

## FINANCE MARKET PROFESSIONAL

The Finance Market Professional (FMP) program has been designed to bridge the gap between what the students learn for their University Degrees and what the industry requires. The program has been designed to achieve two objectives:

1. To make the students financially literate
2. Provide the students with a skill which will enhance their chance of employment

The complete FMP program consists of four modules viz.,

1. Fundamentals of Capital Markets (FCM)
2. Mutual Fund Investing (MFI)
3. Securities Operations and Risk Management (SORM)
4. Investment Adviser Program (Level 1) – IAP

Each module will be administered over a period of twelve hours spread over two days. At the end of each module, there will be a test and successful students are awarded the relevant certificate. The students who successfully complete all the four modules will additionally be awarded the Finance Market Professional Certificate.

## **COURSE SYLLABUS**

### **MODULE NO. 1 - FUNDAMENTALS OF CAPITAL MARKETS**

1. Introduction to Capital Markets
2. Need for Capital Markets
3. Financial Market Intermediaries
4. Introduction to Depositories
5. Marketable vs Non Marketable securities
6. Primary and Secondary Markets
7. Detailed understanding of Primary Market
8. Case studies of Primary Market Issues
9. Segments in the Secondary Market
10. Understanding the Cash Market
11. Introduction to Derivatives – Futures and Options
12. Regulators
13. Different types of companies in India

## **MODULE NO. 2 - MUTUAL FUND INVESTING**

1. Concept of a mutual fund
2. Functions of a mutual fund
3. Advantages and limitations of a mutual fund
4. Investment objectives
5. Marking to market
6. Unit capital
7. Assets under management (AUM)
8. Fund running expenses
9. Net asset value (NAV)
10. Brief history of mutual funds in India
11. Closed end funds and open ended funds
12. Categorization of funds by investment objective
13. Categorization of funds by investing horizon
14. Categorization of funds by asset class
15. International funds
16. Fund of Funds

### **Fund Structure and Constituents**

1. Structure of mutual funds in India and related regulations
2. Role of the sponsor, trustee and Asset Management Company (AMC) and related regulations
3. Role of other fund constituents and related regulations

### **Legal and Regulatory Environment**

1. Role of regulators in India
2. Role and functions of SEBI in regulating mutual funds
3. Self regulatory organizations
4. Role and functions of AMFI
5. AMFI Code of Ethics
6. Investment restrictions and related regulations
7. Investor rights and obligations

### **Offer Document**

- 1. Regulations with respect to drafting and filing of an Offer Document for NFO**
- 2. Process of NFO and steps involved in marketing an NFO**
- 3. Objectives of information disclosure in an offer document**
- 4. Objectives and contents of the Statement of Additional Information (SAI) and related regulations**
- 5. Objectives and contents of the Scheme Information Document (SID) and related regulations**
- 6. Key Information Memorandum (KIM) and related regulations**

### **Fund Distribution and Sales Practices**

- 1. Types of investors and eligibility**
- 2. Distribution channels for mutual funds**
- 3. Pre-requisites to become a mutual fund distributor**
- 4. Key elements of agreement between distributor and a mutual fund**
- 5. Sales practices and commission structure**
- 6. Types of commissions and transaction charges**
- 7. AMFI Code of Conduct**
- 8. Process for KYD**

### **Accounting, Valuation and Taxation**

- 1. Computation of net assets and NAV**
- 2. Announcement of NAV**
- 3. Factors affecting the NAV**
- 4. Pricing of transactions in a mutual fund**
- 5. Time-stamping of transactions**
- 6. Charging of expenses**
- 7. Key accounting and reporting requirements**
- 8. Valuation process carried out by mutual funds**
- 9. Applicability of taxes**
- 10. Dividend Distribution Tax**
- 11. Taxability of dividends and capital gains in the hands of a mutual fund investor**
- 12. Applicability of Securities Transactions Tax based on type of transaction and scheme**
- 13. Setting off gains and losses under Income Tax Act**

### **Investor Services**

- 1. KYC requirements & Demat Account concept**
- 2. Process for fresh and additional purchase in a mutual fund**
- 3. Additional documentation requirements for institutional investors**
- 4. Acceptable payment instruments**
- 5. Processes related to redemptions by investors**
- 6. Contents and periodicity of Statement of account**
- 7. Process for Nomination and Pledge**
- 8. Types of Investment options - dividend, growth and dividend re-investment**
- 9. Processes related to of systematic investment plans**
- 10. Processes related to systematic withdrawals and transfers**
- 11. Processes related to other investor services and facilities**

### **Risk, Return and Performance of Funds**

- 1. Return on investment**
- 2. Calculation of simple, annualized and compounded returns**
- 3. Applicability of returns for different types of funds**
- 4. SEBI norms for return representation of mutual funds in India**
- 5. Factors that may affect mutual fund performance**
- 6. Risks in different type of mutual funds**
- 7. Classification of mutual funds based on risk**
- 8. Process for Benchmarking of performance**

### **Scheme Selection**

- 1. Steps in selecting equity funds**
- 2. Steps in selecting debt funds**
- 3. Steps in evaluating a money market fund and identifying factors impacting their performance**
- 4. Steps in evaluating balanced mutual funds and evaluation of factors impacting their performance**
- 5. Sources of data to track mutual fund performance**

### **Selecting the Right Investment products for Investors**

- 1. Classification of assets into physical and financial assets**
- 2. Features of physical assets such as gold and real estate**
- 3. Features of financial assets**

### **Helping Investors with Financial Planning**

1. Basics of financial planning
2. Financial goals
3. Investment horizon
4. Objective of financial planning
5. Benefits and need for financial planning to the investor
6. Life cycle and wealth cycle in financial planning
7. Tools to categorize investors' needs

### **Recommending Model Portfolios and Financial Plans**

1. Risk profiling
2. Asset allocation and types
3. Importance and steps for developing a model portfolio

## **MODULE NO. 3 - SECURITIES OPERATIONS AND RISK MANAGEMENT**

### **Introduction to the Securities Market**

1. Indian securities markets and its role in Indian economy
2. Structure of Securities market
3. Money market and its key features
4. Products traded in the securities market

### **Market Participants in the Securities Market**

1. Types of investors
2. Issuers
3. Intermediaries
4. Regulators and regulatory framework

### **Introduction to the Securities Broking Operations**

1. Trade life cycle
2. Front office operations
  - a. Client on-boarding and registration
  - b. KYC

- c. Unique Client Code
  - d. Order management
  - e. Order routing through the exchange
  - f. Execution of trade
3. Risk management practices
4. Surveillance mechanism
5. Back-office operations
  - a. Trade enrichment
  - b. Trade allocation
  - c. Trade confirmation/modification
  - d. Clearing and settlement
  - e. Accounting
  - f. Information technology
  - g. Regulatory compliances

## **Risk Management**

1. Risk Management practices
2. Capital adequacy requirements
3. Client account control
4. Margin requirements

## **Clearing Process**

1. Clearing process
2. Role of clearing agency in clearing of trades
3. Role of clearing banks in clearing of trades
4. Role of clearing members / Custodians in clearing of trades
5. Role of depositories and depository participants in clearing of trades
6. Clearing process for equities trading
7. Clearing process for derivatives trading

## **Settlement Process**

1. Settlement cycle
2. Settlement of Internet based trading and order placed on phone

3. Settlement of funds
4. Settlement of securities
5. Corporate actions adjustment
6. Auction of securities

### **Investor Grievances and Arbitration**

1. Redressal of investor grievance
2. Procedure of arbitration
3. Role of appellate arbitration

### **Other Services Provided by Brokers**

1. Services provided by brokers
2. IPO applications
  - a. Collection of IPO application forms
  - b. ASBA facility
3. Mutual fund trading through stock exchange
4. Portfolio management services provided by brokers
5. Research reports
6. Depository services
7. Margin trading

## **MODULE NO: 4 - INVESTMENT ADVISER (LEVEL 1)**

### **Introduction to Indian Financial Market**

1. Understand the macro-economic parameters of Indian Economy
2. Understand the features of Indian Financial Markets
3. Know the structure of Indian Financial Markets
4. Understand the role of the participants in the Indian Financial Markets
5. Know the role of various Regulators regulating Indian Financial Markets (In brief)

### **Securities Market Segments**

1. Understand the nature, functions and types of issues in Primary Markets
2. Know the role and function of Secondary Markets

### **Mutual Funds**

1. Understand the meaning and features of a mutual fund

2. Know the key terms and concepts associated with mutual funds
3. Know the regulatory framework for mutual funds
4. Know the various types of mutual fund products
5. Understand the taxation of Mutual Fund Products
6. Know the investment options in mutual funds
7. Know the processes associated with investing in mutual funds
8. Understand the uses and processes of conducting systematic transactions

#### Investment Products

1. Understand the various types of small savings instruments
2. Understand the various types of fixed income / debt instruments
3. Know the various types of alternate investments

#### Managing Investment Risk

1. Know the concept of Risk
2. Know the Common Types of Risk

#### Measuring Investment Returns

1. Understand the concept of return
2. Understand the various return concepts
3. Understand the concept of compounding
4. Know the computation of Real rate of return vs. nominal return
5. Know the computation of Tax adjusted return

#### Concept of Financial Planning

1. Understand what constitutes financial planning
2. Know the need for financial advisory services
3. Understand the scope of financial advisory services
1. Understand the business model for the delivery of financial advice to client
2. Understand assets, liabilities and net worth
3. Understand the preparation of budget
4. Know the financial planning delivery process

#### Asset Allocation and Investment Strategies

1. Know the various Asset classes

2. Learn about Portfolio construction
3. Understand the concept of Practical asset allocation and Rebalancing Strategies
4. Know the need for portfolio monitoring and re-balancing

#### **Insurance Planning**

1. Understand the need for insurance in personal finance
2. List the requirements for a risk to be insurable
3. Understand the role of insurance in personal finance.
4. Know the various steps involved in Insurance Planning
5. Know the types of Insurance Products
6. Understand about the Life Insurance Products
7. Understand about the Non-Life Insurance Products
8. Understand the life insurance needs analysis (Human life approach, Needs approach)

#### **Retirement Planning**

1. Understand the retirement planning process
2. Understand and estimate retirement corpus
3. Determine the retirement corpus

#### **Tax and Estate Planning**

1. Understand Income tax principles
2. Understand Tax aspects of Investment products
3. Learn about the Wealth Tax Act and its implication for clients

#### **Regulatory Environment and Ethical Issues**

1. Understand the provisions of the SEBI (Investment Advisers) Regulations, 2013
2. Understand the overall framework of the regulatory system
3. Learn about the roles of regulators: MoF, MCA, SEBI, RBI, IRDA, PFRDA
4. Understand the role of Self regulatory organizations
5. Understand the provisions of PMLA, 2002
6. Know the codes of conduct by SEBI, AMFI, etc
7. Know the ethical issues in providing financial advice
8. Understand investor complaint redressal mechanism

## **PROFILE OF SOME OF THE SPEAKERS**

### **PRADEEP CHANDRASEKARAN**

**Pradeep has been involved with the Financial Markets since 1991. He has vast experience in the areas of Equity Research and Portfolio Management. He is a pioneer of Financial Literacy in India and started running investor education programs long before it became a by-word. Since 2004, he has led well over 1800 training programs across the length and breadth of the country. For several years, he worked as the India Head for Hubb Finance, Australia. He is the Founder Director of Finmark Trainers, a leading financial market education company. He is also the Principal Consultant to Stratadigm Education and Training through which he runs programs for a host of MNC Banks and IT companies. He is also empanelled with the NSE, BSE and the NISM as a trainer. He was a columnist for the Economic Times and Business Line. He presently contributes a column to the Money Wise magazine. He is the author of two books TACTICAL TRADING and DE-MYSTIFYING THE VOLATILITY INDEX .**

### **GLENN ROGER CARR**

**Glenn started his career with Navia Markets Ltd as a Management Trainee in 1994 and moved on to head the companies online trading and NRI business verticals. In 2004 Glenn was instrumental in setting up the group's foray into the Portfolio Management business for which he was their Principal Officer. In 2009 Glenn moved on to join Unifi Capital, the largest PMS Player in South India in a senior management role. Glenn has a total of 20 years of rich experience in the area of advisory and portfolio management services to the Resident and Non Resident Indian Investor. Glenn is a Founder-Director of Finmark.**