

# The Licensing Examination for Securities and Futures Intermediaries

## Paper 3 Regulation of Derivatives

### Syllabus (Effective from 23 November 2020)

#### 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 Virtual assets and futures contracts
- 7 Prevention of money laundering and terrorist financing
- 8 Market misconduct and consequences
- 9 Unsolicited calls
- 10 Enforcement actions

#### Topic 5: Record keeping and contracts limits and reporting

- 1 Records to be kept by intermediaries
- 2 Contract notes, statements and receipts
- 3 Contracts limits and reporting

#### 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
- 3 Conduct requirements in relation to OTC derivative transactions
- 4 Margin requirements for non-centrally cleared 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

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