



European Financial Planning Association

EFPA EFA Syllabus

European Financial Adviser®

PREAMBLE

The EFA (European Financial Advisor[®] Certification) is aimed at practitioners with an extended financial advisory activity. It is the most widespread level of European certification.

That certification refers to professionals who offer a rigorous service of assessing clients' needs and developing financial solutions, particularly concerning investments at portfolio level, but also including basic insurance/retirement /credit/financing solutions. The educational programs should be covered in a minimum of 20 classroom days or 160 tuition hours (or equivalent).

CONTENTS OF THE EIP CERTIFICATION

Module	Topic	Duration (days/hours)
Module 1	ECONOMIC ENVIRONMENT	1,0 / 8
Module 2	FINANCIAL MARKETS	0,5 / 4
Module 3	INVESTMENT PRODUCTS	1.5 / 12
Module 4	ASSESSING CLIENTS NEEDS AND DEVELOPING A SOLUTION	1,5 / 12
Module 5	PORTFOLIO CONSTRUCTION AND SELECTION ACCORDING TO CLIENT NEEDS	1,5 / 12
Module 6	INSURANCE PRODUCTS FOR ADVICE	0,5 / 4
Module 7	INVESTMENT PRODUCTS FOR RETIREMENT ADVICE	1,0 / 8
Module 8	REAL ESTATE INVESTING	0,5 / 4
Module 9	CREDIT FOR PERSONAL FINANCE	1,0 / 8
Module 10	REGULATION, TAX AND ETHICS	1,0 / 8
Module 11	GREEN FINANCE	1.0 / 8
Module 12	ABSOLUTE RETURN STRATEGIES	1.0 / 8
Module 13	FINTECH	-
	TOTAL	12,0 / 96

Contents added to the EIP programs

This training, which covers all fields of the financial professions, allows an investment adviser to acquire solid foundations while having his knowledge and skills recognized through European certification.

THE CERTIFICATION IN DETAILS

Module 1	Contents	K	A	AP
1.1 Foundations of economy	a. Basic economic concepts			
1.2 Real economy and financial economy	c. Country's financial balance. d. Sector's financial balance 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			
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	Contents	K	A	AP
2.3 Trading mechanisms of securities on financial markets	b. Issuing mechanisms d. Types of orders 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	Contents	K	A	AP
3.1 Foundation of investments	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			
3.4 Bonds	a. Basic features of bonds b. Bond yield d. Calculation of the yield and risk (duration) at portfolio level e. Taxation			
3.5 Equities	a. Equity securities characteristics b. Elements of equity valuation c. Equity valuation models e. Equity risk f. Equity technical analysis g. Taxation			
3.6 Derivatives	a. Derivatives market b. Futures contracts c. Options d. Taxation			
3.7 Foreign currency	b. Spot and forward exchange rates c. Possible quotations of exchange rates			
3.8 Mutual Funds	a. Mutual Funds Overview c. Analysis and Selection of Funds d. Hedge funds investments e. Mutual fund investment style f. Taxation			
3.9 Certificates and ETC	e. Contracts for differences (CFD)			
3.11 Private Equity and private debt	a. Private equity as asset class b. Private debt as asset class			

Module 4	Contents	K	A	AP
4.1 Assessing client needs	a. Set of information to collect from clients			
4.2 Developing a financial solution	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	a. Review and update client's risk profile. b. Adjust the financial solution			
Module 5	Contents	K	A	AP
5.1 Analysis of markets return and risk (at single asset class level)	a. Time series analysis of financial assets.			
5.2 Diversification benefit and portfolio risk	a. Time series analysis of the behavior of a couple of asset classes. b. Portfolio return and risk.			
5.3 Principle of portfolio construction	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			
5.5 Elements of portfolio performance evaluation	a. Benchmark c. Performance attribution according to the Brinson et al. Model.			
5.6 Portfolio risk monitoring and rebalancing	a. Motivations and tools for risk monitoring. b. Portfolio rebalancing.			
Module 6	Contents	K	A	AP
6.1 Insurance for risk management	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			
6.2 Life insurance products	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			
6.3 Non-life insurance products	a. Health insurance b. Homeowners insurance c. Liabilities insurance d. Others non-life insurance products			
6.4 Corporate insurance plans and governmental and professional Insurance Schemes	a. Group life insurance coverage options b. Post retirement coverage c. Social security d. Unemployment insurance			
6.5 Insurance regulation	a. Insurance Distribution Directive (IDD)			
Module 7	Contents	K	A	AP
7.1 Retirement income and needs analysis	a. Approach to clients' needs			
7.2 Retirement and pension system and products	a. Three pillar pension system b. Retirement and pension products d. Key factors affecting plan selection and make recommendations. e. Periodical review of the client's and markets changes			
7.3 Reputational risk and ethics	a. Sources of reputational risk for investment firms b. Consequences of reputational risk for investment firms c. EFPA Code of Ethics			

Module 8	Contents	K	A	AP
8.1 The real Estate Market	a. The Real state Markets			
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	Contents	K	A	AP
9.1 Loans for housing/residential properties	a. Loans for residential properties b. Special destination of residential properties			
9.2 Consumer credit	a. Consumer credit			
Module 10	Contents	K	A	AP
10.3 Overview of national tax system	a. Income tax b. Inheritance tax c. Other relevant taxes			
10.4 Reputation & ethics	c. EFPA Code of Ethics			
Module 11	Contents	K	A	AP
11.2 ESG Factors and impact on security analysis	b. The concept of materiality and its importance for the ESG analysis c. Materiality map of ESG risks and opportunities among sectors			
11.3 Sustainable investing approaches and strategies	a. Classification and basic principles of ESG investing approaches b. Negative screening approaches: exclusion/negative screening and norms based screening c. Positive screening approaches: best-in-class and integration d. Generating impact: Thematic investing and impact investing e. ESG considerations in the process of portfolio construction f. Trends over time and world regions			
11.4 Engagement: elevating the importance of sustainability issues at companies' level	b. Tools for engagement: active ownership/shareholders' activism, constructive dialogue and proxy voting. e. Role of institutional investors' engagement in investee companies to improve ESG practices/orientation. f. Stewardship codes (Efama Stewardship Code)			
11.5 A main example of impact investing: green bonds and social bonds	a. Definition of green bonds and their role for environment b. Eligible projects for green bond issues c. The green bond market (issuers, investors, trends...) d. Differences between Green Bond Principles and the EU-green bond e. Pricing of green bonds versus pricing of conventional bonds f. Definition of social bonds and Social Bond Principles g. Green and Social together: sustainable bonds			
11.6 EU legal framework on the integration of ESG factors by investment firms and financial advisors	c. Integration of sustainability factors under the UCITS, AIFMD and MIFID II regulations.			
Module 12	Contents	K	A	AP
12.1 Fundamentals of absolute return	a. Definition b. Hedge fund strategies c. Risk target strategy			
12.2 Asset allocation under constraint of risk target	a. Market regime and risk on / risk off indicators b. Market trends and reversal c. Manage the risky asset exposure under constraint of loss target d. Capital preservation models			



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