

Annexure II**NISM-SERIES-V-B: MUTUAL FUND FOUNDATION CERTIFICATION EXAMINATION
TEST OBJECTIVES****UNIT 1: INVESTMENT LANDSCAPE**

- 1.1 Introduction to Savings and Investment
 - 1.1.1 Factors to evaluate savings and investment products
- 1.2 Different asset classes
 - 1.2.1 Real Estate
 - 1.2.2 Commodities
 - 1.2.3 Fixed Income
 - 1.2.4 Equity
- 1.3 Four broad financial needs
 - 1.3.1 Transaction Needs
 - 1.3.2 Protection Needs
 - 1.3.3 Investment Needs
 - 1.3.4 Retirement Needs
- 1.4 Different types of financial goals
 - 1.4.1 Short term needs versus Long term goals
- 1.5 Role of Mutual Fund in achieving different financial goals

UNIT 2: CONCEPT AND ROLE OF A MUTUAL FUND

- 2.1 Explain the concept of mutual fund
 - 2.1.1 Role of Mutual Fund
 - 2.1.2 Investment objectives of mutual funds
 - 2.1.3 Investment Policy of Mutual Fund
 - 2.1.4 Important concepts in mutual funds
 - 2.1.5 Advantages of mutual funds for investors
 - 2.1.6 Limitations of mutual funds for investors
- 2.2 Understand the classifications of mutual funds
 - 2.2.1 By the structure of the fund
 - 2.2.2 By the management of the portfolio
 - 2.2.3 By the investment universe
 - 2.2.4 SEBI categorization of Mutual Fund Scheme
- 2.3 Describe the Growth of the mutual fund industry in India

UNIT 3: LEGAL STRUCTURE OF MUTUAL FUNDS IN INDIA

- 3.1 Describe the structure of mutual funds in India
- 3.2 Understand the key constituents of a Mutual Funds
 - 3.2.1 Role of Sponsor
 - 3.2.2 Board of Trustees
 - 3.2.3 Mutual Fund Trust
 - 3.2.4 Asset Management Company
 - 3.2.5 Custodian
- 3.3 Understand the organisation structure of Asset Management Company
 - 3.3.1 Compliance Function
 - 3.3.2 Fund Management
 - 3.3.3 Operations and customer services team
 - 3.3.4 Sales and Marketing team
 - 3.3.5 Other functions (HR function, Finance function, Administration function and Information Technology function)
- 3.4 Understand the role and support functions of service providers of mutual funds
 - 3.4.1 Fund Accountant
 - 3.4.2 Registrar and Transfer Agent
 - 3.4.3 Auditor
 - 3.4.4 Distributors
 - 3.4.5 Collecting Bankers / Payment Gateway/Aggregators
 - 3.4.6 KYC Registration Agencies
 - 3.4.7 Valuation Agencies
 - 3.4.8 Credit Rating Agencies
 - 3.4.9 Depositories and Depository Participants (DPs)
 - 3.4.10 Know the stock exchanges and transaction platforms for investors
- 3.5 Explain the Role and Function of AMFI

UNIT 4: MUTUAL FUND PRODUCTS FOR THE NEW CADRE OF DISTRIBUTORS

- 4.1 Introduction to Mutual Fund Products for New Cadre of Distributors
- 4.2 Liquid Schemes / Money Market Schemes
- 4.3 Index Funds
- 4.4 Diversified Equity Schemes
- 4.5 Retirement Benefit Schemes
- 4.6 Fixed Maturity Plans (FMPs)

UNIT 5: SCHEME RELATED INFORMATION

- 5.1 Understanding the Mandatory Documents and their purpose, objective and significance
 - 5.1.1 Scheme Information Document (SID)—Content, Objective, relevance
 - 5.1.2 Statement of Additional Information (SAI)—Content, Objective, relevance
 - 5.1.3 Key Information Memorandum (KIM)
 - 5.1.4 Addendum
 - 5.1.5 Regulatory provisions governing the mandatory updation of scheme document
 - 5.1.6 Discuss Other Mandatory information / disclosure
- 5.2 Explain the Non-Mandatory Disclosures

UNIT 6: FUND DISTRIBUTION AND CHANNEL MANAGEMENT PRACTICES

- 6.1 Explain the role and importance of mutual fund distributors
- 6.2 Understand the classification of mutual fund distributors
 - 6.2.1 Individual players
 - 6.2.2 Non-individual entities.
- 6.3 Explain the modes of distribution
 - 6.3.1 Online Channel Partners
 - 6.3.2 Stock Exchange Platforms
 - 6.3.3 MF Utility (MFU)
 - 6.3.4 Computer-based & Mobile-based Apps offered by distributors
 - 6.3.5 Electronic platforms created by the AMCs
- 6.4 Understand the Pre-requisites to become Distributor of the Mutual Fund
 - 6.4.1 Procedure for getting empanelled as a mutual fund distributor with AMC
- 6.5 Explain Revenue for a mutual fund distributor
 - 6.5.1 Concept of Trail Commission
 - 6.5.2 Additional commission for promoting mutual funds in small towns
 - 6.5.3 Transaction charges
 - 6.5.4 Applicability of GST on distributors commission
- 6.6 Know the Commission Disclosure mandated by SEBI
- 6.7 Explain the Due Diligence Process by AMCs for Distributors of Mutual Funds
- 6.8 Discuss Nomination facilities to Agents / Distributors and Payment of Commission to Nominee
- 6.9 Explain about change of distributor

UNIT 7: PERFORMANCE OF MUTUAL FUNDS

- 7.1 Understand the calculation of returns of mutual fund schemes
 - 7.1.1 Simple Return
 - 7.1.2 Annualized Return
 - 7.1.3 Compounded Return
 - 7.1.4 Total Return
- 7.2 Understand the concepts of Loads and the application of Exit Load in calculating the transaction Price
- 7.3 Understand the concept of risk in a mutual fund investment-General and Specific risk factors
- 7.4 Understand the concept of risk adjusted return
- 7.5 Understand the concept of scheme benchmark for mutual fund schemes

UNIT 8: TAXATION

- 8.1 Understand Applicability of various taxes in respect of mutual funds
 - 8.1.1 Income from investment in mutual fund units
 - 8.1.2 Income earned by mutual fund schemes
 - 8.1.3 Income earned by the investor from investment in mutual fund units
- 8.2 Understand about Capital gains (Long term & Short term tax) and Indexation.
- 8.3 Understand about the Dividend Income and Dividend Income tax
- 8.4 Understand the basics of Setting off Gains and Losses under Income Tax Act
- 8.5 Understand about Securities Transaction Tax
- 8.6 Understand about Tax benefit under Section 80C of the Income Tax Act for investment pertaining to mutual funds
- 8.7 Understand about Tax Deducted at Source (TDS) in mutual funds
- 8.8 Understand Applicability of GST in mutual funds

UNIT 9: INVESTOR SERVICES

- 9.1 Describe the NFO Process
- 9.2 Explain about the New Fund Offer Price /On-going price for subscription
- 9.3 Discuss Different types of investment plans and options
 - 9.3.1 Understand the Difference between Direct and Regular Plans
 - 9.3.2 Differentiate the features of a dividend payout, dividend re-investment and growth options
- 9.4 Explain how the mutual fund units are allotted to the investor
- 9.5 Describe the account statements
- 9.6 Describe different types of Mutual Fund Investors

- 9.7 Explain how to fill in the application form for mutual funds
- 9.8 Describe the financial transactions with mutual funds (Purchase, Redemption and Switches)
 - 9.8.1 Describe the different payment mechanisms for purchasing mutual fund units
 - 9.8.2 Explain the different payment mechanism for repurchase of units
- 9.9 Explain Cut-off time and Time Stamping
- 9.10 Describe the KYC requirement for mutual fund investors
 - 9.10.1 Concept of KYC and list the documents required for KYC compliance
 - 9.10.2 KYC Registration Agencies
 - 9.10.3 KYC for Minors/NRI/PoA holder
 - 9.10.4 Additional documentation requirements applicable to institutional investors
 - 9.10.5 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standards (CRS)
- 9.11 Explain the different types of systematic transactions
 - 9.11.1 Systematic investment plan (SIP)
 - 9.11.2 Systematic Withdrawal Plan (SWP)
 - 9.11.3 Systematic transfer plan (STP)
 - 9.11.4 Switch
 - 9.11.5 Dividend Transfer Plan (DTP)
- 9.12 Explain operational aspects of systematic transaction
- 9.13 Explain Non – Financial Transactions in Mutual Funds
 - 9.13.1 Nomination
 - 9.13.2 Pledge/ lien of units
 - 9.13.3 Demat Account
 - 9.13.4 Change in folio details
 - 9.13.5 Transmission of units
- 9.14 Discuss change in Status of Special Investor Categories
 - 9.14.1 Minor turned Major
 - 9.14.2 NRI to Resident Indian
 - 9.14.3 Change in Karta of HUFs
- 9.15 Explain Investor Transactions – turnaround times

UNIT 10: LEGAL AND REGULATORY FRAMEWORK

- 10.1 Discuss role of Securities and Exchange Board of India
 - 10.1.1 Regulatory reforms by SEBI
 - 10.1.2 Important provisions of Mutual Fund Regulations
 - 10.1.3 Investment restrictions and portfolio diversification norms for mutual fund schemes.
 - 10.1.4 Important provisions pertaining to SEBI Advertisement Code and Guidelines for Mutual funds
 - 10.1.5 Describe Investors Rights and Obligations

10.2 Explain Investor Grievance and Redressal standards

10.3 Understand AMFI Code of conduct for Intermediaries

10.3.1 AMFI Code of Ethics

10.3.2 AMFI Code of Conduct for Intermediaries of Mutual Fund