



www.sidc.com.my

LICENSING EXAMINATION STUDY OUTLINE

**For February to June 2023 Examinations
(Issued in January 2023)**

Module 19B Advisory Services (Rules and Regulations) - Part B

Copyright © Securities Industry Development Corporation

(This document consists of 14 pages including the cover page)

STUDY OUTLINE

MODULE 19B: ADVISORY SERVICES (RULES AND REGULATIONS) - PART B

This examination is designed to test candidates' knowledge and understanding of the rules and regulations governing the advisory services in the Malaysian capital market. Candidates will need to pass this examination together with Module 19A: Advisory Services (Rules and Regulations) - Part A to be considered as having completed the rules and regulations examinations:

- (1) for an application for a Capital Markets Services Representative's Licence (CMSRL) to carry on the regulated activity of Advising on Corporate Finance;
or
- (2) for those who intend to be employees of registered persons who carry out the capital markets activities as stipulated in Item 2, Part 1 of Schedule 4 of the Capital Markets and Services Act 2007.

Candidates are advised to refer to the Licensing Handbook for the detailed combination of examinations required for the relevant regulated activity.

Candidates are expected to possess good knowledge and understanding of the subject matter provided in the study outline and specified references. In addition, candidates are expected to have relatively strong capability in the application, analysis and evaluation of information in this study outline and its references. It is estimated that this module will require a minimum of 80 hours of study time. Candidates may need less or more depending on the education background and work experience.

Candidates are expected to update themselves with the latest changes relevant to this examination as all questions will be continuously updated to reflect these changes. Candidates are permitted to refer to their own prescribed reference materials during the examination. Note that no prescribed reference materials will be provided by the Securities Industry Development Corporation (SIDC). The prescribed reference materials brought into the examinations by candidates are subject to the terms and conditions of SIDC, details of which are set out in the terms and conditions of the SC licensing examinations.

Candidates are required to comply with the terms and conditions of the SC licensing examination. Severe penalties will be taken against candidates for any misconduct during the examination.

At the end of this study outline are 2 sample questions of various formats used in the Module 19B examination. The samples provided do not in any way reflect the level of difficulty or the subject-matter distribution of the actual examination. They are merely intended to familiarise candidates with the styles of multiple-choice questions used in the examination.

EXAMINATION STRUCTURE

Details of the examinations are as follows:

Type of Questions	Multiple-Choice
Number of Questions	30 questions
Passing Mark	70%
Time Allocated	60 minutes
References /Text	<p><u>Study Guide</u></p> <p>eGuide Module 19: Legal Considerations and Code of Conduct</p> <p><u>Prescribed Reference Material</u></p> <ol style="list-style-type: none"> 1. Equity Guidelines 2. Guidelines on Submission of Corporate and Capital Market Product Proposals 3. Asset Valuation Guidelines 4. Prospectus Guidelines 5. Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors 6. Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework 7. Guidelines on Islamic Capital Market Products and Services 8. Issuer Eligibility Guidelines - Structured Warrants 9. Guidance Note on Provision of Investment Advice

REFERENCES

The relevant references (acts and guidelines) for this examination can be obtained from Securities Commission Malaysia website at www.sc.com.my and eGuides can be purchased from www.sidc.com.my.

LEARNING OBJECTIVES

Candidates are expected to have good knowledge, understanding and ability to apply in the following areas:

- The regulations governing the issue and offer of equity securities under the Securities Commission’s Equity Guidelines
- The regulations setting out the Securities Commission Malaysia’s (SC) expectations in respect of the standards that must be observed by the parties involved in the preparation of proposals made to the SC and the obligations they must comply with
- The regulations governing valuations of property assets in conjunction with corporate proposals for submission to the Securities Commission or for inclusion in prospectuses and circulars
- The regulations governing the issuance and registration of prospectuses
- The regulations governing the issue, subscription, purchase, invitation to subscribe or purchase corporate bonds or sukuk to retail investors
- The regulations that must be observed for the purposes of exclusively making available unlisted capital market products to sophisticated investors in Malaysia or persons outside Malaysia
- The regulations governing the issuers of structured warrants

EXAMINATION SYLLABUS

The syllabus for this examination is divided into 2 sections and the maximum composition of questions from each section is as follows:

Section	Composition of Questions (Maximum)	Number of Questions (Maximum)
Section 1	60%	18
Section 2	80%	24

Details of the syllabus are as below:

SECTION 1

EQUITY GUIDELINES

Part III: Submission and Implementation

Chapter 9: Submission of Proposals

Chapter 10: Implementation of Proposals

Part IV: Appendices

Part V: Schedules

Part VI: Guidance

GUIDELINES ON SUBMISSION OF CORPORATE AND CAPITAL MARKET PRODUCT PROPOSALS

Chapter 1: Introduction

Chapter 2: Applicability

Chapter 3: Related Provisions

Chapter 4: Definitions

Chapter 5: Obligations of a Submitting Party

Chapter 6: Obligations of a Submitting Party, Senior Officer and Qualified Person for Submission of a Specific Proposal

Chapter 7: Obligations of Advisers in a Proposal

Chapter 8: Obligations of an Applicant in a Proposal

Appendices

PROSPECTUS GUIDELINES

Part I General Requirements

Chapter 1 : General

Chapter 2 : Definitions

Part II Contents of Prospectus

Division 1 : Equity

Chapter 1 : Introduction

Chapter 2 : Prospectus Summary

Chapter 3 : Details of Offering

Chapter 4 : Information on Promoters, Substantial Shareholders, Directors, Key Senior Management and Key Technical Personnel

Chapter 5 : Information on the Corporation

Chapter 6 : Risk Factors

Chapter 7 : Related Party Transactions

Chapter 8 : Conflict of Interest

- Chapter 9 : Financial Information
- Chapter 10 : Reports by the Reporting Accountants
- Chapter 11 : Expert's Reports
- Chapter 12 : Additional Information
- Chapter 13 : Documents Available for Inspection
- Chapter 14 : Application for Shares
- Chapter 15 : Specific Requirements for an Infrastructure Project Corporation
- Chapter 16 : Specific Requirements for a Special Purpose Acquisition Company
- Chapter 17 : Specific Requirements for a Corporation with MOG Exploration or Extraction Assets

Division 1A : ASEAN Equity Disclosure Standards

- Part I : Identity Of Directors, Senior Management, Advisers, Agents And Other Independent Third Parties
- Part II : Offer Statistics And Expected Time Table
- Part III : Key Information
- Part IV : Information On The Issuer
- Part V : Operating And Financial Review And Prospects
- Part VI : Directors, Senior Management And Employees
- Part VII : Major Shareholders, Related-Party Transactions And Conflicts Of Interest
- Part VIII : Financial Information
- Part IX : The Offer And Listing
- Part X : Additional Information

Division 2 : Corporate Bonds and Sukuk

- Chapter 1 : General
- Chapter 2 : Cover Page
- Chapter 3 : Inside Cover/First Page
- Chapter 4 : Time Table and Corporate Directory
- Chapter 5 : Information on the Corporate Bonds or Sukuk
- Chapter 6 : Risk Factors
- Chapter 7 : Information About Issuer/Substantial Shareholders/Directors/Key Management Personnel/Guarantor
- Chapter 8 : Financial Information
- Chapter 9 : Related-party Transactions/Conflict of Interest
- Chapter 10 : Rights of Holders of Corporate Bonds or Sukuk
- Chapter 11 : Information Relating to Bond/Sukuk Trustee and Trust Deed
- Chapter 12 : Expert's Reports
- Chapter 13 : Documents Available for Inspection
- Chapter 14 : Application for Corporate Bonds or Sukuk

Division 2A : ASEAN Debt Securities Disclosure Standards including Additional Requirements for an ASEAN Debt Issuance Programme

Introduction: Plain Debt Definition

- Part I : Identity Of Directors, Senior Management, Advisers, Agents And Other Independent Third Parties
- Part II : Description Of The Plain Debt Securities
- Part III : Risk Factors
- Part IV : Markets
- Part V : Information About The Public Offering
- Part VI : Taxation
- Part VII : Key Information
- Part VIII : Information About The Issuer
- Part IX : Operating And Financial Review And Prospects
- Part X : Directors, Senior Management And Employees
- Part XI : Major Shareholders, Related-Party Transactions And Conflicts Of Interests
- Part XII : Interests Of Experts, Counsel, Underwriters, Shariah Advisers And Financial Advisers
- Part XIII : Financial Information
- Part XIV : Additional Information
- Part XV : Additional Requirements For An Asean Debt Issuance Programme

Division 3 : Structured Warrant

- Chapter 1 : Introduction
- Chapter 2 : Cover Page, Inside Cover/First Page, Timetable, Definitions and Corporate Directory
- Chapter 3 : Prospectus Summary
- Chapter 4 : Information on the Issuer
- Chapter 5 : Market Making
- Chapter 6 : Conflict of Interest
- Chapter 7 : Terms and Conditions of the Structured Warrants
- Chapter 8 : Information on the Underlying Financial Instruments
- Chapter 9 : Risk Factors
- Chapter 10 : Approvals and Conditions
- Chapter 11 : Expert's Statements/Reports
- Chapter 12 : Documents Available for Inspection
- Chapter 13 : Application for Structured Warrants

Division 5 : Abridged Prospectus

- Chapter 1 : Cover Page
- Chapter 2 : Summary of Rights Issue
- Chapter 3 : Details of Rights Issue
- Chapter 4 : Risk Factors
- Chapter 5 : Financial Information
- Chapter 6 : Shareholders' Undertakings and Underwriting Arrangements
- Chapter 7 : Specific Classes of Securities, Where Applicable
- Chapter 8 : Application for Securities and excess Applications
- Chapter 9 : Additional Information on the Corporation, Expert's Report and Documents Available for Inspection

Division 6 : Supplementary and Replacement Prospectus

- Chapter 1 : General
- Chapter 2 : Contents of a Supplementary Prospectus
- Chapter 3 : Contents of a Replacement Prospectus

Part III Procedures for Registration

- Chapter 1 : Prospectus under Division 1 and 1A of Part II (Equity)
- Chapter 2 : Prospectus under Division 2 and 2A of Part II (Corporate Bonds and Sukuk)
- Chapter 3 : Prospectus under Division 3 of Part II (Structured Warrants)
- Chapter 5 : Prospectus under Division 5 of Part II (Abridged Prospectus)
- Appendices

Part IV Prospectus Related Guidelines

- Division 1 : Plain Language Guide for Prospectuses
- Division 2 : Electronic Prospectus and Electronic Application
- Division 3 : Advertising Guidelines
- Appendices

SECTION 2

ASSET VALUATION GUIDELINES

Chapter 3: Appointment of Valuer

- Right of Appointment
- Eligibility Requirements for Firm
- General and Continuing Obligations
- Independence of Valuer
- Conflict of Interest
- Professional Duty

Declaration

Chapter 4: Valuation

Basis of Valuation

Use of Assumptions

Breaches of Relevant Laws and Regulations

Valuation Approach and Methods of Valuation

Comparison Approach

Cost Approach

Income Capitalisation Approach

Chapter 7: Requirements for Valuation of Specific Property Assets

Part A: Valuation of Plant, Machinery and Equipment

Part B: Valuation of Development Property

Part C: Valuation of Joint Venture Interests

Part D: Forest Assessment Report

Chapter 8: Submission of Report

Procedures in Submitting Valuation Report

Valuation Report Checklist

Content of Submission of Valuation Reports for Property Assets

Fees and Charges

Schedules

GUIDELINES ON ISSUANCE OF CORPORATE BONDS AND SUKUK TO RETAIL INVESTORS

Part A: General

Chapter 1: Introduction

Chapter 2: Definitions

Chapter 3: Responsible Party

Part B: Requirements for Issuance of Corporate Bonds and Sukuk

Chapter 4: Eligibility

Chapter 5: Rating Requirements

Chapter 6: Trustee and Trust Deed Requirements

Chapter 7: Implementation Time Frame

Chapter 8: Utilisation of Proceeds

Chapter 9: Mode of Issuance

Chapter 10: Other Regulatory Approvals and Compliance with Relevant Laws and Guidelines

Part C: Approval for Issuance of Corporate Bonds and Sukuk

- Chapter 11: Approval
- Chapter 12: Continuous Disclosure Obligations
- Chapter 13: Revision to Principal Terms and Conditions
- Chapter 14: Submission to the SC

Part E: Requirements under Qualified Issuer Framework

- Chapter 20: Corporate Bonds and Sukuk under the Qualified Issuer Framework

Part F: Additional Requirements for Issuance of Specific Bonds and Sukuk

- Chapter 21: Sustainable and Responsible Investment (SRI) Sukuk
 - Chapter 22: ASEAN Bonds and Sukuk
 - Chapter 23: Sustainable and Responsible Investment-Linked (SRI-linked) Sukuk
 - Chapter 24: ASEAN Sustainability-Linked Bonds and Sukuk
- Appendices

GUIDELINES ON UNLISTED CAPITAL MARKET PRODUCTS UNDER THE LODGE AND LAUNCH FRAMEWORK

Section A: General Requirements

- Chapter 1: Introduction
- Chapter 2: Definitions
- Chapter 3: Responsible Party

Section B: Specific Requirements

Part 2: Structured Products

- Chapter 1: General
- Chapter 2: Structure
- Chapter 3: Lodgement
- Chapter 4: Continuous Obligations
- Chapter 5: Revision

Part 3: Corporate Bonds and Sukuk

- Chapter 1: General
- Chapter 2: Structure
- Chapter 3: Specific Requirements Applicable to Foreign Currency-denominated Corporate Bonds or Sukuk and NIDs or INIDs
- Chapter 4: Lodgement
- Chapter 5: Continuous Obligations
- Chapter 6: Revision
- Chapter 7: Sustainable and Responsible Investment (SRI) Sukuk
- Chapter 8: ASEAN Bonds and Sukuk

Chapter 9: Sustainable and Responsible Investment-Linked (SRI-linked) Sukuk

Chapter 10: ASEAN Sustainability-Linked Bonds and Sukuk

Part 4: Asset-Backed Securities

Chapter 1: General

Chapter 2: Structure

Chapter 3: Lodgement

Chapter 4: Continuous Obligations on Primary Collateralised Loan Obligations (CLO)

Transactions

Appendices

Section D: Transitional Provisions

Chapter 1: General

Chapter 3: Structured Products

Chapter 4: Corporate Bonds and Sukuk

Lodgement Kit: Unlisted Capital Market Products under the Lodge and Launch Framework

Introduction

Part 2: Structured Products

Section 1: Lodgement Form - Structured Product Programme

Section 2: Pre-issuance Notification - Structured Product Series under a Structured Product Programme

Section 3: Monthly Post-Issuance Report

Part 3: Corporate Bonds and Sukuk

Section 1: Lodgement Form for Corporate Bonds or Sukuk

Section 2: Post-issuance Notice for Corporate Bonds or Sukuk

Section 3: Lodgement Form for Foreign Currency-Denominated Corporate Bonds or Sukuk Through a Roadshow

Section 4: Post-Issuance Notice for Foreign Currency-Denominated Corporate Bonds Or Sukuk Through A Roadshow

Section 5: Lodgement Form for Negotiable Instruments of Deposit (NIDs) or Islamic Negotiable Instruments of Deposit (INIDs) Programme

Section 6: Post-Issuance Notice for NIDs or INIDs

Section 7: Information and Documents To Be Submitted To The SC For Post-Issuance Revision

Part 4: Asset-Backed Securities

Section 1: Lodgement Form for ABS

GUIDELINES ON ISLAMIC CAPITAL MARKET PRODUCTS AND SERVICES

- Chapter 1 : Introduction
- Chapter 2 : Applicability
- Chapter 3 : Definition

Part A : Requirements for Islamic Capital Market Services

- Section I : Shariah Adviser
- Chapter 4 : Introduction
- Chapter 5 : Registration
- Chapter 6 : Roles and Responsibilities of Shariah Adviser
- Chapter 7 : Continuous Obligations
- Chapter 8 : Conduct Requirements for Shariah Adviser
- Chapter 9 : Refusal of Registration and Deregistration
- Chapter 10 : Submission of Application

Part B : Additional Requirements for Islamic Capital Market Products

- Chapter 21 : Introduction

Section I : General Requirements

- Chapter 22 : Compliance with Shariah Rulings, Principles and Concepts
- Chapter 23 : Shariah Adviser
- Chapter 24 : Employees and Compliance Officer

Section II : Additional Requirements Applicable to Specific Islamic Capital Market Products

- Chapter 25 : Introduction

Subsection A : Sukuk, Islamic Convertible Notes and Islamic Structured Product

- Chapter 26 : Ringgit-Denominated Sukuk
- Chapter 27 : Islamic Convertible Notes to Specific Registered Person
- Chapter 28 : Islamic Structured Product

Appendices 1-11

ISSUER ELIGIBILITY GUIDELINES - STRUCTURED WARRANTS

- 1.0 General
- 2.0 Eligible Issuers of Structured Warrants
- 3.0 Requirements on Issuers
- 4.0 Supervisory Action
- 5.0 Submission of Declaration

Schedules

Appendix

GUIDANCE NOTE ON PROVISION OF INVESTMENT ADVICE

Part I

Introduction

Part II

General

Illustrations

SAMPLE QUESTIONS AND ANSWERS

Sample Question 1

Issuance of Islamic Securities involving a partnership arrangement between two or more parties to finance a business venture whereby all parties contribute capital either in the form of cash or in kind for the purpose of financing the business venture. Any profit derived from the venture will be distributed based on a preagreed profit sharing ratio, but a loss will be shared on the basis of capital contribution.

The above describes the Islamic principle of:

- | | |
|----------------|---------------|
| (A) Musharakah | (C) Murabahah |
| (B) Mudharabah | (D) Istisna' |

Sample Question 2

Which of the following submitting parties are eligible to submit all types of corporate proposals (other than specific proposals)?

- (i) Investment banks
 - (ii) Universal brokers
 - (iii) 1+1 brokers
 - (iv) Special scheme brokers
-
- (A) (i) and (ii) only
 - (B) (iii) and (iv) only
 - (C) (i), (ii) and (iii) only
 - (D) All of the above

Answers

Sample Question 1 - A

Sample Question 2 - A