

## **Annexure II – Test Objectives**

### **MODULE 1: PERSONAL FINANCIAL PLANNING**

#### **Chapter 1: Introduction to Personal Financial Planning**

- 1.1 Understand the Concept of Financial Planning
- 1.2 Understand the need for Financial Planning
  - 1.2.1 Role of financial planner
  - 1.2.2 How is financial planning different from a typical financial advisory service?
- 1.3 Discuss in detail the Scope of Financial Planning
  - 1.3.1 Describe Personal financial analysis
    - Describe and discuss Goal-setting with prioritizing of goals
    - Ensuring adequate focus on important goals
    - Staggering the time of certain goals
  - 1.3.2 Discuss Cash flow management and budgeting
  - 1.3.3 Know Insurance Planning
  - 1.3.4 Know Debt management and counselling
  - 1.3.5 Know Investment Planning and asset allocation
  - 1.3.6 Know Tax planning
  - 1.3.7 Know Retirement Planning
  - 1.3.8 Know Estate Planning
- 1.4 Understand the Concept of Assets, Liabilities and Net worth
- 1.5 Describe the Financial Planning Process
  - 1.5.1 Understand Client-Planner Relationship
  - 1.5.2 Discuss Client's Financial Situation
  - 1.5.3 Discuss Client Needs and Financial Goals
  - 1.5.4 Understand Concept of Risk Profiling
  - 1.5.5 Understand Portfolio Construction
  - 1.5.6 Understand Reviewing & Rebalancing
- 1.6 Understand the Financial Advisory and Execution

#### **Chapter 2: Time Value of Money**

- 2.1 Understand the concept of Time Value of Money (TVM)
- 2.2 Calculate the following:
  - 2.2.1 Present Value (PV)
  - 2.2.2 Future Value (FV)
  - 2.2.3 Rate of return
  - 2.2.4 Periodic investments or pay outs (PMT)
  - 2.2.5 Number of compounding periods (NPER)
  - 2.2.6 Annuity (Annuity due, Ordinary annuity)
  - 2.2.7 Perpetuity

## **Chapter 3: Cash Flow Management and Budgeting**

- 3.1 Understand the importance of cash flow in management of personal finances
- 3.2 Know about Preparation of household Budget
- 3.3 Explain about cash inflows and outflows
  - 3.3.1 Discuss Cash management
  - 3.3.2 Discuss Income and expenditure statement
- 3.4 Discuss in detail budgeting and forecasting
- 3.5 Discuss the importance of monitoring budgets and provision for savings
- 3.6 Know about creating Personal balance sheet and net-worth
- 3.7 Understand Creating a budget and savings plan
- 3.8 Understand contingency planning
- 3.9 Evaluating the financial position of clients
  - 3.9.1 Saving Ratio & Expenses Ratio
  - 3.9.2 Total Assets
  - 3.9.3 Total Liabilities
  - 3.9.4 Leverage Ratio
  - 3.9.5 Net Worth
  - 3.9.6 Solvency Ratio
  - 3.9.7 Liquid Assets
  - 3.9.8 Liquidity Ratio
  - 3.9.9 Financial Assets Ratio
  - 3.9.10 Debt to Income Ratio

## **Chapter 4: Debt Management and Loans**

- 4.1 Understand the purpose/ need of debt
- 4.2 Understand the role and impact of debt in cash flow management
  - 4.2.1 Differentiate between consumption expenditure and investment expenditure
  - 4.2.2 Identifying holes in the household budget
  - 4.2.3 Allocation to various categories of expenses
  - 4.2.4 Windfalls
- 4.3 Discuss about Leverage and Debt Counselling
  - 4.3.1 Purpose of the debt
  - 4.3.2 Cost of debt
  - 4.3.3 Maturity of debt
  - 4.3.4 Debt Rescheduling
- 4.4 Calculate the debt servicing requirements
  - 4.4.1 Discuss the role of credit bureaus and the credit score
    - How to access credit score
    - RBI's regulation about availing free credit score.
- 4.5 Understand Responsible Borrowing
- 4.6 Understand the concept of secured and unsecured loans
- 4.7 Know certain terms related to loans
  - 4.7.1 Fixed rate loans

- 4.7.2 Variable rate loans
- 4.7.3 Home equity loan
- 4.7.4 Hire purchase
- 4.7.5 Leasing
- 4.7.6 Amortization/ Understand amortization chart and the concept of EMI
- 4.7.7 Refinancing
- 4.7.8 Prepayment/ Loan repayment schedules
- 4.7.9 Pre-EMI interest
- 4.7.10 Moratorium
- 4.7.11 Mortgage
- 4.7.12 Pledging
- 4.7.13 Hypothecation
- 4.8 Discuss types of Borrowings
  - 4.8.1 Home loan
  - 4.8.2 Education loan
  - 4.8.3 Vehicle loan
  - 4.8.4 Business loan
  - 4.8.5 Personal Loan
  - 4.8.6 Credit card debt
  - 4.8.7 Over draft
  - 4.8.8 Loan against securities, insurance policies, property (LAP), Gold loan
  - 4.8.9 P2P loans
- 4.9 Understand various Loan calculations
  - 4.10 Loan restructuring – present value of future payments
  - 4.11 Repayment schedules with varying interest rates
  - 4.12 Understand the criteria to evaluate various loans
  - 4.13 Should you opt for change in EMI or loan tenure when interest rates change?
  - 4.14 Should you invest the money or pay off outstanding loan?
  - 4.15 Strategies to get rid of debt faster
    - 4.15.1 Avalanche
    - 4.15.2 Snowball
    - 4.15.3 Blizzard

## **MODULE 2: INDIAN FINANCIAL MARKETS**

### **Chapter 5: Introduction to Indian Financial Markets**

- 5.1 Understand the overview of Indian Economy
- 5.2 Understand the Indian Financial Markets
  - 5.2.1 Know Key features of Indian Financial Markets
- 5.3 Understand the role of Regulators of Financial Markets
  - 5.3.1 Ministry of Finance
  - 5.3.2 Ministry of Corporate Affairs
  - 5.3.3 Registrar of Companies
  - 5.3.4 Reserve Bank of India

- 5.3.5 Securities and Exchange Board of India
- 5.3.6 Insurance Regulatory and Development Authority of India
- 5.3.7 Pension Fund Regulatory and Development Authority
- 5.3.8 Self-Regulatory Organizations

#### 5.4 Describe the structure of Financial Markets in India

- 5.4.1 Banking sector
  - Commercial Banks
  - Payment Banks
  - Small Finance banks
  - NBFCs and Housing Finance Companies
  - P2P lending
  - Money market
  - Foreign Exchange Market
  - Credit Information Companies
  - Account Aggregators (AA)
- 5.4.2 Securities Markets under SEBI
  - Definition of securities
  - Stock markets
  - Bond markets
  - Derivatives Market
  - Mutual funds
  - Portfolio Managers
  - Investment Advisors
  - Alternative Investment Funds
  - Credit Rating Agencies
- 5.4.3 Learn about industries and markets under IRDAI
- 5.4.4 Learn about industries and markets under PFRDA

#### 5.5 Understand the role of the following participants in the Indian Financial Markets:

- Market Infrastructure Institutions
  - Securities Exchanges/Stock exchange/Commodity Exchanges
  - Clearing Corporations
  - Depositories and Depository Participants
- Custodians
- Stock Brokers /Authorised Persons
- Investment Banks
- Insurance Companies
- Pension Funds
- Asset Management Companies and & Portfolio Managers
- Investment Advisors and distributors of financial products
- Credit rating agencies
- KYC Registration Agencies
- Registrar and Transfer Agencies
- Non-bank finance companies, and housing finance companies
- Credit Bureaus

## Chapter 6: Securities Market Segments

### 6.1 Understand the nature and definition of Primary Markets

- 6.1.1 Functions of the Primary Markets
- 6.1.2 Various Types of Issues
  - Public issue
  - Private Placement
  - Preferential Issue
  - Qualified Institutions Placement
  - Rights and Bonus Issue
- 6.1.3 Categories of Issuers
  - Central, State and Local Governments
  - Public Sector Units
  - Private Sector Companies
  - Banks, Financial Institutions and NBFCs
  - Mutual Funds
  - REITS and INVITS
  - AIFs
- 6.1.4 List the Types of Investors
- 6.1.5 Explain the details of Public Issues of Equity Shares
  - Initial Public Offer
  - Fresh issue of shares
  - Offer for sale
  - Further public offer
- 6.1.6 Explain Pricing of a Public Issues of shares
  - Fixed Price Issue
  - Book built issue
- 6.1.7 Know about the regulatory Norms of Public Issue of Shares
- 6.1.8 Understand the process of Applying to a Public Issue
- 6.1.9 Know about the Public Issue of Debt Securities
- 6.1.10 Know about Rights Offer
- 6.1.11 Know about Private Placements in Equity and Debt
- 6.1.12 Understand the qualified institutions placement.

### 6.2 Describe Secondary Markets

- 6.2.1 Understand role and function
- 6.2.2 Understand the Market Structure and Participants
- 6.2.3 Understand Market Information through various indicators
  - Market capitalization
  - Market Turnover
  - Market Indices
- 6.2.4 Learn about Risk Management Systems in the secondary markets
  - Capital Adequacy Norms
  - Margins
  - Circuit Breakers and Price Bands
  - Settlement Guarantee Mechanism

- Online Monitoring
- Price-monitoring and action
- Inspection of books

### 6.3 Discuss the Corporate Actions

- 6.3.1 Rights Issue
- 6.3.2 Bonus Issue
- 6.3.3 Dividend
- 6.3.4 Stock Split
- 6.3.5 Share Buy-back
- 6.3.6 Delisting of Shares
- 6.3.7 Mergers & Acquisitions
- 6.3.8 Offer for Sale

## **MODULE 3: INVESTMENT PRODUCTS**

### **Chapter 7: Introduction to Investments**

#### 7.1 Know the types of investment

#### 7.2 Equity

- Investment characteristics and role
- Listed versus unlisted

#### 7.3 Fixed Income

- Investment characteristics and role
- Government versus Corporate
- High yield versus investment grade

#### 7.4 Commodities

- Investment characteristics and role

#### 7.5 Real Estates

- Investment characteristics and role

#### 7.6 Structured products

- Investment characteristics and role

#### 7.7 Distressed Securities

- Investment characteristics and role

#### 7.8 Other investment opportunities

- Art/Paintings etc.

#### 7.9 Know the channels for making investments

- Direct investments
- Understanding the Role of RIAs
- Investments through managed portfolios
  - Mutual Funds (MFs)
  - Alternative Investment Funds (AIFs)
  - Portfolio Management Services (PMS)
  - Compare and Contrast between MFs, AIFs and PMS

## Chapter 8: Investing in Stocks

8.1 Understand Equity as an investment

8.2 Understand Diversification of risk through equity instruments - Cross sectional versus time series

8.3 Discuss risks of equity investments

8.3.1 Market risk

8.3.2 Sector specific risk

8.3.3 Company specific risk

8.3.4 Transactional risk

8.3.5 Liquidity risk

8.4 Know Overview of Equity Market

8.5 Equity research and stock selection

8.5.1 Fundamental Analysis

- Top Down approach versus Bottom up Approach
- Buy side research versus Sell Side Research
- Sector classification

8.5.2 Stock Analysis process

- Economy Analysis
- Industry/Sector Analysis
- Company Analysis

8.5.3 Fundamentals Driven model

- Discounted Cash Flow Model
- Asset Based Valuation

8.5.4 Market driven Model - Relative Valuation

- P/E Ratio
- P/B Ratio
- P/S Ratio
- PEG Ratio
- EVA and MVA
- EBIT/EV and EV/EBITDA Ratio
- EV/S Ratio
- Dividend Yield
- Earning Yield
- Industry/sector specific valuation metrics

8.6 Combining relative valuation and discounted cash flow models

8.7 Technical Analysis

8.7.1 Assumptions of technical analysis

8.7.2 Technical versus Fundamental Analysis

8.7.3 Advantages of technical Analysis

8.7.4 Technical Rules and Indicators

8.7.5 Fixed income securities and Technical analysis

8.8 Qualitative evaluation of stocks

- Understanding corporate governance—role for a stock picker

## Chapter:9 Investing in Fixed Income Securities

- 9.1 Describe broadly the Debt market and its need in financing structure of Corporates and Government
- 9.2 Know the Bond market ecosystem
- 9.3 Briefly describe the various kinds of risks associated with fixed income securities
  - 9.3.1 Interest Rate Risk
  - 9.3.2 Call risk
  - 9.3.3 Reinvestment Risk
  - 9.3.4 Credit Risk
    - Downgrade Risk
    - Basis Risk or Spread Risk
    - Default Risk
  - 9.3.5 Liquidity Risk
  - 9.3.6 Exchange Rate Risk
  - 9.3.7 Inflation Risk
  - 9.3.8 Volatility Risk
  - 9.3.9 Political or Legal Risk
  - 9.3.10 Event Risk
- 9.4 Pricing of Bond
  - 9.4.1 Discuss the concept of “Par Value”.
  - 9.4.2 Understand the process of determining Cash Flow, Yield and Price of bonds
  - 9.4.3 Understand the Pricing of Annual Coupon Bond, Semi Annual Cash Flow Bond, Zero-Coupon Bond as well as valuation of Bonds between Coupon Payments
  - 9.4.4 Discuss Price-Yield relationship and Learn about Pricing Matrix
  - 9.4.5 Discuss Perpetual bonds and pricing of perpetual bonds
- 9.5 Describe the Traditional Yield Measures
  - 9.5.1 Current Yield
  - 9.5.2 Yield to Maturity
  - 9.5.3 Effective Yield
  - 9.5.4 Yield to Call
  - 9.5.5 Yield to Put
- 9.6 Understand the concepts of Yield Curve
- 9.7 Understand the concept of Duration
- 9.8 Introduction to Money Market
  - 9.8.1 Key demand and supply side players, intermediaries etc.
  - 9.8.2 List the types of instruments
- 9.9 Introduction to Government Debt Market
  - 9.9.1 Key demand and supply side players, intermediaries etc.
  - 9.9.2 List the types of instruments
- 9.10 Introduction to Corporate Debt Market
  - 9.10.1 Key demand and supply side players, intermediaries etc.
  - 9.10.2 List the types of instruments
    - Company deposits
    - Bonds and debentures



- Infrastructure Bonds
  - Inflation indexed bond
- 9.11 Small-savings instruments
- Bank deposits
  - Interest Rates on FDs
  - Floating Rate Savings Bond 2020
  - Small savings products
    - PPF
    - Senior Citizen Savings Scheme
    - NSC
    - Post Office Schemes/National Savings Schemes
    - Kisan Vikas Patra
    - Sukanya Samriddhi Account Scheme

## **Chapter 10: Understanding Derivatives**

10.1 Understand Basics of Derivatives

10.2 Underlying concepts in derivatives

10.3 Types of derivative products

10.3.1 Forwards

10.3.2 Futures

10.3.3 Options

10.3.4 Swaps

10.4 Structure of derivative markets

- OTC and Exchange Traded Markets

10.5 Purpose of Derivatives

- Hedging
- Speculation
- Arbitrage

10.6 Discuss the Costs, benefits and risk of derivatives

10.7 Introduction to Equity, Currency and Commodity derivatives

10.8 Understand derivative markets, products and strategies

## **MODULE 4: INVESTMENT THROUGH MANAGED PORTFOLIO**

### **Chapter 11: Mutual Fund**

11.1 Know about Mutual funds

- Understand the meaning and different features of Mutual Funds

11.2 Describe the Concepts and Terms Related to Mutual Funds

11.2.1 Investment Objectives

11.2.2 Units

11.2.3 Net Assets

11.2.4 Net Asset Value

11.2.5 Cut-off Timing

11.2.6 Mark to Market valuation

- 11.3 Discuss the major features of and differences between Open-ended schemes, Close-ended schemes, Interval schemes and Exchange Traded Funds (ETFs)
  - 11.3.1 Open-ended and Close-ended schemes
  - 11.3.2 Internal funds
  - 11.3.3 Exchange Traded Funds (ETFs)
- 11.4 Understand the Regulatory Framework of Mutual Funds
  - 11.4.1 Investor Service Standards
- 11.5 Explain the Mutual Fund Products
  - 11.5.1 Equity funds
  - 11.5.2 Debt funds
  - 11.5.3 Hybrid funds
  - 11.5.4 Solution Oriented Schemes
  - 11.5.5 Other Types of Funds
- 11.6 Discuss Mutual Funds Investment Options
- 11.7 Discuss about Triggers in Mutual Fund Investment
- 11.8 Discuss various mutual fund transactions
  - 11.8.1 Fresh purchase
  - 11.8.2 Additional purchase
  - 11.8.3 Redemption
  - 11.8.4 Switch
  - 11.8.5 Dividend reinvestment
- 11.9 Discuss various systematic transactions
  - 11.9.1 Systematic Investment Plan (SIP)
  - 11.9.2 Systematic Withdrawal Plan (SWP)
  - 11.9.3 Systematic Transfer Plan (STP)
  - 11.9.4 Dividend Transfer Plan (DTP)
  - 11.9.5 Value Averaging Investment Plan (VIP)
- 11.10 Discuss about the Investment Modes
  - 11.10.1 Direct and Regular plan
  - 11.10.2 Discuss the process of how IAs can help in transacting in direct plans.

## **CHAPTER 12: Portfolio Manager**

- 12.1 Know about portfolio managers in India
- 12.2 Discuss the types of portfolio management services
  - Discretionary services
  - Non-discretionary services
  - Advisory services
- 12.3 Understand Structure of PMS in India
- 12.4 Know the registration requirements of a Portfolio Manager
- 12.5 Know the responsibilities of a Portfolio Manager
- 12.6 Understand Costs, expenses and fees of investing in PMS
  - Fixed costs
  - Performance-linked costs like
  - High watermark principle
  - Hurdle Rate
  - Catch-up/no catch-up concepts

12.7 Learn about the “direct access” facility offered by Portfolio Managers

- Understand how direct access differs from the regular plan
- Discuss the process of how IAs can help in transacting in direct access plans?

12.8 SEBI Requirements on performance disclosure

## **CHAPTER 13: Overview of Alternative Investment Funds (AIFs)**

13.1 Introduction to Alternative Investments

13.2 Role of Alternative Investment in Portfolio Management

13.3 Evolution and Growth of AIFs in India

13.4 Categories of AIFs

13.4.1 Venture Capital Fund

13.4.2 Angel Fund

13.4.3 Private Equity Fund

13.4.4 Debt Fund

13.4.5 Infrastructure Fund

13.4.6 SME Fund

13.4.7 Hedge Fund

13.4.8 Social Venture Fund

13.5 Comparison of AIF categories

13.6 Suitability and Enablers for AIF Products in India

13.7 Current AIF Market Status

13.8 SEBI Requirements on AIFs

## **MODULE 5: PORTFOLIO CONSTRUCTION, PERFORMANCE MONITORING AND EVALUATION**

### **Chapter 14: Introduction to Modern Portfolio Theory**

14.1 Understand the Framework for constructing portfolios – Modern Portfolio Theory

14.2 Assumptions of the theory

14.3 Definition of risk aversion

- Risk averse investors
- Risk Seeking Investors
- Risk Neutral Investors

14.4 Calculation of expected rate of return for individual security

- Calculation of Variance of return for individual security
- Calculation of expected rate of return for a portfolio
- Calculation of Variance of return for a portfolio
  - Calculating risk for two securities Portfolio
  - Calculating risk for three securities Portfolio

14.5 Understand the graphical presentation of portfolio risk/return of two securities

14.6 The concept of Efficiency Frontier

14.7 Portfolio Optimization process

14.8 Know the estimation issues

## **Chapter 15: Portfolio Construction Process**

- 15.1 Importance of Asset allocation decision
- 15.2 Understanding correlation across asset classes and securities
- 15.3 Steps in Portfolio Construction Process
  - 15.3.1 Investment Policy Statement, IPS
  - 15.3.2 Need and Importance for IPS
  - 15.3.3 Constituents of IPS
- 15.4 Investment Objectives
- 15.5 Investment Constraints
  - 15.5.1 Liquidity constraint
  - 15.5.2 Regulatory constraint
  - 15.5.3 Tax Constraint
- 15.6 Know the exposures limit to different sectors, entities and asset classes
- 15.7 Unique needs and Preferences
  - 15.7.1 Learn about sustainable investing
  - 15.7.2 Understand ethical investing
- 15.8 Assessments of needs and requirements of investor
- 15.9 Analysing the financial position of the investor
- 15.10 Psychographic analysis of investor
- 15.11 Life cycle analysis of investor
- 15.12 Forecasting risk and return of various asset classes
- 15.13 Benchmarking the client's portfolio
  - 15.13.1 Selection of benchmarks
- 15.14 Asset allocation decision
- 15.15 Portfolio Construction Principles
  - 15.15.1 Selecting Equity portfolios
  - 15.15.2 Selecting Debt portfolios
  - 15.15.3 Selecting Hybrid portfolios
  - 15.15.4 Other portfolios
- 15.16 Strategic versus Tactical Asset Allocation
  - 15.16.1 Importance of Asset Allocation decision – empirical support
- 15.17 Rebalancing of Portfolio
  - 15.17.1 Benefits and difficulties of rebalancing

## **Chapter 16: Portfolio Performance measurement and evaluation**

- 16.1 Parameters to define performance – risk and return
- 16.2 Rate of return measures
  - 16.2.1 Holding period return
  - 16.2.2 Time-weighted rate of return (TWRR) versus Money weighted rate of return (MWRR)
  - 16.2.3 Arithmetic mean return (AMR) versus geometric mean return (GMR)
  - 16.2.4 Gross return versus net return
  - 16.2.5 Pre-tax versus post tax return
  - 16.2.6 CAGR

- 16.2.7 Annualizing return
- 16.2.8 Cash drag adjusted return
- 16.2.9 Alpha vs Beta return
- 16.2.10 Portfolio return
- 16.3 Risk measures
  - 16.3.1 Total risk and downside risk
  - 16.3.2 Portfolio risk versus individual risk
  - 16.3.3 Market risk
  - 16.3.4 Interpreting volatility
  - 16.3.5 Tracking error
  - 16.3.6 Systematic Risk and Unsystematic Risk
  - 16.3.7 Beta
  - 16.3.8 Liquidity risk
  - 16.3.9 Credit Risk
- 16.4 Risk adjusted return measures
  - 16.4.1 Sharpe Ratio
  - 16.4.2 Treynor Ratio
  - 16.4.3 Sharpe versus Treynor Measure
  - 16.4.4 Sortino Ratio
  - 16.4.5 Information Ratio (Appraisal ratio)
  - 16.4.6 Modigliani and Modigliani Ratio (M2)
- 16.5 Understand the Performance Evaluation: Benchmarking and peer group analysis
  - 16.5.1 Characteristics of Indices for benchmarking
  - 16.5.2 Customized benchmark
  - 16.5.3 Benchmarking errors
  - 16.5.4 Managers' universe analysis
- 16.6 Performance attribution analysis
  - 16.6.1 Assets and Sector Allocation
  - 16.6.2 Selection
  - 16.6.3 Market timing versus selectivity
  - 16.6.4 Net selectivity
  - 16.6.5 Local currency versus foreign currency denominated investment return

## **MODULE 6: OPERATIONS, REGULATORY ENVIRONMENT, COMPLIANCE AND ETHICS**

### **Chapter 17: Operational Aspects of Investment Management**

- 17.1 Know Investor types and the On-boarding process
  - 17.1.1 Who can Invest?
  - 17.1.2 Client On-boarding Process
  - 17.1.3 Terms of Offer
  - 17.1.4 Regulatory Requirements
  - 17.1.5 Mandatory Investor Information
  - 17.1.6 Investor Folio or Account

- 17.2 Learn about PAN, KYC and other processes
  - 17.2.1 Permanent Account Number (PAN)
  - 17.2.2 Know Your Customer (KYC) Process
  - 17.2.3 Know the Central KYC process and the KYC Registration Agencies (KRA)
- 17.3 Know about the Demat and Remat processes
  - 17.3.1 Dematerialisation
  - 17.3.2 Rematerialisation of Securities
- 17.4 Learn about the PoA and other agreements
  - 17.4.1 General Power of Attorney
  - 17.4.2 Specific Limited Power of Attorney
- 17.5 Understand the processes involved for account opening of Non-Resident Investors (NRIs)
  - Discuss the above in the context of various different types of investment products and vehicles
  - Discuss the above in the context of PMLA and FEMA
    - Incorporate about the demat a/c limits
- 17.6 Understand the process of Consolidating, reorganising and folio-keeping/Maintenance of Investments
  - 17.6.1 Change of Address and Contract Details
  - 17.6.2 Change in Name
  - 17.6.3 Change in Status
  - 17.6.4 Marking a Lien
  - 17.6.5 Transmission
  - 17.6.6 Nomination, and change in nomination
  - 17.6.7 Assignment, especially in case of insurance policies
- 17.7 Understand the operations process flow in Special situations
  - 17.7.1 Minors as investors
  - 17.7.2 Minor turns major
  - 17.7.3 NRI to RI
  - 17.7.4 RI to NRI
  - 17.7.5 Additional or deletion of name in an account
  - 17.7.6 Addition or deletion of bank mandate
- 17.8 Discuss the various Payment Instruments
  - 17.8.1 Understand traditional payment instruments
  - 17.8.2 Understand the digital payment systems
  - 17.8.3 Understand the provisions of PMLA regarding third party payments
  - 17.8.4 Understand prevention of frauds and operational risks related to payment instruments
- 17.9 Learn about the documentation required for financial advice
- 17.10 Understand the process of investing in mutual funds through stock exchange platforms
  - 17.10.1 Understand the stock exchange platforms
  - 17.10.2 Understand how an investment adviser can help clients transact through these platforms
  - 17.10.3 Know about the transaction feeds being available to the investment advisers

## **Chapter 18: Key Regulations**

- 18.1 Learn about Securities Contracts Regulation Act (SCRA 1956)
- 18.2 Learn about SEBI Act 1992
- 18.3 Understand key provisions of SEBI Prevention of Fraudulent and Unfair Trade Practices Regulations, 2003
- 18.4 Learn about SEBI Intermediaries Regulations, 2008
- 18.5 Learn about SEBI (Prohibition of Insider Trading) Regulations, 2015
- 18.6 Learn about SEBI Investment Advisers Regulations, 2013
  - 18.6.1 Definitions
  - 18.6.2 Registration
  - 18.6.3 Exemption from Registration
  - 18.6.4 Qualification and Certification Requirement
  - 18.6.5 Conditions of Certificate
  - 18.6.6 Net worth
  - 18.6.7 General Obligations
  - 18.6.8 Fees
  - 18.6.9 Risk Profiling
  - 18.6.10 Suitability
  - 18.6.11 Disclosure to Clients
  - 18.6.12 Maintenance of Records
  - 18.6.13 Appointment of Compliance Officer
  - 18.6.14 Redressal of Client Grievances
  - 18.6.15 Segregation of Execution Services
  - 18.6.16 Implementation of Advice or execution
  - 18.6.17 Code of Conduct for Investment Advisers
  - 18.6.18 Procedure of action in case of default
  - 18.6.19 Penalty for default in case of investment adviser
  - 18.6.20 Administration of Investment Advisers
  - 18.6.21 IFSC
- 18.7 Discuss important aspects of Prevention of Money Laundering Act, 2002
- 18.8 Understand key provisions of various other acts, as applicable to investment advisory profession
  - 18.8.1 Foreign Exchange Management Act (FEMA)
  - 18.8.2 Indian Contracts Act
  - 18.8.3 Guardian and Wards Act
  - 18.8.4 Negotiable Instruments Act, 1881
  - 18.8.5 Insolvency and Bankruptcy Code, 2016
  - 18.8.6 FATCA and CRS
- 18.9 Violation of Regulations by Registered Investment Advisers and their consequences—Some Case Studies

## **Chapter 19: Ethical Issues**

- 19.1 Define ethics and ethical restraint

- 19.2 Discuss the importance of ethical conduct in business, with a special focus on an investment adviser's business
- 19.3 Discuss Ethical Issues in Providing Financial Advice
- 19.4 Understand ethical dilemma
- 19.5 Discuss the fiduciary responsibility of investment advisers
- 19.6 Learn about the Do's and Don'ts for investors issued by SEBI
- 19.7 Learn about addressing annual audit observations
- 19.8 Global best practices on ethical issues
  - 19.8.1 Securities and Exchange Commission US
  - 19.8.2 Australian Guidelines

## **Chapter 20: Grievance Redress Mechanism**

- 20.1 Understand the main provisions of Consumer Protection Act
- 20.2 Discuss Investor Grievance Redressal Mechanism
- 20.3 Learn about key elements of a robust grievance recording and redress system
  - Source of receipt of complaint
  - Date and time of receipt of complaint
  - Nature of complaint
  - Whether it could be resolved internally or to be escalated to an external entity
  - Status of resolution / action taken
  - Time taken for resolution (or ageing report)
  - Escalation mechanism
- 20.4 Discuss Grievance redress system required with the Investment Adviser
- 20.5 Discuss Redressal in Capital Market
  - 20.5.1 Understand SEBI Complaint Redress System (SCORES)
  - 20.5.2 Learn about process regarding escalation of grievance
- 20.6 Discuss grievance redressal in Banking
  - 20.6.1 Learn about the grievance redress system with individual banks
  - 20.6.2 Understand the role and functioning of Banking Ombudsmen
  - 20.6.3 Learn about process regarding escalation of grievance
- 20.7 Discuss grievance redressal in Insurance
  - 20.7.1 Learn about the grievance redress system with individual insurance companies
  - 20.7.2 Understand the role and functioning of Insurance Ombudsmen
  - 20.7.3 Learn about process regarding escalation of grievance
- 20.8 Discuss Redress in Pension
- 20.9 Securities Appellate Tribunal
- 20.10 Other Redressal Fora