

## **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