferential (IPO, FPO, Rights, Bonus)
    - Types of Placements - Equity and Debt (Private Placement, QIP)
    - Public Issue of Debt Securities
    - Pricing of a Public Issues of shares - Regulatory Norms
  - 1.3.4. Secondary Market
    - Functions of Secondary Market
    - Exchange Infrastructure
    - Clearing and Settlement
    - Clearing Corporation, Clearing Members and Clearing Bank
    - Custodian
    - Depositories and Depository Participants
    - Stockbrokers and Traders
    - Credit Rating Agencies and Credit Bureaus
    - Registrar and Transfer Agents
    - KYC Registration Agencies
    - Major Stock Exchanges - Stock Indices - Basis and Composition
    - Market information - Capitalization, Turnover and Total Return Index

### Chapter 2: The Investment Landscape

#### Learning Objectives

2-1 Explain varying markets and key players

2-2 Distinguish the investment landscape

### Topics

2.1 Categories of Issuers

2.1.1 Central and State Governments

2.1.2 Private Sector Companies

2.1.3 Banks, NBFCs and Financial institutions

2.2 Mutual Funds

2.3 REITs and InvITs

2.4 Alternative Investment Funds (AIFs)

2.5 Equity Markets

2.5.1 Role played by different investors in the market (Retail, HNWIs, DIIs, FPIs)

2.5.2 Shareholding Pattern – What does it indicate?

2.5.3 Investment in Equity - Shareholders' Rights

2.6 Equity Derivatives Market – Indicators and Pricing Mechanism

2.6.1 Futures and Options

2.6.2 Costs, Benefits and Risk of Derivatives

2.6.3 Index Futures vs Index Options vs Index Funds

2.7 Debt Markets

2.7.1 Depth of Debt Markets and Key Players

2.7.2 Types of Debt and Fixed Income Instruments

2.7.3 Trading in Various Debt Products

2.8 Commodities Markets

2.8.1 Structure, Exchanges and Regulation

2.8.2 Commodities Futures and their Settlement Mechanism

2.9 Foreign Exchange Markets

2.9.1 Structure, Functions and Regulation

2.9.2 Pricing of Forwards & Futures and Interest Rate Swaps

2.9.3 Concept of Interest Rate Parity

2.10 Real Estate, Gold and Collectibles

2.10.1 Forms of Realty – Land, Residential and Commercial

Real Estate vs REITs

REITs vs InvITs

2.10.2 Precious Metals - Gold

Physical Gold vs. Gold Funds vs. Sovereign Gold Bonds vs Gold ETFs

Gold Futures vs Gold ETFs - Time Horizon, Cost and Risks

2.10.3 Art, Antiquities and Collectibles

## **Chapter 3: Investing in Capital Markets, Operational Aspects and Investment Products**

### Learning Objectives

3-1 Identify the needs and objectives of your clients and their specific category



- 3-2 Understand operational aspects of securities investments and norms 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

## Topics

### 3.1 Operational Aspect

- 3.1.1 Know Your Client (KYC) and FATCA requirement
- 3.1.2 Investor types and the On-boarding process
- 3.1.3 Processes in the Account opening of Non-Resident Investors (NRIs)
- 3.1.4 Various Investment Products and Vehicles
- 3.1.5 Ramifications of PMLA and FEMA
- 3.1.6 Limits on Demat account
- 3.1.7 Use of Power of Attorney and other Agreements

### 3.2 Operational aspects of managing account folios

- 3.2.1 Nominations, Addition/deletion of name or bank account
- 3.2.2 Consolidation, transmission and Lien
- 3.2.3 Changes in investor status - NRI to RI, RI to NRI
- 3.2.4 Change in Nomination for NRIs
- 3.2.5 Mandate of a Bank Account

### 3.3 Payment instruments - Transformation to Digital Payments

- 3.3.1 Role of digital payments in prevention of money laundering and frauds

### 3.4 Corporate Actions

- 3.4.1 Dividends, Stock Split, Bonus and Rights issues
- 3.4.2 Buy-back, Delisting of Shares, Mergers & Acquisitions

### 3.5 Direct Investing

### 3.6 Risk Management Systems in the Secondary Market

- 3.6.1 Capital Adequacy Norms
- 3.6.2 Margins and Settlement Guarantee Mechanism
- 3.6.3 Price-monitoring, Price Bands and Circuit Breakers
- 3.6.4 Online Monitoring and Inspection of books

### 3.7 Mutual Funds

- 3.7.1 Regulatory Framework
- 3.7.2 Process, Features and Benefits
- 3.7.3 Net Asset Value and Investment Options
- 3.7.4 Mutual Fund Products
- 3.7.5 Time, Value and Event-based Triggers
- 3.7.6 SIP and SWP
- 3.7.7 Direct and Regular Plans - Investment Advisors' Role
- 3.7.8 Investing in Mutual Funds through Stock Exchange Platforms
- 3.7.9 Use of platform by Investment Adviser and Transaction Feeds
- 3.7.10 Taxation Aspect and Basis of Redemption
- 3.7.11 Investor's rights to various disclosures under Mutual Fund schemes

### 3.8 Portfolio Management Schemes (PMS)

- 3.8.1 Registration requirement of Portfolio Manager
- 3.8.2 Responsibilities of Portfolio Manager
- 3.8.3 Various Costs - Fixed, Performance based, High Watermark, Hurdle, Catch-up
- 3.8.4 Direct access vs Regular plans, optimization by Investment Advisers
- 3.8.5 Performance disclosure requirement
- 3.9 Alternative Investment Funds
  - 3.9.1 Role of Alternative Investment in Portfolio Management
  - 3.9.2 Categories of AIFs
  - 3.9.3 Evolution and Growth of AIFs in India
  - 3.9.4 Suitability and Enablers for AIF Products in India
  - 3.9.5 Current AIF Market Status
  - 3.9.6 SEBI Requirements on performance disclosure
- 3.10 Distressed Securities
  - 3.10.1 Investment Characteristics
  - 3.10.2 Role in Investors' Portfolio

## **Chapter 4 - Small Savings Schemes and Instruments with Sovereign Guarantee**

### Learning Objectives

- 4-1 Understand the features of various Government sponsored schemes for the general public
- 4-2 Differentiate the factors that make these schemes viable to certain investor profile
- 4-3 Identify specific goals of general public that are fulfilled by small savings schemes

- 4.1 Public Provident Fund (PPF)
- 4.2 National Savings Certificates (NSC)
- 4.3 Kisan Vikas Patra (KVP)
- 4.4 Post Office Monthly Income Scheme (POMIS)
- 4.5 Senior Citizens Savings Scheme (SCSS)
- 4.6 Sukanya Samridhi Yojana
- 4.7 Sovereign Gold Bonds (SGBs)

## **Chapter 5: Investing in Fixed Income Securities**

### Learning Objectives

- 5-1 Understand the ecosystem of fixed-income investments and the role of debt markets to finance Government and the Corporate
- 5-2 Understand demand side and supply side players in debt market and the typical debt instruments
- 5-3 Attribute the performance of various debt instruments in client portfolios

## Topics

### 5.1 Role of Debt markets in India in financing Government and the Corporate

- 5.1.1 Bond market ecosystem in India
- 5.1.2 Role of the Debt Market
- 5.1.3 Resources raised by Borrowers
- 5.1.4 Perspectives on Mobilization

### 5.2 Government Debt Market

- 5.2.1 Types of Instruments
  - Government Securities
  - Treasury Bills
  - Cash Management Bills
  - Sub-types of Government Securities
  - State Development Loans
  - Demand and Supply side Players and Intermediaries
  - Corporate bonds

### 5.3 Corporate Debt Market

- 5.3.1 Key Demand and Supply Side Players
  - Company Deposits
  - Bonds and Debentures
  - Infrastructure Bonds
  - Inflation-indexed Bonds
  - Zero-coupon Bonds and Deep Discount Bonds
  - Tax-free Bonds
  - Masala Bonds and FCCBs
  - Convertible Bonds
  - Pass Through Certificates and Security Receipts

#### 5.3.2 Intermediation

### 5.4 Attribute Portfolio Performance and Evaluate Investment Alternatives

- 5.4.1 Debt Instruments vs. Debt Funds
- 5.4.2 Bank Fixed Deposit vs. Fixed Maturity Plans
- 5.4.3 Open ended debt funds vs. FMPs
- 5.4.4 Company deposits vs debentures

## **Chapter 6: Evaluation of Ecosystem and Client Sensitivity in Managing Situations**

### Learning Objectives

- 6-1 Understand some practical aspects of client sensitivities to risk and their peculiar behaviour to be so addressed for decision-making
- 6-2 Know about the benchmarking of portfolios and their analysis
- 6-3 Evaluate various parameters relevant to portfolio construction to address market risk and other risks
- 6-4 Understand aspects of stock analysis and various valuation methods and uses, nuances of research

## Topics

- 6.1 Client Sensitivities - Some Practical Aspects
  - 6.1.1 Understanding Clients - Risk Averse and Risk Seeking
  - 6.1.2 Risk Tolerance Questionnaires - Impact of Framing
  - 6.1.3 Dilution in Risk Management due to Overconfidence (Adviser/Client)
- 6.2 Goal setting and Emotions
  - 6.2.1 Retail Therapy - Emotional Spending to Escape Stress
  - 6.2.2 Understanding and Addressing Home Country Bias in Investing
  - 6.2.3 Optimizing Diversification and Portfolio Turnover
  - 6.2.4 Tendency of Chasing Past Performance
- 6.3 Decision-making by Clients
  - 6.3.1 Bounded Rationality
  - 6.3.2 Prospect Theory
- 6.4 Benchmarking and Peer Group Analysis
  - 6.4.1 Characteristics of Indices for Benchmarking and Errors
  - 6.4.2 Customized Benchmark
  - 6.4.3 Managers' Universe Analysis
- 6.5 Performance attribution analysis
  - 6.5.1 Assets and Sector Allocation
  - 6.5.2 Selection, Market-timing versus Selectivity and Net Selectivity
  - 6.5.3 Local currency versus foreign currency denominated investment return
- 6.6 Address few critical risks to Investing in Equities
  - 6.6.1 Market Risk
  - 6.6.2 Risks specific to Sectors and Individual Companies
  - 6.6.3 Transactional Risk and Liquidity Risk
- 6.7 Stock Analysis process
  - 6.7.1 Sector Classification and Sectoral Rotation
  - 6.7.2 Buy-side Research versus Sell-side Research
  - 6.7.3 Fundamental Analysis - DCF and other Valuation Driven Models
  - 6.7.4 Relative Valuation in Market Driven Models
    - EVA and MVA; EV/EBITDA Ratio; EV/Sales Ratio
    - Dividend Yield and Earning Yield
    - Industry/Sector Specific Valuation Matrices
    - Combining relative valuation and discounted cash flow models
- 6.8 Advantages of Technical Analysis
  - 6.8.1 Fixed-income Securities and Technical Analysis
- 6.9 Fusion Investing
- 6.10 Diversification of Risk - Equity/Other Assets - Cross Sectional vs. Time Series
- 6.11 Qualitative Evaluation of Stocks - Corporate Governance Aspect
- 6.12 Sources of Performance Data - Mandated by the Regulator and Industry

## Chapter 7: Financial Advisory and Financial Planning

### Learning Objectives

- 7-1 Illustrate the need for financial advisory services
- 7-2 Determine the financial position of clients
- 7-3 Assess insurance needs and requirements
- 7-4 Construct the retirement planning process
- 7-5 Analyze tax efficiencies
- 7-6 Understand estate planning

### Topics

- 7.1 Need for Financial Advisory Services
  - 7.1.1 Financial Advisory and Execution
  - 7.1.2 Scope of Financial Planning Services and Process
- 7.2 Evaluating the financial position of clients: Assets, Liabilities and Net worth
  - 7.2.1 Trade-off between Investing Money and Paying-off Loans
  - 7.2.2 Strategies to get rid of debt faster - Avalanche, Snowball, Blizzard
- 7.3 Analysis of Household Budget and Contingency Planning
- 7.4 Determination of Financial Goals of Investments/Assets and Strategies
- 7.5 Attribute Portfolio Performance and Evaluate Investment Alternatives
  - 7.5.1 Mutual Funds vs Portfolio Management Services (PMS) vs AIF
  - 7.5.2 Direct Equity vs. Equity Mutual Funds
  - 7.5.3 Actively Managed Equity Mutual Funds vs Index Funds
  - 7.5.4 ETFs versus Index Funds
  - 7.5.5 Mutual funds vs ULIP
  - 7.5.6 ELSS vs Other Tax Saving Instruments
- 7.6 Risk Management and Insurance
  - 7.6.1 Life Insurance Needs Analysis, Economic Value, Covering Future Income Stream
  - 7.6.2 Assets Coverage, Health and Mortgage Insurance, Liability Cover
  - 7.6.3 Evaluation of Alternative Strategies
    - Critical illness policy vs. Critical illness rider
    - Personal Accident insurance v/s Life insurance
- 7.7 Retirement planning
  - 7.7.1 Retirement Objectives: Living Expenses, Gifts/Bequest and Charity
  - 7.7.2 Assessment – Personal and Economic Indicators, Returns, Special Needs
  - 7.7.3 Analysis of Retirement Products: Provident Funds, NPS, Other Vehicles
  - 7.7.4 Retirement Funds, Pension/Annuities, Fixed and Liquid Assets, Other Income Sources
  - 7.7.5 Evaluation of Alternative Strategies
    - Market-linked Retirement Products (NPS, ELSS, MF, ULPP) vs EPF/PPF
- 7.8 Personal Tax Optimization, Tax incidence and Tax Efficiency
  - 7.8.1 Tax Compliances, Tax Incidence of Holding, Transfer and Liquidation of Assets
  - 7.8.2 Tax Efficiency of Investment Products and Other Transactions
  - 7.8.3 Tax induced distortions - Buying Life Insurance for Tax Saving

## 7.9 Estate Planning

- 7.9.1 Characteristics and efficiency of various Estate vehicles - Wills and Trusts
- 7.9.2 Tax Efficiency of Gifts, Transfers on Succession
- 7.9.3 Succession planning for Businesses: Family Office and Family Trust

## Module IIIA. 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

## Module IIIB. 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 Securities and Exchange Board of India Act, 1992
- 3.5 The Foreign Exchange Management Act, 1999
- 3.6 The Prevention of Money Laundering Act, 2002 (PMLA)
- 3.7 The Insolvency and Bankruptcy Code, 2016 (IBC)
- 3.8 Negotiable Instruments Act, 1883
- 3.9 The Forward Contracts Regulation Act, 1952
- 3.10 The Indian Contract Act, 1872
- 3.11 The Indian Partnership Act, 1932
- 3.12 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, 200

## Appendix B. FPSB Certification Code of Ethics (for all FPSB certifications)

### FPSB LTD. CODE OF ETHICS

Observing the highest ethical and professional standards allows professionals to serve the interests of clients and promote the profession for the benefit of society. As part of their commitment, professionals should provide appropriate disclosures and comply with ethical standards when delivering advice to clients. FPSB has incorporated ethical behavior and judgment, and compliance with ethical standards, into its global standards for professionals. To ensure these obligations are understood, FPSB incorporates ethical standards into its certification requirements.

FPSB's Code of Ethics Principles are statements expressing in general terms the ethical standards that professionals should adhere to in their professional activities. The comments following each Principle further explain the intent of the Principle. The Principles are aspirational and are intended to provide guidance for professionals on appropriate and acceptable professional behavior.

FPSB's Code of Ethics Principles reflect professionals' recognition of their responsibilities to clients, colleagues and employers. The Principles guide the performance and activities of anyone involved in the practice of advice; the concept and intent of these Principles are adapted and enforced on professionals by FPSB through rules of professional conduct.

#### Principle 1 – Client First

##### **Place the client's interests first.**

Placing the client's interests first is a hallmark of professionalism, requiring the specialist to act honestly and not place personal gain or advantage before the client's interests.

#### Principle 2 – Integrity

##### **Provide professional services with integrity.**

Integrity requires honesty and candor in all professional matters. Professionals are placed in positions of trust by clients, and the ultimate source of that trust is the specialist's personal integrity. Allowance can be made for legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles. Integrity requires the specialist to observe both the letter and the spirit of the Code of Ethics.

#### Principle 3 – Objectivity

##### **Provide professional services objectively.**

Objectivity requires intellectual honesty and impartiality. Regardless of the services delivered or the capacity in which a specialist functions, objectivity requires that professionals ensure the integrity of their work, manage conflicts of interest and exercise sound professional judgment.

#### Principle 4 – Fairness

##### **Be fair and reasonable in all professional relationships. Disclose and manage conflicts of interest.**

Fairness requires providing clients what they are due, owed or should expect from a professional relationship, and includes honesty and disclosure of material conflicts of interest. Fairness involves managing one's own feelings, prejudices and desires to achieve a proper balance of interests. Fairness is treating others in the same manner that you would want to be treated.

#### Principle 5 – Professionalism

##### **Act in a manner that demonstrates exemplary professional conduct.**

Professionalism requires behaving with dignity and showing respect and courtesy to clients, fellow professionals, and others in business-related activities, and complying with appropriate rules, regulations and professional requirements. Professionalism requires the specialist, individually and in cooperation with peers, to enhance and maintain the profession's public image and its ability to serve the public interest.

#### Principle 6 – Competence

##### **Maintain the abilities, skills and knowledge necessary to provide professional services competently.**

Competence requires obtaining and maintaining an adequate level of abilities, skills and knowledge in the provision of professional services. Competence also includes the wisdom to recognize one's own limitations and when consultation with other professionals is appropriate or referral to other professionals necessary. Competence requires the specialist to make a continuing commitment to learning and professional improvement.

#### Principle 7 – Confidentiality

##### **Protect the confidentiality of all client information.**

Confidentiality requires that client information be protected and maintained in such a manner that allows access only to those who are authorized. A relationship of trust and confidence with the client can only be built on the understanding that the client's information will not be disclosed inappropriately.

#### Principle 8 – Diligence

##### **Provide professional services diligently.**

Diligence requires fulfilling professional commitments in a timely and thorough manner and taking due care in delivering professional services.

## Appendix C. Pricing

**Enrollment** - Enrollment fees are annual and are valid across all courses available. For example, a candidate can enroll on 1 Jan and take all courses within 365 days without additional charge. A candidate who passes the FPSB® Investment Planning Specialist exam and takes the FPSB® Investment Planning Specialist certification can continue as a certificant and pursue other Specialist certification courses without a need to renew enrollment. The Specialist certification shall be renewed on annual basis.

**Renewal** – A candidate who does not take a Specialist certification shall be required to pay a renewal fee upon expiration of initial enrollment period which will be valid for an additional 365 days.

Self-Paced / Instructor-Led Registration Fee	INR 18,000	One-time enrolment fee
Candidate Registration Renewal Fee	INR 11,500	Annual (if renewed before expiry, else INR 18,000)
Specialist Education Materials - Textbooks - Interactive Courses - Practice questions	INR 6,500	Per course, Required for all candidates
Specialist Certification Exams	INR 6,750	Per exam per attempt
Revaluation of Exam attempt	INR 2,900	Per exam revaluation
Specialist Certification /Renewal	INR 8,600	Annual ( <i>a single charge for any one or all three Specialist certifications</i> )
Integrated Financial Planning Course Material	INR 13,000	Required for all candidates
Financial Plan Assessment	INR 10,500	Per Financial Plan submission
CFP® Exam	INR 13,000	Per exam per attempt
CFP Certification /Renewal	INR 8,600	Annual ( <i>no Specialist certification fees applicable hereafter</i> )
Letter of Good standing	INR 5,400	Per issue based on date

## Appendix D. Frequently Asked Questions

### Step 1: Education

1. **Am I required to purchase the textbooks?**

Yes, all individuals registered with FPSB are required to purchase the textbooks. Your purchase includes access to the interactive courses and questions.

2. **May I print or purchase a printed copy of the textbooks?**

FPSB does not allow for printing of FPSB textbooks for copyright purposes. Each time you'd like to access the textbooks, please log into your FPSB online platform, *MyFPSBlearning*.

3. **How long may I remain a candidate?**

FPSB recommends a candidate apply for Investment Planning Specialist Certification as soon as the exam is passed. This converts a candidate to a certificant and obviates the need to renew enrollment as a candidate while other Specialist courses including the Integrated Financial Planning are pursued. After a lapse of three years without passing an exam, however, a candidate would need to re-register with FPSB (and pay the registration fee again). FPSB strongly encourages you to complete the certification in the recommended time frame.

4. **I heard about challenge status and self study. Where can I find information about those?**

In the new program effective June 2020, candidates can pursue Specialist certifications under the 'Self-paced learning' mode to pursue all certifications. The Challenge Pathway has been introduced from August 2022 wherein candidates who have some specified higher qualifications/certifications and a 3-year experience can participate in the FPSB® Integrated Financial Planning course and pass CFP® Exam toward obtaining CFP certification.

### Step 2: Exam

5. **How shall I register for the examination?**

FPSB publishes an Exam Calendar on website for the continuing 3-month period. The first five calendar days in a month are for exam registration. One can pay exam fee within this enrolment window to be eligible for the Investment Planning Specialist exam scheduled mostly on a Thursday occurring within the exam window (from the 19<sup>th</sup> calendar day to the 25<sup>th</sup> calendar day) in the same month. The tests are conducted in online-proctored system as well in-person at test centers. In online mode, a candidate can take the test at own device (webcam-enabled Desktop or laptop) from anywhere. The in-person exams are available at designated NSE test centers across India.

6. **Is there a possibility to skip the FPSB Investment Planning Specialist exam on the path to CFP certification?**

No, all individuals who wish to pursue CFP certification must also pass all the three exams, i.e. exams for FPSB® Investment Planning Specialist, FPSB® Retirement and Tax Planning Specialist, and FPSB® Risk and Estate Planning Specialist. These Specialist exams can be passed in any order. Only such candidates who possess a higher specified qualification and at least three years' experience in financial services can apply in the Challenge Pathway which tantamount to skipping three Specialist exams.

**7. How was the exam created?**

CFP professionals in India and internationally created exam questions, and the FPSB exam panel reviewed the weighting and composition of questions. Each question has been reviewed by multiple CFP professionals in India as a requisite step in exam creation.

**8. When can I take the exam?**

FPSB conducts exam on four days, one each for the three Specialist exams and one for the CFP® exam. These are conducted from the 19<sup>th</sup> calendar day to the 25<sup>th</sup> calendar day in the month except on Saturdays, Sundays and specified Holidays. At any given time, FPSB publishes on the website an Exam Calendar for the three subsequent months. Candidates may sign up to take the exam only after they have completed the education requirement for their chosen education mode:

- Self-paced learning: Passing the three Module tests in MyFPSB*learning*
- Instructor-led learning: FPSB-Authorized Education Provider has determined pass/fail for candidates and notified FPSB

**9. What resources may be available to study for the exam?**

FPSB encourages candidates to study the learning objectives and knowledge items in the FPSB Investment Planning Specialist Competency Profile; the exam blueprint; and the questions in MyFPSB*learning*.

**10. When will I know my score on the exam?**

FPSB notifies the pass/fail metric toward results of exams in each candidate's LMS account by the close of the calendar month. For failing candidates, the course is 'assigned' to retake the exam, while passing candidate find the course as 'attended'.

**11. Is there a limit to the number of times I may take the FPSB exam?**

There is no limit to the number of times you may take the exam. You may only take the FPSB Investment Planning Specialist exam once in the designated exam window each month.

**12. Why do I need to answer the 10 questions on the exam that are not scored?**

FPSB works to constantly improve its exams. In order to accomplish this, FPSB needs to pretest some questions before they become a part of the exam. This requires FPSB to gather responses from candidates. These 10 questions are randomly distributed throughout your exam, so you will not know which questions are being pretested and which count toward your score. Therefore, you should assume that all questions count and answer every question with the same concern for your score.



### Step 3: Ethics

#### 13. What are steps to complete the Ethics course?

This is an online ethics course in the FPSB online portal. You must ideally pass the Ethics course before beginning studies so that it does not hamper your exam scheduling when due.

### Step 4: Certification

#### 14. How long does the process take?

This depends on the individual and different factors such as industry experience, time to prepare, familiarity and propensity to take exams (in general), and the extent of studying before the exam. Typically, preparations require 8-12 weeks of study for the FPSB® Investment Planning Specialist exam.

#### 15. How long is certification valid for?

The certification is valid for one year. An individual may renew certification after completing the 5 Continuing Professional Development (CPD) points and completing the other renewal requirements in the FPSB online platform. However, the CPD requirement stands fulfilled automatically if the candidate is pursuing other Specialist courses or the FPSB® Integrated Financial Planning course.

#### 16. How does this certification validity combine with other FPSB certifications?

Your initial certification is valid for 365 days. Additional course certifications can be earned in that period. All specialist certifications will be benchmarked and renewed on the date of your initial certification. For example, Sajju passes the FPSB Investment Planning Specialist exam and certifies as such on December 31, 2020, he will renew a year from then. During that year, he may choose to certify as FPSB Retirement and Tax Planning Specialist on June 30 and FPSB Risk and Estate Planning Specialist on September 30. All these certifications will renew on the same date, December 31, 2021 as they are all specialist certifications. CFP certification, subject to meeting the eligibility criteria by a candidate within the expiry period of already issued Specialist certifications, will be issued at no cost and expiring until the same period. Once the CFP certification is issued, a candidate shall renew the same on an annual basis. There would be thus no need to renew specialist certifications thereafter.

#### 17. If I pass the exam, may I use the marks?

No, you must apply for and obtain the relevant certification for your eligibility to use the marks.

### Other Questions

#### 18. I work in a firm with a lot of colleagues who want to pursue FPSB's certifications. We're speaking with the corporate training department. How does this work for us?

FPSB encourages your employer to contact us. You may individually take this as a self-paced training, and may want to have a corporate trainer in your HR or training department provide coaching. Alternatively, your employer may want an FPSB-Authorized Education Provider to teach the course under the instructor-led mode.

**19. I registered before 1 June 2020, and would like to become an FPSB® Investment Planning Specialist. How may I do that?**

FPSB provided a transition mechanism from April 2021 to December 2021 for those who registered prior to 1 June 2020 so that they migrate to the New Program and appear in the remaining Specialist courses and the FPSB® Integrated Financial Planning course to pursue CFP<sup>CM</sup> certification. Their individual exams cleared in the old curriculum were recognized toward eligibility to apply for the relevant Specialist certification/s. Candidates who did not apply for the said transition to the New Program have their earlier passed exams in legacy program as invalid. They may register afresh in the New Program to pursue individual Specialist certification and CFP certification.

**20. I'd like to learn about the other certifications. How do I do that?**

You may visit <https://india.fpsb.org/students/> to learn more about the other certifications.

**21. What minimum education qualification is applicable for obtaining FPSB® Investment Planning Specialist certification and CFP<sup>CM</sup> certification?**

While a candidate who passes FPSB® Investment Planning Specialist exam is eligible for this Specialist certification basis HSC/12th Pass qualification (subject to meeting other eligibility criteria for Specialist certification), a graduate degree from a University Grants Commission (UGC) recognized University in India, or an equivalent degree program from a recognized University outside India, is required at the time of applying for CFP<sup>CM</sup> certification.

**22. I have a different query. Who should I contact?**

You may write to [fpsb.india@fpsb.org](mailto:fpsb.india@fpsb.org).