

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
 - ~~Stock exchanges in Mainland China~~
- 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
- ~~Prospectus preparation~~
- Electronic Initial Public Offering and uncertificated securities

2 Secondary market

- What is the secondary market?
- ~~Trading system~~ 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

~~5 Exchange Participants~~

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 ShareSecurities 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
 - ◆ ~~Brokerage house~~
 - ◆ ~~The Stock Exchange of Hong Kong Limited~~
 - ◆ ~~The government~~
- 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.