

Paper 7

Examination for Additional Product: Debt Instruments
(for Fund Investment Consultant, Equity Investment Consultant or
Derivatives Investment Consultant)

Thailand Securities Institute
July 2012

Paper 7: Examination for Additional Product: Debt Instruments

Examination for Additional Product: 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 (Debt Instruments Only)	40
3.1 Debt Instruments	35
3.1.1 Bond Market	10
3.1.2 Debt Instruments	25
3.2 Rules and Regulations for Dealing in Securities (Debt Instruments Only)	5
3.2.1 Debt Instrument Trading Principles and Procedures	5
	40

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Section 3

Product Knowledge and Rules and Regulations for Dealing in Securities
(Debt Instruments Only)

3.1: Debt Instruments

1. 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

2. 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 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 (Debt Instruments Only)

1. 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
