NISM-Series-V-A: Mutual Fund Distributors Certification Examination

Curriculum

I. Concept and Role of a Mutual Fund

A. Concept of a mutual fund
B. Functions of a mutual fund
C. Advantages and limitations of a mutual fund
D. Investment objectives
E. Marking to market
F. Unit capital
G. Assets under management (AUM)
H. Fund running expenses
I. Net asset value (NAV)
J. Brief history of mutual funds in India
K. Closed end funds and open ended funds
L. Categorization of funds by investment objective
M. Categorization of funds by investing horizon
N. Categorization of funds by asset class
O. International funds
P. Fund of Funds
Q. Exchange Traded Funds (ETF)

II. Fund Structure and Constituents

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

III. Legal and Regulatory Environment

A. Role of regulators in India
B. Role and functions of SEBI in regulating mutual funds
C. Self regulatory organizations
D. Role and functions of AMFI
E. AMFI Code of Ethics
F. Investment restrictions and related regulations
G. Investor rights and obligations

IV. Offer Document

A. Regulations with respect to drafting and filing of an Offer Document for NFO

B. Process of NFO and steps involved in marketing an NFO
C. Objectives of information disclosure in an offer document
D. Objectives and contents of the Statement of Additional Information (SAI) and related regulations
E. Objectives and contents of the Scheme Information Document (SID) and related regulations
F. Key Information Memorandum (KIM) and related regulations

V. Fund Distribution and Sales Practices

A. Types of investors and eligibility
B. Distribution channels for mutual funds
C. Pre-requisites to become a mutual fund distributor
D. Key elements of agreement between distributor and a mutual fund
E. Sales practices and commission structure
F. Types of commissions and transaction charges
G. AMFI Code of Conduct
H. Process for KYD

VI. Accounting, Valuation and Taxation

A. Computation of net assets and NAV
B. Announcement of NAV
C. Factors affecting the NAV
D. Pricing of transactions in a mutual fund
E. Time-stamping of transactions
F. Charging of expenses
G. Key accounting and reporting requirements
H. Valuation process carried out by mutual funds
I. Applicability of taxes
J. Dividend Distribution Tax
K. Taxability of dividends and capital gains in the hands of a mutual fund investor
L. Applicability of Securities Transactions Tax based on type of transaction and scheme
M. Setting off gains and losses under Income Tax Act

VII. Investor Services

A. KYC requirements & Demat Account concept
B. Process for fresh and additional purchase in a mutual fund
C. Additional documentation requirements for institutional investors
D. Acceptable payment instruments
E. Processes related to redemptions by investors
F. Contents and periodicity of Statement of account
G. Process for Nomination and Pledge
H. Types of Investment options - dividend, growth and dividend re-investment

I. Processes related to of systematic investment plans
J. Processes related to systematic withdrawals and transfers
K. Processes related to other investor services and facilities

VIII. Risk, Return and Performance of Funds

A. Return on investment
B. Calculation of simple, annualized and compounded returns
C. Applicability of returns for different types of funds
D. SEBI norms for return representation of mutual funds in India
E. Factors that may affect mutual fund performance
F. Risks in different type of mutual funds
G. Classification of mutual funds based on risk
H. Process for Benchmarking of performance

IX. Scheme Selection

A. Steps in selecting equity funds
B. Steps in selecting debt funds
C. Steps in evaluating a money market fund and identifying factors impacting their performance
D. Steps in evaluating balanced mutual funds and evaluation of factors impacting their performance
E. Sources of data to track mutual fund performance

X. Selecting the Right Investment products for Investors

A. Classification of assets into physical and financial assets
B. Features of physical assets such as gold and real estate
C. Features of financial assets

XI. Helping Investors with Financial Planning

A. Basics of financial planning
B. Financial goals
C. Investment horizon
D. Objective of financial planning
E. Benefits and need for financial planning to the investor
F. Life cycle and wealth cycle in financial planning
G. Tools to categorize investors' needs

XII. Recommending Model Portfolios and Financial Plans

A. Risk profiling
B. Asset allocation and types
C. Importance and steps for developing a model portfolio