

## **LE Paper 3 (Regulation of Derivatives)**

### **Syllabus**

#### ***Topic 1: Regulatory framework***

- 1 Definition of derivatives
- 2 Legislation and regulation
- 3 Securities and Futures Commission
- 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 Securities and Futures Commission
- 2 Market integrity
- 3 Clients
- 4 Senior management's responsibility
- 5 Risk management
- 6 Management, Supervision and Internal Control Guidelines for Persons Licensed by or Registered with the Securities and Futures Commission
- 7 Virtual assets
- 8 Anti-money laundering and counter-terrorist financing

- 9 Discipline
- 10 Market misconduct and consequences
- 11 Unsolicited calls
- 12 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 Enforcement actions

#### ***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