

Paper 11

Examination for Additional Product: Equities and Debt Instruments
(for Fund Investment Consultant)

Thailand Securities Institute
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Paper 11: Examination for Additional Product: Equities and Debt Instruments

Examination for Additional Product: Equities and Debt Instruments

Examination type: Multiple choice (4 choices)

Number of questions: 40

Duration: 1 hour

Passing criteria: 70% overall

Topics	No. of Questions
Section 3 Products Knowledge and Rules and Regulations for Dealing in Securities (Equity Instruments and Debt Instruments)	
3.1 Securities	30
3.1.1 Equity Markets	5
3.1.2 Equity Instruments	10
3.1.3 Bond Markets	5
3.1.4 Debt Instruments	10
3.2 Rules and Regulations for Dealing in Securities (Equity Instruments and Debt Instruments)	10
3.2.1 Equity Instrument Trading Principles and Procedures	5
3.2.2 Debt Instrument Trading Principles and Procedures	5
	40

Section 3

Products Knowledge and Rules and Regulations for Dealing in Securities
(Equity Instruments and Debt Instruments)

3.1: Securities

1. Equity Markets

Learning Objective Statement:

1. To explain the roles and importance of equity markets
2. To explain the differences between primary and secondary markets
3. To explain methods of issuing securities in a primary market, including private placement and public offering
4. To distinguish types of securities in equity markets
5. To explain the roles and objectives of The Stock Exchange of Thailand (SET) and the Market for Alternative Investment (mai)
6. To explain listing criteria of the SET and mai
7. To classify types of indices by calculation method
8. To explain the SET index series and their calculation procedures

2. Equity Instruments

Learning Objective Statement:

1. To explain the characteristics of various types of equities, which are common stocks, preferred stocks, convertible bonds, unit trusts, warrants, derivative warrants (DWs), and non-voting depository receipts (NVDRs)
2. To compare the advantages and disadvantages of each type of equity instrument
3. To explain risk, return, and advantages of investing in equity instruments
4. To explain the relationship between risk and return of investments
5. To analyze the relationship between risk and return, and explain the risk level of each type of equity instrument
6. To explain taxation regulations applicable to investing through the SET
7. To give an overview of common stock valuation
8. To explain the meaning of value
9. To explain methods and concepts of common stock valuation
10. To explain variables affecting the value of common stock

11. To apply common stock valuation to making investment decisions
12. To describe and explain financial information preparation for common stock valuation
13. To explain the income-based approach for common stock valuation
14. To explain and calculate common stock valuation using discounted cash flow approaches (DCF), including the zero growth, constant growth, and non-constant growth models
15. To explain and apply price per earnings ratio stock valuation
16. To explain the components of a warrant's value
17. To explain influences on warrant prices
18. To analyze warrant prices using various ratios

3. Bond Markets

Learning Objective Statement:

1. To explain the importance of bond markets to the economic system in terms of funding and investment
2. To explain the advantages of bonds to the national economy, issuers, and investors
3. To explain the issuance of various types of bonds
4. To explain trading in the bond secondary market and the roles of the Bond Electronic Exchange (BEX) and the Thai Bond Market Association (Thai BMA)
5. To explain the roles and functions of bond market participants
6. To explain bond investment in the primary and secondary markets, as well as the intermediary market
7. To explain treasury securities subscription and bid auctions.

4. Debt Instruments

Learning Objective Statement:

1. To explain the components of debt instruments and their influences on instrument prices
2. To explain the characteristics of each debt instrument classified by various criteria
3. To explain and apply interest rate caps and floors to investing in debt instruments

4. To explain the types of returns from investing in debt instruments and principles of debt instrument valuation
5. To value various types of debt instruments
6. To explain and calculate gross and clean price
7. To explain the meaning of duration, influencing factors on it, and its limitations
8. To apply duration and convexity to debt instrument valuation
9. To explain and calculate various types of bond yields
10. To explain various yield curves and their usage
11. To explain the factors influencing bond value and bond yield;
12. To explain price-yield relationships of various types of debt instruments
13. To explain various risks associated with investing in debt instruments
14. To explain the concepts of credit rating rating symbols, and the background of credit rating agencies in Thailand
15. To explain and calculate ratios for issue rating
16. To explain taxation of investing in debt instruments relevant to each type of investor

3.2: Rules and Regulations for Dealing in Securities (Equity Instruments and Debt Instruments)

1. Equity Instrument Trading Principles and Procedures

Learning Objective Statement

1. To explain the trading system, order matching method, and trading hours of SET
2. To explain trading methods and procedures of SET's trading system
3. To explain the types of orders and their limitations
4. To explain trading size and describe the types of SET trading boards
5. To explain the criteria for ceiling and floor limits and spread
6. To explain the methods and procedures for opening a trading account
7. To explain the types of trading accounts and their differences
8. To explain rules for margin accounts
9. To explain and calculate margins
10. To explain prohibited trading behaviors
11. To explain SET's roles and measures used in trading supervision

12. To explain the objectives and meanings of signs posted on the trading board indicating situations or conditions applicable to a particular security
13. To explain the circuit breaker mechanism
14. To explain SET's contingency plan for computer malfunctions

2. Debt Instrument Trading Principles and Procedures

Learning Objective Statement:

1. To explain the Thai BMA system and methods for debt instrument trading
2. To explain BEX's trading procedures, including account opening, ordering, settlement, and delivery
3. To explain BEX's trading system, methods, and rules
4. To explain the symbols indicating the names of instruments traded on BEX
5. To explain the objectives and meaning of signs indicating situations or conditions applicable to particular security
