



NISM-SERIES-XXI-A: **PORTFOLIO MANAGEMENT SERVICES (PMS)** **DISTRIBUTORS CERTIFICATION EXAMINATION**

We are excited to announce that, under the esteemed guidance of the APMI Board and with the continued support of our members, the Association of Portfolio Managers in India has partnered with the National Institute of Securities Markets to update the NISM XXI-A: Portfolio Management Services Distributors Certification Examination.

This initiative aims to enhance and expand the distribution network within the Portfolio Management Services Industry.

These changes have been effective from 15th March 2025 and has been notified by the National Institute of Securities Markets vide NISM Communique/Press Release - 2025/01 dated March 03, 2025.

The key updates and enclosures are as follows:

1. **Syllabus Outline and Weightage:** The examination [syllabus and the distribution of weightage](#) across topics have been updated.
2. **Negative Marking:** Has been reduced from [25% to 10%](#).

Enclosures

- NISM Communique/Press release dated March 03, 2025
- Annexure 1- Syllabus outline
- Annexure 2- Test objectives

NISM/Certification/Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination/2025/01 dated March 03, 2025

NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination

Communiqué/Press Release

This is with reference to NISM Communiqué/Press Release Ref no. ***NISM/Certification/Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination/2021/01 dated Feb 16, 2021 announcing the launch of NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination*** for PMS Distributors.

Subsequently, SEBI Notification Ref. No. SEBI/LAD-NRO/GN/2021/48 dated September 7, 2021 mandated that the associated persons, engaged by a Portfolio Manager as a distributor of the Portfolio Management Services shall be required to pass the NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination.

The Series XXI-A examination is being offered to the candidates since February 24, 2021 and has been updated periodically. NISM has now revised the examination structure of ***NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination and the revised examination will be available to the candidates with effect from March 15, 2025.***

The ***NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination*** with its current content (as per the existing test objective and workbook) will be available to the candidates **till March 14, 2025** and will be replaced by the revised examination (as per the revised test objectives, workbook and examination structure) w.e.f **March 15, 2025.**

Details of the revised ***NISM-Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination*** are given in ***Annexure-I*** and ***Annexure-II*** of this communiqué/press release.

The text of these Annexures and the registration details will be made available at www.nism.ac.in.

–Sd–

Sunil Kadam
Registrar
National Institute of Securities Markets

Enclosures: [Annexure I](#) and [Annexure II](#)

Annexure I – Syllabus Outline

NISM Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination

The examination seeks to create a common minimum knowledge benchmark for distributors of PMS. The certification aims to enhance the quality distribution and related support services in the PMS.

Examination Objectives

On successful completion of the examination, the candidate should:

- Know the basics of investments, securities markets, investing in stocks, understanding fixed income securities, derivatives and mutual funds.
- Understand the role of portfolio managers, operational aspects of portfolio management services and about the portfolio management process, performance measurement and evaluation of portfolio managers.
- Get oriented to the taxation aspects and regulatory, governance and ethical aspects.

Assessment Structure

The examination consists of 100 multiple choice questions. The assessment structure is as follows:

Multiple Choice Questions [100 questions of 1 mark each]	100*1 = 100 marks
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The examination should be completed in 2 hours. The **passing score for the examination is 60 percent**. There shall be **negative marking of 10 percent** of the marks assigned to a question.

NISM Series-XXI-A: Portfolio Management Services (PMS) Distributors Certification Examination

Syllabus Outline and weightages

Units	Unit Name	Proposed Weightages
1	Investments	7
2	Introduction to securities markets	5
3	Investing in stocks	10
4	Investing in fixed income securities	5
5	Derivatives	5
6	Collective Investment Vehicles	5
7	Role of portfolio managers	10
8	Operational aspects of portfolio managers	13
9	Portfolio management process	15
10	Performance measurement and evaluation of portfolio managers	10
11	Taxation	5
12	Regulatory, governance and ethical aspects of portfolio managers	10
Total		100

Annexure 2: Test Objectives

Unit 1: Investment Landscape

1.1 Define Investment

1.1.1 Distinction between saving and investment

1.2 Know Investment versus Speculation

1.3 Know the objectives of Investments

1.3.1 Define Capital Preservation

1.3.2 Define Capital Appreciation

1.3.3 Define Current Income

1.3.4 Define Tax Savings

1.4 Estimating the required rate of return

1.4.1 Understand the Concept of Nominal risk-free rate, real risk-free rate and expected inflation

1.4.2 Understand the Concept of Risk Premium

1.4.3 Understand the relationship between risk and return

1.5 Understand the various types of risks

- Business Risk
- Financial Risk
- Liquidity Risk
- Exchange Rate Risk
- Political Risk
- Geopolitical Risk
- Regulatory Risk

1.6 Explain the types of Investments—Role and Characteristics

1.6.1 Describe Equity

1.6.2 Describe Fixed Income Securities

1.6.3 Know the Commodities

1.6.4 Know the Real Estates

1.6.5 Know the Structured products

1.6.6 Other non-traditional investment opportunities

1.7 Understand the channels for making investments

1.7.1 Explain direct investments

- Distributors
- Brokers
- Registered Investment Advisers

1.7.2 Explain investments through managed portfolios

- Mutual Fund
- Portfolio Management Services
- Alternative Investment Fund

UNIT 2: Introduction to Securities Markets

2.1 Understand the basics of Securities Markets

2.2 Understand primary and secondary markets

2.2.1 Explain Primary market

- Public Issue
- Initial Public Offer
- Further Public Offer
- Right Issue
- Private Placement
- Preferential issue
- Qualified Institutional Placements
- Bonus issue
- Offer for Sale

2.2.2 Explain Secondary market

- Over-the-counter Market
- Exchange Traded Markets
- Other Terms
 - Trading
 - Clearing and Settlement
 - Risk Management

2.3 Explain the various market participants and their activities

2.3.1 Explain Market Infrastructure Institutions and other intermediaries:

- Stock Exchanges
- Depositories
- Depository Participant
- Trading Member/Stock Brokers
- Authorized Person
- Custodians
- Clearing Corporation
- Clearing Banks
- Merchant Bankers

2.3.2 Explain Institutional participants:

- Banks
- Mutual Funds
- Pension Funds
- Insurance Companies
- Alternative Investment Funds
- Foreign Portfolio Investors (FPIs)
- Employees' Provident Fund Organization (EPFO)
- National Pension System (NPS)
- Family Offices
- Corporate Treasuries

2.3.3 Know the Retail participants

UNIT 3: Investing in Stocks

3.1 Understand Equity as an investment

3.2 Explain Risks of equity investments

- 3.3.1 Know Market risk
- 3.3.2 Know Sector specific risk
- 3.3.3 Know Company specific risk
- 3.3 Understand Diversification of risk through equity instruments
- 3.4 Explain Equity research and stock selection
 - 3.4.1 Understand Fundamental Analysis
 - Top Down approach versus Bottom up Approach
 - 3.4.2 EIC Approach to Stock Selection
 - Economy Analysis
 - Industry Sector Analysis
 - Company Analysis
- 3.5 Understand Estimation of intrinsic value
 - 3.5.1 Discounted Cash Flow Analysis
 - 3.5.2 Asset Based Valuation
 - 3.5.3 Relative Valuation (Multiple Based)
 - Price-to-Earnings (P/E x),
 - Price Earnings-to-Growth (PEG x)
 - Price-to-Book Value (P/BV x),
 - Enterprise Value to EBIDTA (EV/EBIDTA x),
 - Price-to-Sales (P/S x),
 - Price – to- Operating Cash Flow (P/OFCF x)
- 3.6 Explain Technical Analysis
 - 3.6.1 Know Assumptions of technical analysis
 - 3.6.2 Know Technical versus Fundamental Analysis

UNIT 4: Investing in Fixed Income Securities

- 4.1 Overview of Fixed Income Securities
- 4.2 Understand Bond Characteristics
 - 4.2.1 Know Bonds with options
- 4.3 Determinants of bond safety
- 4.4 Explain Valuation of Bonds
 - 4.4.1 Know Intrinsic Value of a Bond
 - 4.4.2 Understand Bond Yield Measures
- 4.5 Understand Measuring price volatility for bonds
 - 4.5.1 Know Interest rate risk
 - 4.5.2 Know how to determine Macaulay's Duration
 - 4.5.3 Know the concept of modified duration

UNIT 5: Derivatives

- 5.1 Definition of Derivatives
- 5.2 Understand the types of derivative products

- 5.2.1 Forwards
- 5.2.2 Futures
- 5.2.3 Options
- 5.2.4 Swaps
- 5.3 Understand Structure of derivative markets
- 5.4 Know the Purpose of Derivatives
- 5.5 Understand the concept of Commodity and Currency Derivatives
- 5.6 Explain Underlying concepts in derivatives
 - Zero sum game
 - Settlement Mechanism
 - Maintaining Margins
- 5.7 Derivatives in PMS

UNIT 6: Collective Investment Vehicles

- 6.1 Understand the Concept and Role of Collective Investment Vehicles
 - 6.1.1 Mutual Funds
 - 6.1.2 Real Estate Investment Trust (REITs)
 - 6.1.3 Infrastructure Investment Trust (InvTs)
 - 6.1.4 Alternate Investment Funds: Concept and Role
- 6.2 Know the Legal Structure of Mutual Fund, REITs, InvTs and AIFs
- 6.3 Types and Working of Mutual Funds, REITs, InvTs and AIFs

UNIT 7: Role of Portfolio Managers

- 7.1 Overview of portfolio managers in India
- 7.2 Explain Types of portfolio management services
 - 7.2.1 Know Discretionary services
 - 7.2.2 Know Non-discretionary services
 - 7.2.3 Know Advisory services
- 7.3 Know Organizational Structure of PMS in India
- 7.4 Know the General Responsibilities of a Portfolio Manager
- 7.5 Explain Administration of investor's portfolio
 - 7.5.1 Defining the universe of securities for the purpose of investments
 - 7.5.2 Know Circumstances leading to pre-mature withdrawal of funds
 - 7.5.3 Understand Do and don't for the portfolio managers
 - 7.5.4 Know Appointment of custodian
 - 7.5.5 Know Maintenance of records
 - 7.5.6 Know Accounts and audit
 - 7.5.7 Know Appointment of compliance officer

UNIT 8: Operational Aspect of Portfolio Managers

- 8.1 Know the Entities which can invest in PMS
- 8.2 Explain disclosures to the prospective clients
 - 8.2.1 Known the Written down policies by Portfolio Manager
 - 8.2.2 Know about Fair and equitable treatment to all Clients.

- 8.2.3 Requirements with respect to investments in all instruments
- 8.3 Explain Process of On-boarding of clients
 - 8.3.1 Reading of Disclosure Document
 - 8.3.2 Fulfilling KYC requirements
 - 8.3.3 Submitting duly filled application form
 - 8.3.4 Content of agreement between the portfolio manager and investor
 - 8.3.5 Most Important Terms and Conditions (MITC)
 - 8.3.6 Direct On-boarding in PMS
 - 8.3.7 Know the Process flow
 - 8.3.8 Know about the Joint Holder concept in PMS
- 8.4 Know the Liability in case of Default
- 8.5 Know about Redressal of Investors grievances
- 8.6 Understand Disclosures to the regulator
 - 8.6.1 Know Disclosures to SEBI
 - 8.6.2 Know Disclosures to Financial Intelligence Unit – India
- 8.7 Explain Costs, expenses and fees of investing in PMS
 - 8.7.1 Know High Water Mark
 - 8.7.2 Understand Hurdle Rate
- 8.8 Know about the Performance Reporting to the Investor

UNIT 9: Portfolio Management Process

- 9.1 Understand the Importance of Asset allocation decision
- 9.2 Understanding correlation across asset classes and securities
- 9.3 Explain Steps in Portfolio Management Process
 - 9.3.1 Know Investment Policy Statement (IPS)
 - 9.3.2 Understand Risk Profile of the investor
 - 9.3.3 Understand the Investment Objectives
 - 9.3.4 Understand the Investment Constraints
 - 9.3.5 Know the Assessments of needs and requirements of investor
 - 9.3.6 Analysing the financial position of the investor
 - 9.3.7 Describe Forecasting risk and return of various asset classes
 - 9.3.8 Know benchmarking the client's portfolio
- 9.4 Know Asset allocation decision
 - 9.4.1 Know Understand Strategic Asset Allocation
 - 9.4.2 Know Tactical Asset Allocation
 - 9.4.3 Comparison between Strategic and Tactical Asset Allocation
 - 9.4.4 Factor based Investing
- 9.5 Explain Rebalancing of Portfolio
 - 9.5.1. Know Needs of Rebalancing
 - 9.5.2. Know Benefits of Rebalancing
 - 9.5.3. Challenges in Rebalancing

UNIT 10: Performance measurement and evaluation of Portfolio Managers

10.1 Explain Rate of return measures

- 10.1.1 Understand holding period return
- 10.1.2 Understand Extended Internal Rate of Return (XIRR)
- 10.1.3 Understand Time weighted Rate of Return (TWRR)
- 10.1.4 Explain Gross versus net return
- 10.1.5 Understand Pre-tax versus post tax return
- 10.1.6 Known Portfolio Return

10.2 Explain Risk measures

- 10.2.1. Explain Total risk and downside risk
- 10.2.2 Understand Portfolio risk versus individual risk
- 10.3.3 Understand Systematic Risk and Unsystematic Risk

10.3 Understand Risk adjusted return

- 10.4.1 Understand Sharpe Ratio
- 10.4.2 Understand Treynor Ratio
- 10.4.3 Understand Sharpe versus Treynor Measure

10.4 Explain Performance Evaluation: Benchmarking and peer group analysis

- 10.4.1 Understand Characteristics of indices for Benchmarking
- 10.4.2 Know Customized Benchmark
- 10.5.3 Know Managers' universe analysis

10.5 Explain Performance attribution analysis

10.7 Understand Performance reporting to the Investor

10.8 Know Valuation of Securities by Portfolio Manager

10.7 Understand Due Diligence and Portfolio Manager selection

UNIT 11: Taxation

11.1 Explain Categories of Investors

- 11.1.1 Know Resident Individuals (RIs)
- 11.1.2 Know Non-Resident Indians (NRIs)
- 11.1.3 Know Non-Individuals

11.2 Explain Taxation of different asset classes

- 11.2.1 Taxation of Debt investments
- 11.2.2 Taxation on Equity Investments
- 11.2.3 Taxation on Derivatives

11.3 Understand if Fees and Expenses are tax deductible

11.4 Tax Reporting and Compliance

11.5 Portfolio Investment Scheme for NRIs

UNIT 12: Regulatory, Governance and Ethical Aspects of Portfolio Managers

12.1 Explain Prevention of Money Laundering Act, 2002

12.2 Explain SEBI (Prohibition of Insider Trading) Regulation 2015

12.3 Explain SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003

12.4 Explain Securities and Exchange Board of India (Portfolio Managers) Regulations, 2020

12.4.1 Understand Code of Conduct for PMS Distributors

12.5 Investor Charter for Portfolio Management Services