

Ref: FPSBI / KM-OPR / 5 - 01 / 2010  
 May 21, 2010

**Examination Notification**  
**Examination 5 (Advanced Financial Planning) and Challenge Status Examination**  
**Examination on a Daily Basis Format since May 22, 2010**

**Important Note**

- **Candidates interested in taking Exam 5/ Challenge Status Pathway (CSP) Exam from May 22, 2010 onwards will pay fees for exam online through NCFM on the NSE website [www.nseindia.com](http://www.nseindia.com) or logging on to [www.ncfm-india.com](http://www.ncfm-india.com) and enroll for exam by selecting their chosen date/slot of exam from the available dates and slots. Kindly note that the payment will be only through the gateway facilitated through NCFM and **no fees will be accepted through Demand Draft/ cheque or through OCMS facilitated gateway of FPSB India**. There is no need for filling up separate examination form for Exam 5/CSP on the OCMS as was the practice till now.**
- The candidates may check their activation status and validity date for Exam 5/CSP on [www.ncfm-india.com](http://www.ncfm-india.com).
- The candidates through Regular Pathway can apply for exam enrollment on [www.ncfm-india.com](http://www.ncfm-india.com) and can pay online through NCFM gateway.
- Candidates of Challenge Status Pathway (CSP) who have already registered with FPSB India and have yet to take their first attempt at examination have to give their examination centre and date request to FPSB India for their initial exam enrollment. For subsequent attempts, they will enroll for examination by paying online through NCFM gateway.
- For all fresh registrations through Challenge Status Pathway (CSP), the examination fees will have to be paid through the gateway provided by NCFM.
- All candidates applying for the examination as stated above shall be deemed to have read and understood this Examination Notification and shall agree to abide by the terms and conditions thereof.
- Hall Tickets will NOT be issued. Candidates duly enrolled through the process stated above will get SMS alerts and email from NSE informing them about the Examination schedule and test centre address prior to the Examination.
- Candidates are not allowed to bring or use laptop/palmtop or such other gadgets. Access to spreadsheet shall be available to the candidates in the computer provided by NSE at their exam centres.
- Candidates are requested to carry their identifiable Photo ID Proof.
- **Candidates should ensure that all personal information such as mobile number and email address, provided by them on the NSE website (NCFM enrollment details) are correct. This is in order to ensure proper communication. FPSB India shall not be responsible for lack of communication due to wrong contact numbers and email of the candidate.**
- **No request for carry forward of examination OR change in exam dates/slots and exam centre, etc. shall be entertained once the system accepts their Exam enrollment through the process stated above.**

**I Examination Centres and Dates**

Examination centres for Exam 5/CSP exam shall be the NSE facilitated centres at major cities such as Ahmedabad, Chennai, Hyderabad, Kolkata, Mumbai, New Delhi. The available list of centres exceeds 85 at any given time and is displayed when a candidate registers for the exam. The exam slots will be filled on first-come-first-served basis and FPSB India shall in no way assure the availability of test centre on a particular date of exam. Exam will take place on all business days, i.e. except Sundays and those Holidays when the NSE's test centres are not working. The available dates will be displayed on the website while enrolling online for the examination.

**II Examination Schedule**

- Timings, Duration & Mode: The examination will be of 4 hours duration and will be conducted on computer terminals at NSE's own test centres and those facilitated by NSE.
- It is mandatory for the candidates to upload their photograph with NSE, if not done earlier. The same has to be done at website [www.nseindia.com](http://www.nseindia.com) (**link NCFM →online registration/enrolment →photograph upload**).
- Reporting Time for the candidates will be half-an-hour before the start time of the exam.
- The language for conducting the exam shall be English.

### III Examination Pattern

- FPSB India shall upload a number of probable Case Studies under the head **CFP<sup>CM</sup> Certification → Sample Papers (Exam 5)** on FPSB India's website [www.fpsbindia.org](http://www.fpsbindia.org). The candidates willing to take the examination are advised to familiarize with the cases.
- A candidate appearing in the Exam 5/CSP Exam will get by random selection any two from the list of probable Case Studies as appearing on the website of FPSB India one week prior to the date of examination selected by the candidate. The Case Studies will appear on the computer screen on the terminal provided to the candidate at the test centre.
- A set of 30 questions (15 based on each Case Study appeared through random selection) shall appear on the system along with Case Studies.
- Each question or incomplete statement shall be followed by four alternatives in a multiple-choice-questions format. Candidates are expected to select the correct alternative on the system and also fill-in the back-up sheet provided by the NSE centre.
- Each question will carry pre-specified marks for the correct answer.
- The questions in each Case Study will be on a pattern covering the subjects in the following manner:

Pattern of Questions in each Case Study										
Marks Category	Module I		Module II		Module III		Module IV		Module V	
	No. of Questions	Marks	No. of Questions	Marks	No. of Questions	Marks	No. of Questions	Marks	No. of Questions	Marks
2	2	4	1	2	0	0	1	2	1	2
3	1	3	1	3	1	3	0	0	1	3
4	0	0	1	4	0	0	1	4	0	0
5	0	0	0	0	1	5	2	10	1	5
<b>Total</b>	<b>3</b>	<b>7</b>	<b>3</b>	<b>9</b>	<b>2</b>	<b>8</b>	<b>4</b>	<b>16</b>	<b>3</b>	<b>10</b>

- Candidates will be evaluated based on the following learning objectives:
  - ✓ Determining the client's financial status by analyzing and evaluating the client's information.
  - ✓ Ability to comprehend and analyze client specific situations and select the best solution among the given options. This entails a thorough and sound understanding of the well-defined comprehensive curriculum of CFP<sup>CM</sup> certification.
- The applicable Assessment Year for all items requiring computation of income tax, capital gains, etc. will be as specified from time to time in the relevant notification.
- The Module I to Module V as defined in the above table do not necessarily correspond to Module I to Module V of the CFP<sup>CM</sup> certification syllabus and curriculum. Rather the Modules defined above shall cover a range of subjects based on which the questions will be displayed after each Case Study in the above pattern. The range of topics/subjects covered under these modules is given below. This is just an indicative list of topics/subjects to help the candidates to focus on the examination and should in no way be deemed to be an exhaustive coverage of topics/subjects that a candidate is tested on. As a prospective Financial Planner, the candidate is expected to be aware of the entire regulatory and statutory environment governing the financial services within India.

**Module I:** Code of Ethics and Professional Responsibility, Practice Guidelines of FPSB India; Ethical and Professional considerations in Financial Planning; Applications of the Financial Markets operation; Financial Planning Process; Client-Planner relationship; Analysis and Evaluation of client Objectives, Needs and Financial Situation; Inflation and Tax-adjusted interest rates; Personal Financial Ratios and Budgeting; Cash and Liquidity management; Cash flow planning; Mortgages and Loan Repayment Schedules; Personal Credit management; Economic Environment and Indicators; Interest Rates and Yields; Behavioral Finance.

**Module II:** Purpose and Need of Insurance; Basic Categories of Risk, Types of Pure Risk, Property Risk, Liability Risk; Methods of handling risk; Implementation of insurance as a tool to manage Risk, Risk control and Risk financing; Insurance Concepts; Insurance Contracts; Insurance Policy Documents and their legal implications; Identification of client's insurance needs; Life Insurance and Health Insurance policies and strategies; disability and other riders; Life Insurance Needs Analysis, Human Life approach, Needs approach, Capital Needs Analysis approach; Policy selection, cost comparison, Factors to consider while buying insurance; Types of Life Insurance – Term, Whole Life, Endowment,

Investment Linked; Key Person insurance, Business Assets and Liabilities insurance; Householders Insurance, Motor Vehicles insurance, Professional Liability Insurance; Concept of Bonus, Surrender and Paid-up value of policies.

**Module III:** Evaluation of Retirement Needs of client, Financial Needs, Replacement Ratio and expense methods for retirement income needs, Excess/Shortfall calculations, Future Value of on-going savings, Asset Allocation for the required returns, inflation-adjusted discount rates versus nominal returns, tax considerations before and during retirement, Strategic shifts in Asset Allocation pre-retirement, Annuities – immediate and deferred; Alternate methods to Annuities through tactical Funds Management; Retirement income streams, Employer Pension schemes, Commuted and un-commuted pension, Legal and Tax implications of Retirement Plan, Life Cycle and Career Stability; Key factors in Retirement Plan, Life Expectancy and Lifestyle aspirations, stage of retirement plan, risk profiling in selection of appropriate investment vehicles in accumulation and distribution stages; Types of Retirement Security Plans, PF, Gratuity, Superannuation benefits, PPF and other self funded plans, Senior Citizen Saving Scheme; Issues of early retirement, delayed retirement and living longer, effect of inflation; Voluntary Retirement Schemes; New Pension Scheme; Linking Retirement Planning with Estate Planning.

**Module IV:** Meeting of various goals such as education, higher education and marriage of children, vacation funding, Wealth Creation through efficient management of cash flows and routing them to strategic investment vehicles; Choice of investment products from their risk-return characteristics, Evaluation of investment performance, portfolio creation and monitoring, rebalancing of portfolios, shifts in asset allocation, active and passive investment management; Various risks associated with investments in Equity Markets, Debt Markets, Commodities Markets, Futures Markets, Measuring of Risks, Managing Risks through diversification across asset classes, products and time, Hedging; Compounding, Time weighted returns, real returns, tax adjusted real returns, Holding period returns, CAGR, IRR, XIRR, YTM, Current yield and yield to call, Risk-adjusted returns, Risk and Return of Portfolios, Sharpe, Treynor and Jensen Ratios; Investment Vehicles, Assured Return and Small Savings schemes, KVP, NSC, PPF, POMIS, Government Securities, Bonds, Mutual Funds schemes, Equity and Debt schemes, Liquid schemes, Sectoral Funds, Exchange Traded Funds, Index Funds, FMPs, REMF and REITs, Overseas Funds; Equity shares, Modes of Valuation, EPS, Dividend Yield, Derivatives, Futures and Options, Currency and Interest Rate derivatives; Bullion and Commodities, Gold ETFs, Venture Capital and Private Equity.

**Module V:** Evaluation of Tax strategies for individual and family situations; Integrate Tax Planning in financial transactions including savings, investment and expenditure; Tax Returns, Tax Refunds, Tax calculations, Taxable Income, Tax Liability, Clubbing of Income; Tax Residency Rules, Taxation in respect of NRIs,; Tax Characteristics of Businesses, Heads of Income, Netting Rules and Indexation Benefits, Capital Loss limitations, Tax Planning Strategies, Exemptions, Deductions and Rebates; Non-taxable transactions, Gifts, Estate Planning Needs, Efficiency of Wealth Transfer, Wills, Hindu and Indian Succession Act, Transfer through Trusts, Taxation of Trusts, Transfer by Contract, Powers of Attorney, Probate, Testate succession, Intestate succession; Estate and Gift taxation; Estate Planning for Family Businesses; Documents in Estate Planning and Transfer of Wealth; Penalty and Interest provisions.

- The answer backup sheet and rough sheets for doing their workings in the examination will be provided to the candidate at the test centre. The candidate has to return the answer backup sheet along with all rough sheets to the test coordinator before leaving the examination hall. Candidates are required to fill the answer backup sheet simultaneously in order to avoid loss of time due to system failure, if any.
- Any instances of resorting to unfair means or malpractices during examination shall be treated very seriously. A candidate found doing so will be expelled from taking the examination and his/her candidature shall be cancelled, and such candidate shall be debarred from appearing in any examination of FPSB India for such duration as may be decided by the Examination Committee of FPSB India.
- **Permitted Accessories:** Candidates are permitted to use their own calculators – scientific or financial. No exchange of accessories will be permitted during the examination. Candidates shall also have access to spreadsheet in the computers provided by test centres facilitated by the NSE.

Kindly note:

1. Candidates should not carry a hard copy of the Case Studies uploaded on the website, or for that matter any other paper printed or handwritten in the test centre.
2. Candidates are not allowed to carry laptop, palmtop, log tables, annuity tables, etc.
3. Candidates are not allowed to use calculator in their mobile phones.
4. Mobile phones have to be necessarily kept in the “switched off” mode during the examination.

#### **IV Examination Results**

Results will be declared by the system itself once the candidate clicks the 'Submit' button after the exam is completed OR if the exam duration lapses, the system will treat the answer sheet as 'submitted' and result will be displayed on the screen. Candidates shall get a printout of their result at the test centre after the exam.

#### **V Confidentiality Policy**

- The results of all candidates who remain unsuccessful shall be kept confidential in the custody of FPSB India. However, results of successful candidates in terms of grades received in the examination are intended to be displayed on FPSB India's website once in a fortnight along with the information on the successful candidate's eligibility or otherwise to receive CFP<sup>CM</sup> certification, depending on the certification criteria required to be fulfilled.
- The documents submitted by the candidates at examination hall, viz. rough sheets, back-up sheets, feedback form, etc. are the property of FPSB India, are kept confidential in the custody of FPSB India, and are not subject to any public scrutiny. The same is to preserve the confidentiality of candidate specific information. These are also required for gathering useful information to strengthen our examination system and cross-check the relevant information in case of review or appeals received post-examination.

#### **VI Non-discrimination Policy**

FPSB India follows a policy of non-discrimination among candidates who appear in this exam through separate pathways, viz. Regular Pathway and Challenge Status Pathway, and within the Regular Pathway, two modes, viz. through authorized Education Providers and through Self-Study. The on-line testing medium, algorithm used, facilities provided in terms of on-line content and testing and threshold criteria are the same for all candidates. On the strength of the aforesaid, there is no discrimination of any kind among the eligible candidates on the basis of pathway or mode of examination chosen, sector, region, caste, religion, age, gender, or on the basis of additional qualification and experience than those mandated for specific pathway, or on the basis of the allegiance of candidates to institutional entities or authorized educational entities.

#### **VII Evaluation System**

- A candidate who scores 50% or more will pass the examination and anyone who scores below 50% (exclusive) will fail the examination.
- There is no negative marking in the Examination.
- Successful candidates in the CFP<sup>CM</sup> certification examination are not given their scores or ranks as practiced in most international professional certification exams. However, given the aspiration needs of the candidates, grades will be provided to the successful candidates. Unsuccessful candidates shall get their marks in percentage terms along with the result.
- The following Grading System will be used to provide grades.

<b>Grade</b>	<b>Score (Percentage)</b>
<b>A</b>	Equal and above 75%
<b>B</b>	Equal and above 60% and less than 75%
<b>C</b>	Equal and above 50% and less than 60%
<b>Fail</b>	Less than 50%

#### **VIII Review and Appeals Process**

Candidates who want their scores reevaluated may appeal for such a request in writing within 7 days of the date of the examination. The fee for re-evaluation is Rs. 1,500 (Rupees One Thousand Five Hundred only) to be paid by Demand Draft, in favor of FPSB India. Written request for re-evaluation should be addressed to FPSB India - Knowledge Management Division. The request must include the candidate's name, NCFM / FPSB India Registration Number, the examination date and time slot, venue for which the request is being made, the fee and the specific reason for a recheck. Requests without the fee will not be entertained and any requests received beyond 7 days after the date of the examination shall not be processed.

Specific query related to a particular question, if any, should be pointed out by the candidate during the course of the examination to the test coordinator at the test centre. For this the candidate is expected to submit his/her query in writing to the test coordinator after completing the examination, while submitting all other examination related documents.

**Subsequent queries through mail or post to FPSB India shall not be entertained.** Also no question/s should be copied from the test screen and/or taken out of the examination hall as it shall lead to disqualification of the candidature.

FPSB India would treat the instances of resorting to unfair means or malpractices noticed during examination very seriously and any candidate found doing so will be expelled from taking the examination and his/her candidature shall be cancelled.

**Decisions of FPSB India in all matters pertaining to the examinations shall be final and binding.**

**Knowledge Management & Operations  
Financial Planning Standards Board India**