

The Licensing Examination for Securities and Futures Intermediaries

Paper 3 Regulation of Derivatives

Syllabus (Effective from 28 April 2017)

Topic 1: Regulatory framework

- 1 Definition of derivatives
- 2 Legislation and regulation
- 3 Securities and Futures Commission (“SFC”)
- 4 Hong Kong Exchanges and Clearing Limited
- 5 Other regulators

Topic 2: Licensing and registration

- 1 Licensing and registration requirements under the Securities and Futures Ordinance (“SFO”)
- 2 Regulated activities under the SFO
- 3 Licensing of corporations
- 4 Licensing of representatives
- 5 Activity reports

Topic 3: Client securities and money

- 1 General requirements
- 2 Client securities
- 3 Client money

Topic 4: Conduct of business

- 1 Code of Conduct for Persons Licensed by or Registered with the SFC
- 2 Market integrity
- 3 Clients
- 4 Senior management’s responsibility
- 5 Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the SFC

- 6 Prevention of money laundering and terrorist financing
- 7 Market misconduct and consequences
- 8 Unsolicited calls
- 9 Enforcement actions

Topic 5: Record keeping

- 1 Records to be kept by intermediaries
- 2 Contract notes, statements and receipts

Topic 6: Futures trading and settlement

- 1 Participantship
- 2 Continuing obligations
- 3 Clearing and margin
- 4 Settlement

Topic 7: Over-the-counter (“OTC”) derivatives trading, reporting and clearing

- 1 Reporting and record keeping obligations for OTC derivative transactions
- 2 Clearing and record keeping obligations for OTC derivative transactions

Topic 8: Overview of major overseas futures exchanges and clearing houses

- 1 International futures exchanges
- 2 Products
- 3 International futures clearing houses
- 4 Principal differences in regulatory systems
- 5 Dealing in international futures markets
