



European Financial Planning Association

## **EUROPEAN FINANCIAL PLANNER (EFP)**

EFPA Level 4 – 40 days classroom equivalent – EQF Level 6

# EUROPEAN FINANCIAL PLANNER (EFP)

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EFPA Level 4 – 40 days classroom equivalent  
– EQF Level 6



- Modules/Topics in red means content in addition to the EFA certification.

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
Module 11	DEEPENING/ENLARGEMENT EFA MODULES (raising to EQF level 6)	6,0
Module 12	ESTATE PLANNING	3,0
Module 13	FINANCIAL PLANNING FOR BUSINESS OWNERS	4,0
Module 14	TAX IMPLICATIONS AND INTERNATIONAL ASPECTS	3,0
Module 15	FINANCIAL PLANNING PROCESS	4,0
	<b>TOTAL</b>	<b>40,0</b>

## 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
<b>1.1 Foundations of economy</b>	a. Basic economic concepts			
<b>1.2 Real economy and financial economy</b>	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			
<b>1.3 Relationship between real economy and financial markets</b>	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)			
<b>1.4 Exchange rates and international finance</b>	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			

<b>MODULE 2</b>	<b>FINANCIAL MARKETS (1,0 DAYS)</b>	K	A	AP
<b>2.1 Financial system</b>	a. Components of the financial system			
<b>2.2 Financial markets structure</b>	a. Structure of financial markets according to traded financial instruments			
<b>2.3 Trading mechanisms of securities on financial markets</b>	<ul style="list-style-type: none"> <li>a. Primary and secondary market</li> <li>b. Issuing mechanisms (competitive and marginal auction)</li> <li>c. Types of markets (brokered markets, dealer markets and auction markets)</li> <li>d. Types of orders</li> <li>e. National trading venues for each type of investment products</li> <li>f. Market depth, size and elasticity</li> <li>g. The mechanism of short selling an asset and the possibility of short selling restrictions in single country</li> </ul>			

<b>MODULE 3</b>	<b>INVESTMENT PRODUCTS (6,0 DAYS)</b>	K	A	AP
<b>3.1 Foundation of investments</b>	<ul style="list-style-type: none"> <li>a. a. Time value of money: simple versus compound interest</li> <li>b. Present and future value of a capital</li> </ul>			
<b>3.2 Investment products taxation</b>	<ul style="list-style-type: none"> <li>a. Types of taxable income/profits from financial investments</li> <li>b. Different regimes to declare income/profits from financial investments</li> </ul>			
<b>3.3 Money markets instruments</b>	<ul style="list-style-type: none"> <li>a. Deposits</li> <li>b. Repurchase agreement</li> <li>c. Treasury Bills</li> <li>d. Money market indexes (Eonia, Euribor)</li> </ul>			
<b>3.4 Bonds</b>	<ul style="list-style-type: none"> <li>a. Basic features of bonds</li> <li>b. Bond yield</li> <li>c. Bond risk</li> <li>d. Calculations of yield and risk (duration) at portfolio level</li> <li>e. Taxation</li> </ul>			

<p><b>3.5 Equities</b></p>	<ul style="list-style-type: none"> <li>a. Equity securities characteristics</li> <li>b. Elements of equity valuation</li> <li>c. Equity valuation models</li> <li>d. Return from equity investing</li> <li>e. Equity risk</li> <li>f. Equity technical analysis</li> <li>g. Taxation</li> </ul>			
<p><b>3.6 Derivatives</b></p>	<ul style="list-style-type: none"> <li>a. Derivatives market</li> <li>b. Futures contracts</li> <li>c. Options</li> <li>d. Taxation</li> </ul>			
<p><b>3.7 Foreign currency</b></p>	<ul style="list-style-type: none"> <li>a. Definition of foreign exchange market</li> <li>b. Spot and forward exchange rates</li> <li>c. Possible quotations of exchange rates</li> <li>d. Foreign exchange cross rates</li> <li>e. Impact of foreign exchange rate fluctuations on the non-euro denominated products</li> </ul>			
<p><b>3.8 Mutual Funds</b></p>	<ul style="list-style-type: none"> <li>a. Mutual Funds Overview</li> <li>b. Mutual Funds and their investment policy</li> <li>c. Analysis and Selection of Funds</li> <li>d. Hedge funds investments</li> <li>e. Mutual fund investment style</li> <li>f. Taxation</li> </ul>			
<p><b>3.9 Certificates and ETC</b></p>	<ul style="list-style-type: none"> <li>a. Definition of securitized derivatives</li> <li>b. Parties involved in certificates</li> <li>c. Main categories of certificates</li> <li>d. Exchange Traded Commodities</li> <li>e. Contracts for differences (CFD)</li> </ul>			
<p><b>3.10 Complex products</b></p>	<ul style="list-style-type: none"> <li>a. Understanding the complexity features of investment products</li> <li>b. ESMA and National Authority definition of complex products</li> </ul>			
<p><b>3.11 Private equity</b></p>	<ul style="list-style-type: none"> <li>a. Private equity as asset class</li> </ul>			

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

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

<b>5.5 Portfolio performance measurement and evaluation</b>	<ul style="list-style-type: none"> <li>a. Benchmark</li> <li>b. Portfolio performance measurement</li> <li>c. Performance attribution according to the Brinson et al. Model</li> </ul>			
<b>5.6 Portfolio risk monitoring and rebalancing</b>	<ul style="list-style-type: none"> <li>a. Motivations and tools for risk monitoring</li> <li>b. Portfolio rebalancing</li> </ul>			

<b>MODULE 6</b>	<b>PRODUCTS FOR INSURANCE ADVICE (1,5 DAYS)</b>	<b>K</b>	<b>A</b>	<b>AP</b>
<b>6.1 Insurance for risk management</b>	<ul style="list-style-type: none"> <li>a. Principles of risk management</li> <li>b. Analysis of the client's risks exposure</li> <li>c. Analysis of the client's current insurance coverage</li> <li>d. Adjust/acquire insurance for specific risks if required</li> </ul>			
<b>6.2 Life insurance products</b>	<ul style="list-style-type: none"> <li>a. Types and main features of investment-oriented life insurance products</li> <li>b. Parties of the contract</li> <li>c. Types of settlement options</li> <li>d. Life risk insurance</li> <li>e. Taxation of life insurance products</li> </ul>			
<b>6.3 Non-life insurance products</b>	<ul style="list-style-type: none"> <li>a. Health insurance</li> <li>b. Homeowners insurance</li> <li>c. Liabilities insurance</li> <li>d. Others non-life insurance products</li> </ul>			
<b>6.4 Corporate insurance plans and governmental and professional Insurance Schemes</b>	<ul style="list-style-type: none"> <li>a. Group life insurance coverage options</li> <li>b. Post retirement coverage</li> <li>c. Social security</li> <li>d. Unemployment insurance</li> </ul>			
<b>6.5 Insurance regulation</b>	<ul style="list-style-type: none"> <li>a. Insurance Distribution Directive (IDD)</li> </ul>			



<b>MODULE 7</b>	<b>INVESTMENT PRODUCTS FOR RETIREMENT ADVICE (1,0 DAYS)</b>	K	A	AP
<b>7.1 Retirement income and needs analysis</b>	a. Approach to client's needs			
<b>7.2 Retirement and pension system and products</b>	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			

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

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

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

<b>MODULE 11</b>	<b>DEEPENING / ENLARGEMENT EFA MODULES (raising to EQF level 6) (6 DAYS)</b>	K	A	AP
<b>11.1</b>	<b>11.1 Investment Products</b>			
<b>a. Fixed income</b>	<ul style="list-style-type: none"> <li>• Floating Rate Notes</li> <li>• Inflation Linked Bonds</li> <li>• Convertible Bonds</li> <li>• Credit Default Swaps</li> <li>• Fixed income portfolio management</li> <li>• Passive fixed income strategies</li> </ul>			
<b>b. Risk budgeting</b>	<ul style="list-style-type: none"> <li>• Basic strategies with options</li> <li>• Greeks</li> <li>• Interest Rate Swap</li> </ul>			

<p><b>c. Commodities</b></p>	<ul style="list-style-type: none"> <li>Commodities as an investment asset</li> <li>Investment in commodities</li> <li>Commodities forwards pricing</li> <li>Role in a portfolio</li> </ul>			
<p><b>d. Private equity</b></p>	<ul style="list-style-type: none"> <li>Main characteristics</li> <li>Private equity funds</li> <li>Type of investments: seed capital, venture capital, buy-outs, etc</li> <li>Role in a portfolio</li> </ul>			
<p><b>e. Hedge Funds</b></p>	<ul style="list-style-type: none"> <li>Risks</li> <li>Due Diligence process</li> <li>Hedge funds in a portfolio</li> </ul>			
<p><b>11.2</b></p>	<p><b>11.2 Portfolio construction and selection according to client's needs</b></p>			
<p><b>a. Value at Risk</b></p>	<ul style="list-style-type: none"> <li>Main characteristics</li> </ul>			
	<ul style="list-style-type: none"> <li>Methods of calculation: parametric, historic and montecarlo simulation</li> </ul>			
	<ul style="list-style-type: none"> <li>Calculation at 95% and 99% of confidence level.</li> </ul>			
	<ul style="list-style-type: none"> <li>Tail risk</li> </ul>			
<p><b>b. Risk budgeting</b></p>	<ul style="list-style-type: none"> <li>Portfolio management from the risk budgeting approach</li> <li>Risk budgeting process</li> <li>Mutual funds using risk budgeting approach</li> </ul>			
<p><b>c. Behavioral Finance</b></p>	<ul style="list-style-type: none"> <li>Rationale behind supporting behavioral finance approach.</li> <li>Main investor biases: overconfidence, representativeness, conservatism, Availability, framing, anchoring, mental accounting, regret aversion, etc</li> <li>Planner role on guiding the client's investing behavior</li> </ul>			

<b>11.3</b>	<b>11.3 Insurance products for financial planning</b>			
<b>a. Life insurance structures for wealth management</b>	<ul style="list-style-type: none"> <li>Unit links</li> <li>Life insurance plans for corporate directors</li> </ul>			
<b>b. Risk management for financial planning</b>	<ul style="list-style-type: none"> <li>Overall analysis of insurance coverage (life, home, car, health, etc) of the clients and his family.</li> <li>Special cases</li> </ul>			
<b>11.4</b>	<b>11.4 Retirement Planning</b>			
	<ul style="list-style-type: none"> <li>Retirement income and needs analysis</li> </ul>			
	<ul style="list-style-type: none"> <li>Retirement plan</li> </ul>			
<b>11.5</b>	<b>11.5 Real Estate Investing</b>			
	<ul style="list-style-type: none"> <li>Real Estate investment strategies/policies</li> </ul>			
	<ul style="list-style-type: none"> <li>Special types of real estate investments, e.g. closed-end funds, REITS, sale/leaseback agreements, etc...</li> </ul>			
	<ul style="list-style-type: none"> <li>International real estate investments</li> </ul>			
	<ul style="list-style-type: none"> <li>Facility management</li> </ul>			
	<ul style="list-style-type: none"> <li>Real estate brokerage</li> </ul>			

<b>11.6</b>	<b>11.6 Credit/Financing</b>			
	<ul style="list-style-type: none"> <li>Leverage effect</li> </ul>			
	<ul style="list-style-type: none"> <li>Debt conversion</li> </ul>			
	<ul style="list-style-type: none"> <li>Collaterals</li> </ul>			
	<ul style="list-style-type: none"> <li>Financing of entrepreneurs/companies</li> </ul>			

<b>MODULE 12</b>	<b>ESTATE PLANNING (3 DAYS)</b>	<b>K</b>	<b>A</b>	<b>AP</b>
<b>12.1 General knowledge on civil law</b>	<ul style="list-style-type: none"> <li>a. Marriage law <ul style="list-style-type: none"> <li>National main issues</li> <li>Matrimonial regime at european level</li> </ul> </li> <li>b. Gift law</li> <li>c. Succession law</li> <li>d. Family law</li> <li>e. Property law</li> </ul>			
<b>12.2 Estate planning principles and strategies</b>	<ul style="list-style-type: none"> <li>a. Carry out the inventory of the overall client's properties, goods and rights</li> <li>b. Methods of transfer</li> <li>c. Consequences for a testate and intestate succession</li> <li>d. Testate successions <ul style="list-style-type: none"> <li>Formal requirements for a valid will</li> <li>Limits for testamentary dispositions</li> <li>Guardians and executor provisions</li> <li>Will publicity</li> </ul> </li> <li>e. Estate planning recommendations</li> </ul>			
<b>12.3 Life insurance for estate planning</b>	<ul style="list-style-type: none"> <li>a. Pros and cons of life insurance usage for estate planning</li> </ul>			

<b>MODULE 13</b>	<b>FINANCIAL PLANNING FOR BUSINESS OWNERS (4 DAYS)</b>	K	A	AP
<b>13.1 Family wealth</b>	a. Family Governance and communications <ul style="list-style-type: none"> <li>• Family business characteristics</li> <li>• Family values</li> <li>• Family leader objectives</li> <li>• Communications channels</li> <li>• Succession planning</li> </ul> b. Family wealth management <ul style="list-style-type: none"> <li>• Family wealth time frame</li> <li>• Investment goals</li> <li>• Investment strategy</li> </ul>			
<b>13.2 Family protocol</b>	a. Requirement assessment b. General provisions c. Specific provisions due to family needs and requests d. Family members – stockholders – employees. Relations among these three groups and how the Family Protocol treat them e. Publicity f. Family protocol as succession tool			
<b>13.3 Family office</b>	a. Concept and characteristics b. Services provided c. Single and Multi Family Office d. Legal requirements			
<b>13.4 Financial statement analysis and company valuation for business owners</b>	a. Financial statements analysis <ul style="list-style-type: none"> <li>• Basic financial statements</li> <li>• Business and owner income and expenses confusion</li> <li>• Balance sheet analysis</li> <li>• Income statement analysis</li> </ul> b. Company valuation <ul style="list-style-type: none"> <li>• Ongoing business principle</li> <li>• Dividend discount valuation</li> <li>• Free cash flow valuation</li> <li>• Market-based valuation</li> </ul>			

<p><b>13.5 Business owners and</b></p>	<p>a. Company sale</p> <ul style="list-style-type: none"> <li>• Accompanying the client in the sale of his company:</li> <li>• Company sale and client's life cycle</li> </ul> <p>b. Company transmission</p> <ul style="list-style-type: none"> <li>• Accompanying the client in the transmission of his company</li> </ul> <p>c. Client's other kind of investments</p> <ul style="list-style-type: none"> <li>• Pursue diversification of client's assets reducing his own company risk exposure</li> <li>• Ability to choose the right person according to the project of the customer: tax experts, real estate agents, lawyers, asset managers, patrimonial engineers, etc.</li> <li>• Consolidations of the different expert's proposal and assessment of each one in accordance with client's overall financial and wealth position. <ul style="list-style-type: none"> <li>• Establish the relationship between the client and the selected expert</li> </ul> </li> </ul>			
<p><b>MODULE 14</b></p>	<p><b>TAX PLANNING (3 DAYS)</b></p>	<p>K</p>	<p>A</p>	<p>AP</p>
<p><b>14.1 Financial products tax optimization</b></p>	<p>a. Taxation on traditional financial products</p> <p>b. Taxation of financial derivatives and hybrid instruments</p> <p>c. Tax planning</p> <p>d. Analyzing tax situation</p> <p>e. Specifications for investment products' tax optimization</p>			
<p><b>14.2 International taxation</b></p>	<p>a. Tax on international transactions</p> <p>b. International tax agreements – Double taxation convention</p> <p>c. Non-residents taxation.</p> <p>d. Double taxation/Salary split</p> <p>e. Holding companies and foreign securities holding companies</p> <p>f. Understand European Tax Law for specific matters</p> <p>g. Apply International tax planning techniques</p>			

<p><b>14.3 Corporate tax issues for financial planning</b></p>	<p>a. Corporate tax b. Fiscal incentives c. Tax system for family businesses</p>			
<p><b>14.4 Taxation on insurance products</b></p>	<p>a. Estate taxation of life insurance b. Annuities taxation c. Tax implications of individual medical and disability insurance d. Corporate insurance taxation</p>			
<p><b>14.5 Estate planning taxation</b></p>	<p>a. Basic concepts b. Techniques for managing gift tax liability c. Analysis and calculation of gift tax liability d. Income taxation of lifetime transfers e. Estate tax deductions f. Potential estate tax liability g. International estate planning</p>			
<p><b>14.6 Trust and taxation of trust/ foundations</b></p>	<p>a. Income tax implications b. National Estate Tax Implications c. Recommendation and Justification of the most appropriate structure d. Main features e. Excise tax on Retirement Plans at decease</p>			
<p><b>14.7 Real estate taxation</b></p>	<p>a. Tax implication of real estate activity b. Special vehicles for real estate investments c. Estate planning of the real estate wealth</p>			

<p><b>MODULE 15</b></p>	<p><b>FINANCIAL PLANNING PROCESS (4 DAYS)</b></p>	K	A	AP
<p><b>15.1 Establishing the client-partner relationship</b></p>	<p>a. Terminology b. Contractual relationship c. Content of the financial planning process d. Services range e. Necessary information f. Use of information</p>			



<p><b>15.2 Gathering client data and determining goals and expectations</b></p>	<ul style="list-style-type: none"> <li>a. Knowledge and skills for gathering client data</li> <li>b. Explaining the collection of data</li> <li>c. Forms of identification</li> <li>d. Asking the right questions</li> <li>e. Client's attitudes and expectations</li> <li>f. Determining the client's risk profile / tolerance level</li> <li>g. Data protection</li> <li>h. Storage of client data</li> </ul>			
<p><b>15.3 Developing a financial plan</b></p>	<ul style="list-style-type: none"> <li>a. Private Balance Sheet</li> <li>b. Private Profit and Loss / cash flow statement</li> <li>c. Analyzing the legal situation</li> <li>d. Client's overall situation</li> <li>e. Client's goals and expectations.</li> <li>f. Client's behavior</li> <li>g. Recommendations for asset allocation, investments and liabilities</li> </ul>			
<p><b>15.4 Explaining the financial plan</b></p>	<ul style="list-style-type: none"> <li>a. Summary</li> <li>b. Explanation</li> <li>c. Final agreement</li> </ul>			
<p><b>15.5 Financial plan implementation</b></p>	<ul style="list-style-type: none"> <li>a. Implementation</li> <li>b. Purchase agreements</li> <li>c. Professional limitations</li> </ul>			
<p><b>15.6 Monitoring the financial plan</b></p>	<ul style="list-style-type: none"> <li>a. Monitor the performance</li> <li>b. Changes and review</li> <li>c. Reporting</li> </ul>			

