

# The Licensing Examination for Securities and Futures Intermediaries

## Paper 1 Fundamentals of Securities and Futures Regulation

### Syllabus (Effective from 7 November 2020)

#### 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 Companies Ordinance (“CO”)

- 1 Outline of Hong Kong’s legal system
- 2 CO 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  
Part IIIA – Over-the-counter (“OTC”) derivative transactions
- 5 Part IV – Offers of investments
- 6 Part IVA – Open-ended fund companies (“OFCs”)

- 7 Part V – Licensing and registration
- 8 Part VI – Capital requirements, client assets, records and audit relating to intermediaries
- 9 Part VII – Business conduct of intermediaries
- 10 Part VIII – Supervision and investigations
- 11 Part IX – Discipline
- 12 Part X – Powers of intervention and proceedings
- 13 Part XI – Securities and Futures Appeals Tribunal
- 14 Part XII – Investor compensation
- 15 Part XIII – Market Misconduct Tribunal  
Part XIV – Offences relating to dealings in securities and futures contracts
- 16 Part XIVA – Disclosure of inside information  
Part XV – Disclosure of interests
- 17 Part XVI – Miscellaneous
- 18 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
- 4 Client money
- 5 Keeping of records
- 6 Provision of contract notes, statements of account and receipts to clients
- 7 Audit
- 8 Regulated activities under the SFO

- 9 Reporting and record keeping obligations for OTC derivative transactions
- 10 Clearing OTC derivative transactions
- 11 OFCs

**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 Code on Open-Ended Fund Companies
- 7 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 pools
- 5 Personal Data (Privacy) Ordinance
- 6 Compliance and governance
- 7 Other matters concerning business operations and practices

**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: Accessing public capital**

- 1 Rules governing listing
- 2 Other types of listed securities
- 3 Takeovers and mergers and share buy-backs
- 4 SFC authorised products
- 5 Alternative methods of accessing public capital

**Topic 9: Market misconduct and improper trading practices**

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

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