

The Licensing Examination for Securities and Futures Intermediaries

Paper 8 Securities

Syllabus (Effective from 1 November 2020)

Topic 1: Overview of securities investments

- 1 Historical background
 - Equity market
 - Debt market
 - Derivatives market
- 2 The Stock Exchange of Hong Kong Limited
 - Major features
 - Market sectors
 - Stock exchanges in mainland China
- 3 The global securities market
 - The US market
 - European markets
 - Asian markets
- 4 Key factors affecting the securities markets
 - Interest rates
 - Interest rates of other countries
 - Exchange rates
 - Inflation
 - Economic cycles
 - Political factors
 - Government initiatives and measures
- 5 Market indices
 - Hang Seng Index
 - Hang Seng family of indexes
 - S&P/HKEX LargeCap Index and GEM Index
 - International indices

Topic 2: The Stock Exchange of Hong Kong: primary and secondary markets

- 1 Primary market
 - What is the primary market?
 - Why do companies go public (listed)?
 - Advantages and disadvantages of listing
 - Types of equity markets in Hong Kong
 - Initial public offering
 - Listing rules
 - Types of listing methods
 - Role of advisers and professionals
 - HKEX hearing
 - Road show
 - Prospectus conventions
 - Prospectus preparation
 - Electronic Initial Public Offering

- 2 Secondary market
 - What is the secondary market?
 - Trading system
 - Corporate actions and raising additional funds
 - Clearing and settlement system

3 Market surveillance and its effect on participant behaviour

4 Reporting to investors and the market – keeping the market informed

5 Exchange Participants

Topic 3: Participants in the markets

- 1 Brokers
 - Role and duties
 - Licensing
 - Responsibilities
- 2 Traders
- 3 Research analysts
- 4 Institutional investors
- 5 Retail and high net worth individuals
- 6 Arbitrageurs
- 7 Financial advisers and private wealth managers

8	Credit rating agencies	76	Real estate investment trusts
9	Custodians	87	Depository/Depository receipts
10	Share registrars	98	Short-term debt instruments <ul style="list-style-type: none"> • Interbank lending market • Banker's acceptance • Commercial paper • Certificates of deposit • Exchange Fund Bills • Repurchase agreements • Pricing of discounted securities
11	Hong Kong Exchanges and Clearing Limited and its subsidiaries <ul style="list-style-type: none"> • Hong Kong Exchanges and Clearing Limited • The Stock Exchange of Hong Kong Limited • Hong Kong Futures Exchange Limited • Hong Kong Securities Clearing Company Limited • The SEHK Options Clearing House Limited • HKFE Clearing Corporation Limited • OTC Clearing Hong Kong Limited • London Metal Exchange 	109	Long-term debt securities <ul style="list-style-type: none"> • Types of bonds • Bond pricing
		110	Risk management for debt securities <ul style="list-style-type: none"> • Duration • Convexity
		121	Derivatives <ul style="list-style-type: none"> • Futures • Forwards • Options • Swaps • Structured products
12	Regulatory bodies <ul style="list-style-type: none"> • Hong Kong Monetary Authority • Securities and Futures Commission 	1312	Further discussion on stock options <ul style="list-style-type: none"> • Factors affecting option prices • Risk parameters • Basic option trading strategies • Option pricing
Topic 4: Types of securities			
1	Equity securities <ul style="list-style-type: none"> • Ordinary shares • Preference shares • Bonus shares • Rights shares • Stock options • Warrants • Stapled securities 		
2	Margin financing <ul style="list-style-type: none"> • Benefits and risks of margin financing 		
3	Stock borrowing and lending		
4	Unit trusts and mutual funds		
5	Pilot programme securities		
65	Exchange-traded funds <ul style="list-style-type: none"> • Leveraged and Inverse Products 		
			Topic 5: Stock market administration
		1	Trading system in Hong Kong <ul style="list-style-type: none"> • Orion Trading Platform – Securities Market • Trading procedures for the cash market • Trading mechanism for derivatives
		2	Clearing and settlement system in Hong Kong <ul style="list-style-type: none"> • Clearing • Settlement
		3	Transaction costs in stock trading <ul style="list-style-type: none"> • Brokerage house

- The Stock Exchange of Hong Kong Limited
 - The government
- 4 Trading records management
- Internal control procedures and code of conduct
 - Internal audit
- 5 Conduct of business
- 6 Risk management
- 7 Technology
- Internet securities trading
 - On-line financial information
 - Impact of technology

Topic 6: Securities analysis

- 1 Fundamental analysis and technical analysis
- 2 Fundamental analysis
- Top-down analysis and bottom-up analysis
 - Industry analysis and competitive analysis
 - Ratio analysis of a specific company
 - Valuation of equity securities
- 3 Technical analysis
- Historical data
 - Charts and trend lines
 - Technical indicators
 - Common technical analysis methods
