

Paper 17

Examination on Dealing Rules and Regulations: Securities (including Derivatives)

Thailand Securities Institute

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**Paper 17: Examination on Dealing Rules and Regulations: Securities
(including Derivatives)**

Examination type: Multiple choice (4 choices)

Number of questions: 55

Duration: 1 hour and 30 minutes

Passing criteria: 70% overall

Topics	No. of Questions
<u>Section 2 Core Rules and Regulations and Investment Suitability</u>	<u>25</u>
2.1 Rules Governing Conducting Securities Business and Operations of Officers	7
2.2 Regulations Relating to Unfair Actions in Securities Trading and Protection against Money Laundering	3
2.3 Rules and Regulations on Issuing and Offering Securities	5
2.4 Investment Suitability	10
<u>Section 3 Rules and Regulations for Dealing in Securities (Including Derivatives)</u>	
<u>3.1 Rules and Regulations for Dealing in Securities (Including Derivatives).</u>	<u>30</u>
3.1.1 Equity Instrument Trading Principles and Procedures	5
3.1.2 Debt Instrument Trading Principles and Procedures	5
3.1.3 Rules and Regulations Governing Mutual Fund Trading	5
3.1.4 Thailand Futures Exchange (TFEX) Rules and Regulations	5
3.1.5 Thailand Clearing House (TCH): Settlement and Clearing Rules	5
3.1.6 Derivatives Act and Related Laws	5
	<u>55</u>

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Section 2

Core Rules and Regulations and Investment Suitability

1. Rules Governing Conducting Securities Business and Operations of Officers

Learning Objective Statement:

1. To understand why the Securities and Exchange Commission regulates and supervises securities companies
2. To understand the importance of protecting against conflicts of interest and be able to identify procedures to prevent such conflicts between securities companies, their staff, and clients
3. To understand and identify differences between watch lists and restricted lists
4. To understand the principles involved in taking care of client assets
5. To understand the role and importance of the compliance unit in a securities company
6. To understand the practices and regulations governing operations of officers of a securities firm and know the differences between the role of the front and back offices
7. To understand the regulations governing the taking of client complaints
8. To understand the rules and duties of securities officers and be able to apply them in contacting, persuading , and advising customers
9. To understand the purpose of customer database preparation and be able to implement such preparation
10. To understand the purpose of investor manuals and be able to identify their components
11. To describe the code of ethics that officers must follow in carrying out their duties
12. To identify the characteristics that would prohibit a person from becoming a securities officer, forbidden procedures for such an officer, and penalties for having such characteristics or carrying out such procedures
13. To understand purposes and benefits of arbitration
14. To provide clear examples of disputes that can go to arbitration

15. To understand arbitration procedures and arrival of verdicts

2. Regulations Relating to Unfair Actions in Securities Trading and Protection against Money Laundering

Learning Objective Statement:

1. To understand the definition of unfair actions according to the Securities and Exchange Act and be able to apply measures to prevent any unfair actions
2. To understand and be able to distinguish the differences between spreading false news, illegally using internal information, and concealing acts in trading securities with intent to defraud
3. To understand criteria and procedures in transaction reporting for financial institutions as well as identify the basic illegal acts covered by the Anti-Money Laundering Act
4. To understand the objectives behind regulations seeking information on the parties involved in and purposes of large transactions through financial institutions, and apply these regulations

3. Rules and Regulations on Issuing and Offering Securities

Learning Objective Statement:

1. To understand and explain the rules and procedures on offering securities
2. To understand and explain the rules, conditions and procedures for distributing securities
3. To understand and apply the rules and procedures for securities bidding
4. To understand the rules and criteria for setting up mutual funds and describe characteristics of each type of mutual fund
5. To understand the procedures of offering security units
6. To understand the purposes of determining investment ratios
7. To understand the key components that must be stated in project descriptions
8. To understand the purpose of preparing prospectus and be able to define key components therein
9. To understand the objectives of NAV calculation and the NAV calculation formula for disclosure to investors

4. Investment Suitability

Learning Objective Statement:

1. To understand the benefits and objectives of investment planning
2. To understand the procedures of investment planning for clients
3. To understand the reasons and necessity of knowing your client before investment planning
4. To understand types of information used in investment planning
5. To understand characteristics and patterns of clients' investment objectives, such as capital protection
6. To understand factors affecting client risk tolerance levels
7. To analyse the types of investment securities relating to client financial investment goals
8. To understand the client limitations and investment conditions and analyse their impact on investment plans
9. To understand the key components in investment planning for customer
10. To understand the basic concept of investment diversification and money allocation
11. To understand the concept of selecting securities to match client risk tolerance levels as well as understand the concept of capital allocation according to the investment pyramid
12. To understand the characteristics of risk and return for various types of securities related to the level of risk tolerance of different client types
13. To analyse and advise investment securities types that are suitable for investment objective and level of risk tolerance of client

Section 3

Rules and Regulations for Dealing in Securities (Including Derivatives)

3.1: Rules and Regulations for Dealing in Securities (Including Derivatives)

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

3. Rules and Regulations Governing Mutual Fund Trading

Learning Objective Statement:

1. To understand and describe mutual fund investment procedures
2. To understand investment unit bid and offer prices
3. To understand the rules, conditions and limitations of investing in mutual funds issued by different regulators
4. To understand the standard measurements used for evaluating performance under different mutual fund investment policies based on Association of Asset Management Companies criteria
5. To understand the expenses related to mutual fund operations
6. To understand the rules, conditions, setup procedures and management of mutual fund

4. Thailand Futures Exchange (TFEX) Rules and Regulations

Learning Objective Statement:

1. To explain the characteristics of SET 50 Index Futures;
2. To calculate multiplier, tick size and position limit;
3. To explain trading and settlement procedures for derivatives.

5. Thailand Clearing House (TCH): Settlement and Clearing Rules

Learning Objective Statement:

1. To explain the roles of TCH;
2. To explain the risk management measures of TCH, including the qualifications of TCH members, margin requirements, margin management, financial resources, and default procedures.

6. Derivatives Act and Related Laws

Learning Objective Statement:

1. To explain the scope of futures contracts according to the Derivatives Act;
2. To explain the objectives and supervision mechanisms of the Derivatives Act.

6.1 Rules for Derivatives Business Operators

Learning Objective Statement:

1. To explain the rules for various derivatives business operators;
2. To explain the types of derivatives business operators, licensing, and rules for derivatives business operators in accordance with the Derivatives Act.

6.2 Standard Practices of Derivatives Investor Contacts

Learning Objective Statement:

1. To explain standard practices of derivatives investor contacts in the derivatives business and unfair practices relevant to such contracts.

6.3 Unfair Derivatives Trading Practices

Learning Objective Statement:

1. To explain how to prevent undesirable behavior affecting stability and reliability of capital markets, and abstain from fraudulent activities in capital markets.
