

## **LE Paper 8 Securities**

### **Syllabus (Effective from 1 March 2026)**

#### ***Topic 1: Overview of securities investments***

- 1 Background and overview
  - Equity market
  - Debt market
  - Derivatives market
- 2 The Stock Exchange of Hong Kong Limited
  - Major features
  - Market sectors
- 3 The global securities market
  - The Chinese Mainland 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 and economic policies
  - Political factors
  - Government initiatives and measures
  - Market sentiment
- 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
  - Electronic Initial Public Offering and uncertificated securities
- 2 Secondary market
  - What is the secondary market?
  - Key concepts for secondary market
  - 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

## ***Topic 3: Participants in the markets***

- 1 Brokers
  - Role and duties
  - Licensing and exchange participantship
  - Responsibilities
- 2 Traders
- 3 Research analysts
- 4 Institutional investors
- 5 Retail investors and high net worth individuals
- 6 Arbitrageurs

- 7 Financial advisers, private wealth managers and family offices
- 8 Credit rating agencies
- 9 Custodians
- 10 Securities registrars
- 11 Hong Kong Exchanges and Clearing Limited and its subsidiaries
  - 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
  - The London Metal Exchange
  - Commodity Pricing and Analysis Limited
- 12 Relevant governmental agencies and regulators

#### ***Topic 4: Types of securities***

- 1 Equity securities
  - Ordinary shares
  - Preference shares
  - Bonus shares
  - Rights shares
  - Stock options
  - Warrants
  - Stapled securities
- 2 Margin financing
  - Benefits and risks of margin financing
- 3 Stock borrowing and lending
- 4 Unit trusts and mutual funds
- 5 Exchange-traded funds
  - Leveraged and Inverse Products
- 6 Real estate investment trusts
- 7 Depository/Depository receipts

- 8 Short-term debt instruments
  - Interbank lending market
  - Banker's acceptance
  - Commercial paper
  - Certificates of deposit
  - Government Bills
  - Repurchase agreements
  - Pricing of discounted securities
- 9 Long-term debt securities
  - Types of bonds
  - Bond pricing
  - Bond analysis
  - Risk management for debt securities
- 10 Security tokens
- 11 Derivatives
  - Futures
  - Forwards
  - Options
  - Swaps
  - Structured products
- 12 Further discussion of stock options
  - Factors affecting option prices
  - Risk parameters
  - Basic option trading strategies
  - Option pricing

### ***Topic 5: Stock market administration***

- 1 Trading system in Hong Kong
  - Orion Trading Platform – Securities Market
  - Trading procedures for the cash market
  - Trading mechanism for derivatives
- 2 Clearing and settlement system in Hong Kong
  - Clearing

- Settlement
- 3 Transaction costs in stock trading
- 4 Trading records management
  - Internal control procedures and code of conduct
  - Internal audit
  - Investor identification and transaction reporting regimes
- 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
- 4 Metrics on stock selection

## **Expected Learning Outcomes (“ELOs”)**

### ***Topic 1: Overview of securities investments***

The candidates should demonstrate a solid understanding of the characteristics, influencing factors, and market indices of the securities market in Hong Kong and globally.

The candidates are expected to:

- (a) describe the key features of the Hong Kong securities market;
- (b) describe the different market sectors in the Hong Kong securities market;
- (c) describe other key securities markets around the world;
- (d) describe and assess the impact of key factors that affect the securities markets;
- (e) describe and calculate key market indices.

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

The candidates should demonstrate a solid understanding of key concepts, features and mechanisms regarding the Hong Kong securities market.

The candidates are expected to:

- (a) describe the primary market and the processes required for an initial public offering (“IPO”);
- (b) describe the features of the listing rules and the types of listing methods;
- (c) describe the advantages and disadvantages of a company being listed;
- (d) describe the key concepts of secondary market;
- (e) describe the benefits of market integrity through the use of market surveillance;
- (f) describe the documents required to be provided by a listed issuer to its shareholders and The Stock Exchange of Hong Kong Limited (“SEHK”);
- (g) describe the role of advisers and professionals involved in the listing process;
- (h) describe promotional activities and documents for listing;
- (i) explain how some corporate actions may lead to changes in the trading arrangements of shares.

### ***Topic 3: Participants in the markets***

The candidates should demonstrate a solid understanding of different participants in the Hong Kong securities market.

The candidates are expected to:

- (a) differentiate the expected key participants in the securities market, and explain their roles and their interrelationships.

### ***Topic 4: Types of securities***

The candidates should demonstrate a solid understanding of the different types of financial products traded in Hong Kong.

The candidates are expected to:

- (a) differentiate different types and features of equity products traded in Hong Kong, and apply them in a trading scenario;
- (b) differentiate different types and features of debt products traded in Hong Kong, and apply them in a trading scenario;
- (c) differentiate different types and features of derivative products traded in Hong Kong, and apply them in a trading scenario;
- (d) describe margin financing and its benefits and risks;
- (e) describe stock borrowing and lending;
- (f) apply bond pricing and analysis, and risk management for debt securities;
- (g) assess factors affecting option prices;
- (h) apply risk parameters to scenarios related to option strategies and risk profiles;
- (i) describe the basic option trading strategies and option pricing models.

### ***Topic 5: Stock market administration***

The candidates should demonstrate a solid understanding of the trading, clearing and settlement systems and its operation in Hong Kong.

The candidates are expected to:

- (a) apply the mechanics of trading system in Hong Kong to analyse or resolve a given scenario;
- (b) apply the mechanics of clearing and settlement system in Hong Kong to analyse or resolve a given scenario;
- (c) calculate the costs associated with trading on SEHK;
- (d) apply the records management and internal audit requirements of the Securities and Futures Commission ("SFC") to related scenarios;
- (e) explain the general principles of conduct for financial practitioners;
- (f) describe the SFC's requirements for risk management of securities firms;
- (g) describe the impact of technology on the stock market.

### ***Topic 6: Securities analysis***

The candidates should demonstrate a solid understanding of the different techniques used in securities analysis.

The candidates are expected to:

- (a) describe and apply techniques of fundamental analysis;
- (b) describe and apply techniques of technical analysis;
- (c) calculate and explain basic ratios used in securities analysis;
- (d) apply the methods used in valuing equity securities and selecting stocks.