

The Licensing Examination for Securities and Futures Intermediaries

Paper 1 Fundamentals of Securities and Futures Regulation

Syllabus (Effective from 26 September 2017)

Topic 1: Regulatory overview of the Hong Kong financial industry

- 1 Financial products and services, and their regulation
- 2 Regulatory authorities
- 3 Securities and Futures Commission (“SFC”)
- 4 Hong Kong Exchanges and Clearing Limited (“HKEX”)
- 5 Participants and intermediaries in the Hong Kong financial market

Topic 2: Principles of relevant Hong Kong law and the new Companies Ordinance (“NCO”)

- 1 Outline of Hong Kong’s legal system
- 2 NCO and related matters

Topic 3: Securities and Futures Ordinance (“SFO”)

- 1 Background
- 2 Part I – Preliminary
- 3 Part II – The SFC – its constitution, objectives, functions, powers and duties
- 4 Part III – Exchange companies, clearing houses, exchange controllers, investor compensation companies and automated trading services
- 5 Part IV – Offers of investments
- 6 Part V – Licensing and registration
- 7 Part VI – Capital requirements, client assets, records and audit relating to intermediaries

- 8 Part VII – Business conduct of intermediaries
- 9 Part VIII – Supervision and investigations
- 10 Part IX – Discipline
- 11 Part X – Powers of intervention and proceedings
- 12 Part XI – Securities and Futures Appeals Tribunal
- 13 Part XII – Investor compensation
- 14 Part XIII – Market Misconduct Tribunal
- 15 Part XIV – Offences relating to dealings in securities and futures contracts
- 16 Part XIVA – Disclosure of inside information
- 17 Part XV – Disclosure of interests
- 18 Part XVI – Miscellaneous
- 19 Part XVII – Repeals and related provisions

Topic 4: Licensing and registration, and subsidiary legislation

- 1 Licensing and registration requirements under the SFO
- 2 Capital requirements
- 3 Client securities requirements
- 4 Securities and Futures (Client Money) Rules
- 5 Securities and Futures (Keeping of Records) Rules
- 6 Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules
- 7 Audit
- 8 Regulated activities under the SFO
- 9 Reporting and record keeping obligations for over-the-counter derivative transactions

- 10 Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules

Topic 5: Business conduct and client relations

- 1 Introduction
- 2 Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
- 3 Fund Manager Code of Conduct
- 4 Corporate Finance Adviser Code of Conduct
- 5 Code of Conduct for Persons Providing Credit Rating Services
- 6 The Code of Conduct for Share Registrars

Topic 6: Business operations and practices

- 1 Introduction
- 2 Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the Securities and Futures Commission
- 3 Prevention of money laundering and terrorist financing
- 4 Electronic trading and alternative liquidity pool
- 5 Personal Data (Privacy) Ordinance
- 6 Compliance and related issues
- 7 Insurance cover

Topic 7: Participating in the Hong Kong exchanges

- 1 Introduction
- 2 HKEX
- 3 Dealing in securities listed on The Stock Exchange of Hong Kong Limited (“SEHK”)
- 4 Traded options on the SEHK

- 5 Dealing in futures contracts
- 6 Trading and marketing

Topic 8: Corporate finance and SFC authorised products

- 1 Rules governing listing
- 2 Takeovers and mergers and share buy-backs
- 3 SFC authorised products

Topic 9: Market misconduct and improper trading practices

- 1 Market misconduct under the SFO
- 2 Consequences of market misconduct
- 3 Unsolicited calls
- 4 Improper practices
- 5 Enforcement actions
