

Examination Handbook Ethics & Rules Series (E Series) E 1 -- Ethics, Rules and Suitability

For

- **Investment consultant using as a requirement in complementary with other qualifications, e.g. CFA, FRM, CFP**

or

- **Professionals from countries acceptable by the Thai SEC**

**Thailand Securities Institute
Version 1: 15 November 2017**

Document title : SD-EXAM-TSI	Paper No. : E1
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Related documents : -	

Ethics, Rules and Suitability

Examination structure : 4 multiple choices for each question

Number of questions : 30 questions per each test

Duration : 45 minutes

Fee : Baht 1,600

Pass mark : 70 %

Contents	No. of questions
Ethics, Rules and Suitability	<u>30</u>
1. Sales Conduct and Product Services	12
2. Practical Conduct for Professionals Contacting to Investors	10
3. Suitable Investment Consulting	8

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Ethics, Rules and Suitability

Suggested Readings:

1. **Related Rules and Regulations and Suitable Investment Consulting**

Chapter 1: Sales Conduct and Product Services

Learning Objectives:

1. Explain 6 objectives of sales and services conduct
2. Explain 8 compositions in fulfilling fair dealing objective
3. Explain how to set up organisation structure, roles of board of directors and duties of chief executives
4. Explain how to select products and client grouping
5. Explain how to communicate and educate sales persons
6. Explain preparation process for sales and services, process of sales and services to general investors and vulnerable investors
7. Apply sales conduct of capital market products to investment consulting for each type of product, sales channel and investor
8. Explain remuneration determination and claim management
9. Explain internal control and compliance including operation and business continuity plans
10. Explain other rules and regulations for, e.g. conflict of interest, insider information, sales persons trading, client assets, compliance unit
11. Explain risk management scheme for anti-money laundering (AML) and, combating the financing of terrorism (CFT)

Chapter 2: Practical Conduct for Professionals Contacting to Investors

Learning Objectives:

1. Explain conduct of duties or giving services with honesty
2. Distinguish behaviour that obey/ does not obey the conduct of duties or giving services with honesty
3. Clarify exploiting investor behavior or taking advantage for his owns or other persons
4. Distinguish behaviour that obey/ does not obey the conduct of exploitation or taking advantage for his owns or other persons
5. Explain practical conduct with responsibility as professionalism and doing duties for investors with fairness, caring, caution, determination by considering investor's advantage as first priority
6. Distinguish behaviour that obey/ does not obey practical conduct with responsibility as professionalism and doing duties for investors with fairness, caring, caution, determination by considering investor's advantage as first priority

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7. Understand administrative penalty for unsuitable investment consulting
8. Explain practical conduct according to the SEC Law (5th edition) B.E. 2559, referring to unfair securities trading
9. Distinguish behaviour violating SEC Law (5th edition) B.E. 2559, referring to unfair securities trading
10. Explain practical conduct of sales and services for capital market products as the case of discretionary account
11. Apply correctly and suitably the practical conduct

Chapter 3: Suitable Investment Consulting

Learning Objectives:

Explain meaning, significance and process of suitable investment consulting

2. Distinguish types and differences of qualitative and quantitative information, understand significant issues of each type of information to investment planning
3. Explain meaning of acceptable risk level, analyse the composition and distinguish differences of factors used to evaluate the level of willingness to take risk and risk acceptability of consult taker
4. Explain the objectives of investment in accordance to required return
5. Distinguish and analyse limitations or conditions of investment aspects of consult taker
6. Analyse and distinguish characteristics of consult takers according to the acceptable risk level of them from suitability test
7. Explain concepts, significance of asset allocation process, including factors affecting to asset allocation consideration
8. Explain meaning of asset class and distinguish securities for asset allocation having the same properties
9. Explain the strategies to investment asset allocation, either short term and long term
10. Explain the concepts of portfolio construction and management
11. Explain how to monitor and evaluate investment, including the concept of portfolio rebalancing to be relevant to changing environment and situations of consult takers
