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FAMILIARISATION PROGRAMME FOR TRADING REPRESENTATIVES 2 (FPTR2) ASSESSMENT OUTLINE

For July to December 2023 FPTR2 Assessments

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(This document consists of 8 pages including the cover page)

FAMILIARISATION PROGRAMME FOR TRADING REPRESENTATIVE 2 (FPTR2)

ASSESSMENT OUTLINE

This assessment is designed to test a candidate's knowledge and understanding of the Malaysian securities markets. It is the assessment to be passed by individuals who have passed the FPTR 1 (or previous FPTR1) assessment and intend to apply for a Capital Market Services Representative's License (CMSRL) to carry on the regulated activity of dealing in securities.

Candidates are advised to refer to the Licensing Handbook for detailed requirements to be licensed.

Candidates are expected to possess good knowledge and understanding of the subject matter provided in this study outline and specified references. It is estimated that this module will require a minimum of 80 hours of self-study time (including 8 hours recommended learning hours to complete the 16 modules in the eFPTR 2 Learning Programme). Candidates may need less or more depending on their education background and work experience. and will be given at least two (2) months access to the eFPTR1 Learning Programme.

Candidates are expected to update themselves with the latest developments of the assessment as all questions will be continuously updated to reflect these changes. Candidates are permitted to refer to their own prescribed reference materials during the assessment. Note that no prescribed reference materials will be provided by the Securities Industry Development Corporation (SIDC). The prescribed reference materials brought into the assessment by candidates are subject to the terms and conditions of SIDC, details of which are set out in the terms and conditions of the FPTR2.

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

ASSESSMENT STRUCTURE

Details of the assessments are as follows:

Types of Questions	Multiple-Choice
Number of Questions	50 questions
Passing Mark	60%
Time Allocated	1 hour 45 minutes
References /Text	<p>eFPTR II Learning Programme</p> <p>Prescribe Reference Material</p> <ol style="list-style-type: none"> 1. Securities Commission Malaysia Act 1993 2. Capital Markets and Services Act 2007 3. Rules of Bursa Malaysia Securities Berhad 4. Bursa Malaysia Securities Berhad Participating Organisations' Trading Manual 5. Rules of Bursa Malaysia Securities Clearing Sdn Bhd 6. Bursa Malaysia Securities Berhad Main Market Listing Requirements 7. Bursa Malaysia Securities Berhad ACE Market Listing Requirements 8. Bursa Malaysia Securities Berhad LEAP Market Listing Requirements 9. Guidelines on Prevention of Money Laundering and Terrorism Financing for Reporting Institutions in the Capital Market 10. Guidelines on Market Conduct and Business Practices for Stockbrokers and Licensed Representatives 11. Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework 12. Licensing Handbook

REFERENCES

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

The Rules of Bursa Malaysia Securities Berhad, Rules of Bursa Malaysia Securities Clearing Sdn Bhd, Bursa Malaysia Securities Berhad Main Market Listing Requirements, Bursa Malaysia Securities Berhad ACE Market Listing Requirements and Bursa Malaysia Securities Berhad LEAP Market Listing Requirement are accessible via the Bursa Malaysia Securities Berhad website at www.bursamalaysia.com.

For more information, please visit the SIDC website at www.sidc.com.my.

LEARNING OBJECTIVES

For the assessment, candidates are expected to be able to:

- Explain the Malaysian capital market regulatory framework;
- Describe the functions and activities of Bursa Malaysia Securities Berhad, its components and market participants;
- Identify the screening criteria for Shariah securities for the Islamic capital market;
- Distinguish the characteristics of the various forms of corporate structure in Malaysia;
- Explain the duties and rights of Participating Organisations (POs) as well as the rules governing their relationship with clients;
- Identify the various types of securities offences under the Capital Market and Services Act;
- Explain the key essence of money laundering and terrorism financing as well as the obligation to protect clients' information;
- Outline the various steps and processes of raising capital in the Main market, ACE Market and LEAP Market;
- Describe the essential elements of a contract and common law remedies for breach of contract;
- Describe the licensing framework which operates in Malaysia;
- Identify the characteristics and regulations governing take-overs and mergers in Malaysia;
- Explain the trading conducts and mechanism on Bursa Malaysia Securities Berhad;
- Distinguish between fundamental and technical analysis in analysing stock performance;
- Recognise the users and uses of financial statements in financial and investment analysis;
- Identify elements of financial statements and extract key information available for carrying fundamental analysis;
- Describe and distinguish the various available capital market products such as equity, fixed income, bonds, structured products and exchange-traded funds;
- Apply the appropriate concepts in the pricing and valuation of equity securities, fixed income and bond contracts; and
- Apply technical analysis in evaluating the performance of a stock.

ASSESSMENT SYLLABUS

The syllabus for this assessment is divided into 16 modules as below: sections and the maximum composition of questions from each section is as follows:

MODULE	DESCRIPTIONS
Module 01	The Malaysian Stock Market <ul style="list-style-type: none"> • The Capital Market and the Banking System Form the Financial System • Capital Market Functions • Malaysian Capital Market Framework • Capital Markets & Services Act 2007 (CMSA) • Bursa Malaysia Berhad (BMB) and Bursa Malaysia Securities Berhad (BMSB) • Participants and Intermediaries in The Malaysian Stock Market • Overview of The Islamic Capital Market
Module 02	Business Structure <ul style="list-style-type: none"> • Range of business • Classification of Companies • General Management and Administration • Administration and Management of a Participating Organisation
Module 03	Relationship between Participating Organisations (POs) and Clients <ul style="list-style-type: none"> • Rules Governing Participating Organisation and Client Relationship • Participating Organisations' Duties to Clients • Participating Organisations' Rights • Keeping of Records • Obligations of CMSRL
Module 04	<ul style="list-style-type: none"> • Types of Securities Offences <ul style="list-style-type: none"> ○ Short Selling ○ False Trading and Market-Rigging Transactions ○ Stock Market Manipulation ○ False or Misleading Statements in Relation to Securities ○ Fraudulently Inducing Persons to Deal in Securities ○ Use of Manipulative and Deceptive Devices ○ Dissemination of Information about Illegal Transactions ○ Insider Trading • Penalties for Contravention

MODULE	DESCRIPTIONS
Module 05	Anti-Money Laundering and Protection of Clients' Information <ul style="list-style-type: none"> Guidelines on Prevention of Money Laundering and Terrorism Financing for Reporting Institutions in the Capital Market Obligation on Protection of Clients' Information and Common Abuses on Confidentiality
Module 06	Capital Raising on the Primary Market <ul style="list-style-type: none"> Equity guidelines Bursa Malaysia Securities Berhad Main Market listing requirements Bursa Malaysia Securities Berhad ACE Market listing requirements Bursa Malaysia Securities Berhad LEAP Market listing requirements Post-Listing Requirements Capital Raising Securities in The Secondary Market
Module 07	Law of Contract <ul style="list-style-type: none"> What is Law of Contract? Essential Elements of a Contract Remedies for Breach of Contract
Module 08	Licensing <ul style="list-style-type: none"> Licensing Framework Fit and Proper Criteria Regulated Activities Licensing Requirements for CMSL and CMSRL Obligations of the Licensed Person Licence Conditions and Variation Revocation or Suspension Effect of Revocation and Suspension Obligations of Dealer's Representatives
Module 09	Trading on Bursa Malaysia Securities Berhad <ul style="list-style-type: none"> Central Depository System (CDS) Automated Trading System (ATS) Bursa Trade Securities (BTS) Fees and Charges Delivery and Settlement Corporate Actions Modification and Cancellation Margin Financing

MODULE	DESCRIPTIONS
	<ul style="list-style-type: none"> • The Fixed Delivery & Settlement System (FDSS) • Delivery and Settlement Time for On-Market Transactions and Direct Business Transactions • Circuit Breaker and Trading Halts • Clients' Rights • Market Makers • Conduct of Business (by a Participating Organisations) • Dealing in Securities • Direct Business Transactions • Accounting, Audit and Financial Reporting Requirement • Capital Requirement (of a Participating Organisations) • Inspection and Investigation • Disciplinary Actions
Module 10	Take-overs <ul style="list-style-type: none"> • What are Take-Overs? • Legal Framework • Penalties for Contravention of the Code
Module 11	Overview of Fundamental Analysis <ul style="list-style-type: none"> • Importance of Fundamental Analysis • Economic, Industry and Company Analysis (EIC) • Fundamental Analysis vs. Technical Analysis
Module 12	Financial Statement Analysis <ul style="list-style-type: none"> • Component of Financial Statements • Using Financial Statement Analysis to Assess Performance • Various Techniques of Analysis • Financial Ratios • Advantages & Limitation of Ratio Analysis
Module 13	Equity <ul style="list-style-type: none"> • Rights and Bonus Issues • Equity Hybrids • Convertible Unsecured Loan Stock (CULS) • Warrants • Equity Valuation

MODULE	DESCRIPTIONS
Module 14	Fixed Income and Money Market <ul style="list-style-type: none"> • Fixed Income Valuation: <ul style="list-style-type: none"> ➤ Time value of money (Simple interest, Compound interest, Compounding and discounting techniques) ➤ Valuation of fixed income securities • Bond Valuation <ul style="list-style-type: none"> ➤ Bond Pricing: Pricing of a Straight Bond, Zero Coupon Bond ➤ Factors Affecting Bond Price, Zero Coupon Bond ➤ Bond Yield: Current yield, Yield to Maturity, Yield to Call, Realised yield ➤ Relationship Between Price, Required Yield and Coupon Rate ➤ Term Structure of Interest Rates and Yield Curves
Module 15	Exchanged-Traded Funds (ETFs) <ul style="list-style-type: none"> • What are ETFs? • Structures and Types of ETFs • Advantages and Risks of ETFs
Module 16	Technical Analysis <ul style="list-style-type: none"> • What is Technical Analysis? • Forecasting the Direction or Trend: Demand & Supply • Bloomberg, Reuters, Trading Platform, Technical Analysis Software • The Use of Trend: <ul style="list-style-type: none"> ➤ Types of Trends (Uptrends, Downtrends & Sideways/ Horizontal Trends) ➤ Trend Lengths ➤ Trendlines ➤ Channels • Support and Resistance: Round Numbers; Role Reversal • Chart Types <ul style="list-style-type: none"> ➤ Chart properties: time scale, price scale & price point properties Chart types: line (closing prices), bar (high, low, opening & closing price), candlestick (trading range & difference b/w open & close), point & figure (reflects price movements, not concerned with time & volume)