

EUROPEAN FINANCIAL ADVISOR (EFA)

EFPA Level 3 – 20 days classroom equivalent
– EQF Level 5



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MODULE	TOPIC	DURATION (in days)
Module 1	ECONOMIC ENVIRONMENT	2,0
Module 2	FINANCIAL MARKETS	1,0
Module 3	INVESTMENT PRODUCTS	6,0
Module 4	ASSESSING CLIENT NEEDS AND DEVELOPING A FINANCIAL SOLUTION	2,0
Module 5	PORTFOLIO CONSTRUCTION AND SELECTION ACCORDING TO CLIENT NEEDS	3,0
Module 6	INSURANCE PRODUCTS FOR ADVICE	1,5
Module 7	INVESTMENT PRODUCTS FOR RETIREMENT ADVICE	1,0
Module 8	REAL ESTATE INVESTING	0,5
Module 9	CREDIT FOR PERSONAL FINANCE	1,0
Module 10	REGULATION, TAX AND ETHICS	2,0
	TOTAL	20,0

Note: For a proper understanding, in this document "client" includes existing or potential clients.

EUROPEAN FINANCIAL ADVISOR (EFA) - SYLLABUS

- Topics in red means content in addition to the EIP certification.
- Cells in red means taxonomic levels in addition to EIP certification.

MODULE 1	ECONOMIC ENVIRONMENT (2,0 DAYS)	K	A	AP
1.1 Foundations of economy	a. Basic economic concepts			
1.2 Real economy and financial economy	a. Definition of economic policy (fiscal policy and income policy) and monetary policy b. Main goals and instruments of economic policy and monetary policy c. Country's financial balance d. Sector's financial balance (householders, corporations, public administrations) e. Leading indicators f. The monetary policy transmission mechanism			
1.3 Relationship between real economy and financial markets	a. The impact of country's financial position on the outstanding public debt and the need of new issues of government bonds b. The impact of economic and political dynamics on financial markets c. Relation between economic cycles and financial markets (how different financial assets respond in different economic cycles)			
1.4 Exchange rates and international finance	a. The law of one price b. The theory of purchasing power parity c. The covered interest rate parity theory d. Determining factors of variations in exchange rates e. Definition of currency crisis, impact on currency reserves and balance of payment			

MODULE 2	FINANCIAL MARKETS (1,0 DAYS)	K	A	AP
2.1 Financial system	a. Components of the financial system			
2.2 Financial markets structure	a. Structure of financial markets according to traded financial instruments			
2.3 Trading mechanisms of securities on financial markets	a. Primary and secondary market b. Issuing mechanisms (competitive and marginal auction) c. Types of markets (brokered markets, dealer markets and auction markets) d. Types of orders e. National trading venues for each type of investment products f. Market depth, size and elasticity g. The mechanism of short selling an asset and the possibility of short selling restrictions in single country			

MODULE 3	INVESTMENT PRODUCTS (6,0 DAYS)	K	A	AP
3.1 Foundation of investments	a. a. Time value of money: simple versus compound interest b. Present and future value of a capital			
3.2 Investment products taxation	a. Types of taxable income/profits from financial investments b. Different regimes to declare income/profits from financial investments			
3.3 Money markets instruments	a. Deposits b. Repurchase agreement c. Treasury Bills d. Money market indexes (Eonia, Euribor)			
3.4 Bonds	a. Basic features of bonds b. Bond yield c. Bond risk d. Calculations of yield and risk (duration) at portfolio level e. Taxation			

<p>3.5 Equities</p>	<p>a. Equity securities characteristics b. Elements of equity valuation c. Equity valuation models d. Return from equity investing e. Equity risk f. Equity technical analysis g. Taxation</p>			
<p>3.6 Derivatives</p>	<p>a. Derivatives market b. Futures contracts c. Options d. Taxation</p>			
<p>3.7 Foreign currency</p>	<p>a. Definition of foreign exchange market b. Spot and forward exchange rates c. Possible quotations of exchange rates d. Foreign exchange cross rates e. Impact of foreign exchange rate fluctuations on the non-euro denominated products</p>			
<p>3.8 Mutual Funds</p>	<p>a. Mutual Funds Overview b. Mutual Funds and their investment policy c. Analysis and Selection of Funds d. Hedge funds investments e. Mutual fund investment style f. Taxation</p>			
<p>3.9 Certificates and ETC</p>	<p>a. Definition of securitized derivatives b. Parties involved in certificates c. Main categories of certificates d. Exchange Traded Commodities e. Contracts for differences (CFD)</p>			
<p>3.10 Complex products</p>	<p>a. Understanding the complexity features of investment products b. ESMA and National Authority definition of complex products</p>			
<p>3.11 Private equity</p>	<p>a. Private equity as asset class</p>			

MODULE 4	ASSESSING CLIENT NEEDS AND DEVELOPING A FINANCIAL SOLUTION (2,0 DAYS)	K	A	AP
4.1 Assessing client needs	<p>MiFID and ESMA regulation on “Know your customer rule”:</p> <ul style="list-style-type: none"> a. Set of information to collect from clients b. The key elements for a good questionnaire c. Suitability and appropriateness d. Updating the questionnaire given potential changes occurring to clients e. Determining client’s risk profile 			
4.2 Developing a financial solution	<ul style="list-style-type: none"> a. The life-cycle investing b. Single portfolio versus multi-objective portfolio c. Explain the financial solution to the client d. Behavioral biases of investors 			
4.3 Monitoring client’s needs	<ul style="list-style-type: none"> a. Review and update client’s risk profile b. Adjust the financial solution 			

MODULE 5	PORTFOLIO CONSTRUCTION AND SELECTION ACCORDING TO CLIENT NEEDS (3,0 DAYS)	K	A	AP
5.1 Analysis of markets return and risk (at single asset class level)	<ul style="list-style-type: none"> a. Time series analysis of financial assets 			
5.2 Diversification benefit and portfolio risk	<ul style="list-style-type: none"> a. Time series analysis of the behavior of a couple of asset classes b. Portfolio return and risk 			
5.3 Portfolio construction	<ul style="list-style-type: none"> a. The process of asset allocation in a mean – standard deviation framework b. Main problems in portfolio construction c. Asset Allocation in the CAPM framework d. Active Vs passive management 			
5.4 Portfolio selection	<ul style="list-style-type: none"> a. Selection of portfolio from the efficient frontier 			

<p>5.5 Portfolio performance measurement and evaluation</p>	<p>a. Benchmark b. Portfolio performance measurement c. Performance attribution according to the Brinson et al. Model</p>			
<p>5.6 Portfolio risk monitoring and rebalancing</p>	<p>a. Motivations and tools for risk monitoring b. Portfolio rebalancing</p>			

MODULE 6	PRODUCTS FOR INSURANCE ADVICE (1,5 DAYS)	K	A	AP
<p>6.1 Insurance for risk management</p>	<p>a. Principles of risk management b. Analysis of the client's risks exposure c. Analysis of the client's current insurance coverage d. Adjust/acquire insurance for specific risks if required</p>			
<p>6.2 Life insurance products</p>	<p>a. Types and main features of investment-oriented life insurance products b. Parties of the contract c. Types of settlement options d. Life risk insurance e. Taxation of life insurance products</p>			
<p>6.3 Non-life insurance products</p>	<p>a. Health insurance b. Homeowners insurance c. Liabilities insurance d. Others non-life insurance products</p>			
<p>6.4 Corporate insurance plans and governmental and professional Insurance Schemes</p>	<p>a. Group life insurance coverage options b. Post retirement coverage c. Social security d. Unemployment insurance</p>			
<p>6.5 Insurance regulation</p>	<p>a. Insurance Distribution Directive (IDD)</p>			

MODULE 7	INVESTMENT PRODUCTS FOR RETIREMENT ADVICE (1,0 DAYS)	K	A	AP
7.1 Retirement income and needs analysis	a. Approach to client's needs			
7.2 Retirement and pension system and products	a. Three pillar pension system b. Retirement and pension products c. Taxation of retirement products d. Key factors affecting plan selection and make recommendations e. Periodical review of the client's and markets changes			

MODULE 8	REAL ESTATE INVESTING (0,5 DAYS)	K	A	AP
8.1 The Real Estate Market	a. The Real Estate Market			
8.2 Investments in Real Estate	a. Direct investment in Real Estate b. Indirect investment in Real Estate			
8.3 Real Estate Investments and Portfolio considerations	a. The potential role of real estate investment for portfolio diversification b. Main benchmarks for Real Estate Investments			

MODULE 9	CREDIT FOR PERSONAL FINANCE (1,0 DAYS)	K	A	AP
9.1 Loans for housing/ residential properties	a. Loans for residential properties b. Special destination of residential properties			
9.1 Consumer credit	a. Consumer credit			

MODULE 10	REGULATION, TAX AND ETHICS (2,0 DAYS)	K	A	AP
10.1 Investment Services Regulation	<ul style="list-style-type: none"> a. The list of investment services and ancillary services b. The regulation of investment services (rules of conduct according to MiFIDfid 1 and 2) c. Specific rule for investment advice (inducements, independent and non-independent advice) d. Reporting to clients on service provided e. ESMA guidelines for the assessment of knowledge and competence f. Advisors liability 			
10.2 Financial Markets Regulation	<ul style="list-style-type: none"> a. The primary legislation on the functioning of secondary markets b. The market abuse regulation c. The anti-money laundering regulation 			
10.3 Overview of national tax system	<ul style="list-style-type: none"> a. Income tax b. Inheritance tax c. Other relevant taxes 			
10.4 Reputational risk and ethics	<ul style="list-style-type: none"> a. Sources of reputational risk for investment firms b. Consequences of reputational risk for investment firms c. EFPA Code of Ethics 			

