Leveraged Foreign Exchange Trading Examination

Examination Handbook

- Effective from 13 December 2025 -

Examination Handbook for
Leveraged Foreign Exchange Trading Examination

Table of Contents

Description Pages

1. Introduction 1
2. Examination 1
3. Application 3
4. Enrolment Procedures 3
5. Payment of Examination Fee 5
6. Admission Form 5
7. Examination Regulations 6
8. Disqualification 6
9. Identification Requirements 6
10. Release of Examination Results and Reissuance of Notification of Results 6
11. Re-marking of the Examination Papers 7
12. Certificates 7
13. Reissuance of Certificates 8
14. Reissuance of Receipt 8
15. Notice relating to the Personal Data (Privacy) Ordinance 8
16. Disclaimer 9
17. Update of Examination Handbook 9
18. Enquiries 9

Appendix I - Syllabus, Suggested Study Hours and Reference Readings for Leveraged Foreign Exchange Trader's Representative Examination - Paper 1
Appendix II - Syllabus, Suggested Study Hours and Reference Readings for Leveraged Foreign Exchange Trader's Representative Examination - Paper 2
Appendix III - Syllabus, Suggested Study Hours and Reference Readings for Leveraged Foreign Exchange Trader's Responsible Officer Examination - Paper 1
Appendix IV - Syllabus, Suggested Study Hours and Reference Readings for Leveraged Foreign Exchange Trader's Responsible Officer Examination - Paper 2
Appendix V - Sample Examination Questions for Leveraged Foreign Exchange Trader's Representative Examination - Paper 1
Appendix VI - Sample Examination Questions for Leveraged Foreign Exchange Trader's Representative Examination - Paper 2
Appendix VII - Sample Examination Questions for Leveraged Foreign Exchange Trader's Responsible Officer Examination - Paper 1
Appendix VIII - Sample Examination Questions for Leveraged Foreign Exchange Trader's Responsible Officer Examination - Paper 2
Appendix IX - Regulations
Appendix X - Notice Relating to the Personal Data (Privacy) Ordinance

1. Introduction

1.1 The Institute of Professional Education And Knowledge ("PEAK") of the Vocational Training Council ("VTC"), is a professional education body with a mandate to help sustain Hong Kong's position as a leading international financial center through the provision of quality professional training for all employees in the financial services industry.

1.2 The Academic and Accreditation Advisory Committee ("AAAC") of the Securities and Futures Commission ("SFC") have approved the following examinations offered by PEAK of VTC. This is administered by the PEAK Examination Centre of the VTC ("PEAK Exam Centre").

- the Leveraged Foreign Exchange Trader's Representative Examination as recognized industry qualification for Leveraged Foreign Exchange Trader Representatives; and
- the Leveraged Foreign Exchange Trader's Responsible Officer Examination as recognized industry qualification for Leveraged Foreign Exchange Trader Representatives acting as Responsible Officers.

1.3 This examination handbook provides information of the requirements, format and structure, syllabus and assessment, and enrolment procedures of the examination.

2. Examination

2.1 Structure

The examination consists of two parts:

2.1.1 The Leveraged Foreign Exchange Trader's Representative Examination, which consists of TWO papers.

Paper 1: Leveraged Foreign Exchange Trading Rules and Regulation
Paper 2: Foreign Exchange Market Operations and Analysis

Paper 1 tests the basic knowledge of ordinance, subsidiary legislations, rules, codes of conduct and guidance notes related to leveraged foreign exchange trading.

Paper 2 tests the practical knowledge about the development, operations and practices of the foreign exchange market, market analysis and risk involved in leveraged foreign exchange trading.

2.1.2 The Leveraged Foreign Exchange Trader's Responsible Officer Examination, which consists of TWO papers.

Paper 1: Leveraged Foreign Exchange Trading Regulation and Supervision
Paper 2: Financial Markets Operations and Risk Management

Paper 1 tests the in-depth knowledge of relevant ordinance, subsidiary legislations, rules, codes of conduct and guidance notes with a special emphasis on issues related to the duties and responsibilities of a Responsible Officer of leveraged foreign exchange trader.

Paper 2 tests the in-depth practical knowledge of the foreign exchange market operations, related markets such as money, fixed income, equity and derivatives markets, as well as the risk management process.

2.2 Syllabus

2.2.1 Syllabuses of Papers 1 and 2 of Leveraged Foreign Exchange Trader's Representative Examination are at Appendices I and II.

2.2.2 Syllabuses of Papers 1 and 2 of Leveraged Foreign Exchange Trader's Responsible Officer Examination are at Appendices III and IV.

2.3 Format

2.3.1 All papers are in the format of multiple-choice questions. Sample questions can be found at Appendices V to VIII.

2.3.2 Duration and number of questions are as per the following table.

Examination Paper	**Duration (minutes)**	**Number of Questions**
Leveraged Foreign Exchange Trader's Representative		
Paper 1	60	40
Paper 2	90	60
Leveraged Foreign Exchange Trader's Responsible Officer		
Paper 1	60	40
Paper 2	90	60

2.3.3 All examination questions are compulsory and carry the same mark.

2.3.4 All papers may be taken separately.

2.4 Language

The examination papers are written in both **English** and **Chinese**.

2.5 Grading and Results

2.5.1 Examination results are graded as either PASS or FAIL. The exact score, the examination questions and the corresponding correct answers will not be disclosed in any case.

2.5.2 Candidates who are not able to attend the examination for whatever reason are regarded as "ABSENT" (including those candidates who are late for 15 minutes or more after the start of the examination). Absentees will not be re-scheduled to another examination session and the fees paid are not refundable or transferable.

2.6 Assessment

Full mark of each paper is 100%, candidates are required to attain a minimum score of 70% in order to pass the examination of each paper.

3. Application

3.1 Examination Schedule

3.1.1 The examination is held regularly every year.

3.1.2 There are at least four examinations per year, normally held in March, June, September and December, but the frequency is flexible and dependent on demand.

3.1.3 Examination timetable will be promulgated well in advance of the date of examination through the PEAK Exam Centre website (www.vtc.edu.hk/cpdc).

3.1.4 Available examination sessions for enrolment are also shown in the Online Enrolment System (www.vtc.edu.hk/cpdc/econline).

3.2 Entry Requirements

3.2.1 The examination is open to the public and there are no prerequisites for enrolment.

3.2.2 Applicants should submit their enrolment forms to the PEAK Exam Centre or at the Online Enrolment System on or before the deadline for enrolment. Late submission will **NOT** be accepted.

3.3 Enrolment Form

3.3.1 Applicants can obtain enrolment documents, including Enrolment Form, and Examination Handbook, at the PEAK Exam Centre or download the documents from the PEAK Exam Centre website (www.vtc.edu.hk/cpdc).

4. Enrolment Procedures

4.1 Enrolment by post

4.1.1 Enrolment by post closes **three weeks** before the date of examination, unless otherwise notified.

4.1.2 The completed enrolment form can be sent to the PEAK Exam Centre by post. The address is 1/F, VTC Tower, 27 Wood Road, Wanchai, Hong Kong. Please mark “Leveraged Foreign Exchange Trading Examination” on the envelope.

4.1.3 Applicants should also enclose a crossed cheque or a cashier’s order of a proper amount of examination fee payable to “Vocational Training Council”. Receipt will be issued to the applicant by post after the clearing of the cheque.

4.1.4 Cash must not be enclosed with the enrolment form.

4.1.5 The PEAK Exam Centre would not accept responsibility for enrolment forms, receipts and cheques or cashier’s orders lost in the post.

4.1.6 To safeguard against any possible loss or delay in the mail, applicants are advised to send in their enrolment forms by post in good time.

4.1.7 The PEAK Exam Centre will send an acknowledgement of receipt of the enrolment form to the applicant's mobile phone by a text message after receipt of the enrolment form. Applicants should contact the PEAK Exam Centre if they do not receive any text message from the PEAK Exam Centre seven full working days after posting of the enrolment forms.

4.1.8 Incomplete forms, forms without applicants' signature or forms received without payment will not be processed.

4.2 Enrolment in person or by a representative

4.2.1 Enrolment in person or by a representative ends **two weeks** before the date of examination, unless otherwise notified.

4.2.2 The completed enrolment form should be submitted to the PEAK Exam Centre.

4.2.3 Applicants may pay the examination fee by cash, EPS or credit card (Visa, Master or UnionPay), Alipay HK or WeChat Pay HK. Payment should be settled upon submission of enrolment form. Receipt will be issued to the applicant after completion of the payment.

4.2.4 Incomplete forms or forms without applicants' signature will not be processed.

4.3 Enrolment by Online

4.3.1 Applicants may submit their enrolment by themselves online at Online Enrolment System (www.vtc.edu.hk/cpdc/econline). Enrolment by Online ends **two weeks** before the date of examination, unless otherwise notified.

4.3.2 Applicants should select the examination session(s) and provide personal particulars in the Online Enrolment System. The personal particulars provided should be accurate and the same as printed on the Hong Kong Identity Card or Passport. In case there is any discrepancy in the particulars, the progress of the examination will be delayed. No extra time will be given for this situation.

4.3.3 Applicants may pay the examination fee by Visa, Master or UnionPay Card in the Online Enrolment System.

4.3.4 Online enrolment process should be completed within 20 minutes. Otherwise, the selected examination session(s) will be released and the enrolment process will start all over again.

4.3.5 If the enrolment is accepted, applicants will normally receive an Admission Form by email after two full working days of the enrolment, excluding the date of enrolment. If the enrolment is not accepted, applicant will receive a notification from the PEAK Exam Centre by phone or email not later than five full working days of the enrolment, excluding the date of enrolment, and the fees paid will be refunded.

4.3.6 For the operations of the Online Enrolment System, please refer to the Online Enrolment Instructions at www.vtc.edu.hk/cpdc/econline.

4.4 Once the enrolment is accepted, any requests for re-scheduling and/or cancellation will not be entertained. Fees paid are not refundable or transferrable.

5. Payment of Examination Fee

5.1 Examination fee for each paper is HK$785.

5.2 Entry to the examination will be invalidated if a candidate fails to comply with the above-mentioned payment procedure.

5.3 Fees paid are **not refundable or transferable** except where the candidates cannot be arranged to sit for their chosen examination session.

5.4 Fees may be subject to revision required. Any amendments will be announced through the website of the PEAK Exam Centre.

6. Admission Form

6.1 After the completion of the enrolment procedures, Admission Form will be issued.

6.2 Candidates who enrol by post will receive a text message of an acknowledgment of receipt of enrolment form from the PEAK Exam Centre, and will normally receive an Admission Form by mail at least five full working days before the date of the examination concerned. Candidates do not receive the Admission Form before the examination should contact the PEAK Exam Centre to check if this has been misposted. Candidates should notify the PEAK Exam Centre in writing before the examination of any necessary amendments, if errors are found in the Admission Form.

6.3 Candidates who enrol in person or by a representative will be normally issued an Admission Form about 15 minutes upon the acceptance of the enrolments. Candidates should check the information printed on the Admission Form and must notify the PEAK Exam Centre of any necessary amendments before leaving the enrolment counter.

6.4 Candidates who enrol online, of the enrolment is accepted, will normally receive an Admission Form by email after two full working days of the enrolment, excluding the date of enrolment. If the enrolment is not accepted, candidate will receive a notification from PEAK Exam Centre by phone or email not later than five full working days of the enrolment, excluding the date of enrolment, and the fees paid will be refunded. Candidates should notify the PEAK Exam Centre in writing if any amendments must be made in the Admission Form.

6.5 The Admission Form contains information including the Examination Number, Candidate Number, Examination Date, Time, Venue and Candidate's Name.

6.6 The PEAK Exam Centre will collect all Admission Forms during the examination. Candidates will only be allowed to keep the Admission Forms upon the approval of invigilator.

7. Examination Regulations

Candidates should read carefully the Regulations of the Examination at Appendix IX. Failure to observe any of these regulations will result in disqualification from the examination for up to three years.

8. Disqualification

If a candidate is found breaching the Regulations of the Examination in the examination, he/she may be disqualified from taking all the papers of the examination for up to three years. The PEAK Exam Centre would report to the SFC any disqualification cases in respect of the examination.

9. Identification Requirements

Candidates are required to bring with them their valid and original Hong Kong Identity Cards[1] or Passports and Admission Forms to the examination venue for identification checking throughout the examination. The identification document must be the original of the one submitted for the enrolment. Those who fail to produce such identification, whose identification documents are invalid, or whose identity cannot be satisfactorily verified will not be permitted to sit for the examination. Fees paid are not refundable or transferable.

10. Release of Examination Results and Reissuance of Notification of Results

10.1 Candidates can check their individual results, download and print the Notification of Results in the "Exam Result Checking" system on the website of the PEAK Exam Centre (www.vtc.edu.hk/cpdc) starting from the 7th full working day after the examination.

10.2 Hard copy of the Notification of Result will not be provided. The examination results and Notification of Results will be available in the "Exam Result Checking" system for three months after the date of examination. After three months of the examination, candidates are required to apply for re-issuance of the Notification of Results.

10.3 Candidates who do not agree to having their results and Notification of Results available in the "Exam Result Checking" system must inform the PEAK Exam Centre in writing by email to cpdc@vtc.edu.hk at least three full working days before the date of examination. Candidates should provide their name, Hong Kong Identity Card or Passport number, date of examination, name of examination paper, contact telephone number and local postal address in the email. Late notifications will not be entertained. Their Notification of Results will then be sent to the candidates' local postal addresses by ordinary mail within seven full working days after the date of examination. If the Notification of Result was lost in the post, candidates are required to apply for reissuance.

10.4 By virtue of confidentiality, the examination results will not be disclosed by phone, facsimile or email.

---

[1] For candidates who have just reached 18 years old, they are required to produce their adult identity card (or an acknowledgement of an application for an adult identity card) for identity verification during any examination which takes place after the 30th days following their 18th birthday. Otherwise, they will not be allowed to take the examination. Fees paid are not refundable or transferable.

10.5 List of candidates (including the Hong Kong Identity Card numbers or Passport numbers, and results) will be sent to the SFC.

10.6 Reissuance of Notification of Results

10.6.1 Candidates may request a reissued copy of the Notification of Result in writing together with their contact telephone numbers and a copy of the Hong Kong Identity Card or Passport to the PEAK Exam Centre by post or in person. The application for the reissuance of copy is free of charge. The PEAK Exam Centre will contact the candidates by phone seven working days after receipt of the application (excluding the application date) to collect the Notification of Result in person. The uncollected reissued copy of the Notification of Results will be disposed of one month after the application date.

11. Re-marking of the Examination Papers

11.1 Candidates who are not satisfied with their examination results may, within 15 full working days after the date of issue of the Notification of Result, request in writing to the PEAK Exam Centre for the re-marking of the examination papers.

11.2 Candidates submitting such request would have to pay a re-marking fee of HK$400 for each examination paper.

11.3 All re-marking fees are non-transferable and non-refundable. However, if the original examination result is found incorrect after the re-marking, the re-marking fee will be refunded to the candidate concerned.

11.4 All re-marking of examination papers will be kept confidential.

11.5 The result will be sent to the candidate concerned in writing within one month after receipt of the re-marking request.

11.6 Candidates will only be notified of the final grading. (i.e. PASS or FAIL). The result of the re-marking is final. The PEAK Exam Centre will not disclose the scores, examination questions and the corresponding correct answers in any case.

12. Certificates

12.1 Candidates who have passed both Paper 1 and 2 of the Leveraged Foreign Exchange Trader's Representative Examination or both Paper 1 and 2 of the Leveraged Foreign Exchange Trader's Responsible Officer Examination within three years will be awarded certificates.

12.2 Certificates will be sent to candidates by post within one month after issued the Notification of Result. Candidates should inform the PEAK Exam Centre if they do not receive the certificate within three months after the date of examination. If candidates inform the PEAK Exam Centre that they do not receive the certificates after three months of the examination, they are required to pay for reissuance of the certificate.

13. Reissuance of Certificates

13.1 Candidates may request a reissued certificate(s) in writing or in person providing their contact telephone numbers, a copy of corresponding Notification of Result and a copy of Hong Kong Identity Card or Passport. The charge is HK$200 per certificate.

13.2 The PEAK Exam Centre will contact the candidate by phone seven working days after receipt of the application (excluding the application date) to collect the certificate in person. The uncollected reissued certificates will be disposed of one month after the application date.

13.3 A chop "Duplicate" will appear on the certificate to indicate that it is a reissued certificate.

13.4 The certificates will be reissued only once.

14. Reissuance of Receipt

14.1 Candidates may request a re-issued copy of the receipt in writing or in person providing their contact telephone numbers, a copy of the Hong Kong Identity Card or Passport, information on reissued receipt, and postal address if returned by mail. The charge is HK$10 per receipt.

14.2 For postal application, candidates should enclose a crossed cheque or cashier's order for the proper amount of reissuance fee payable to "Vocational Training Council".

14.3 The PEAK Exam Centre will contact the candidates by phone to collect the reissued copy of the receipt in person seven working days after the receipt of the application (excluding the application date). Alternatively, the reissued copy of the receipt can be sent to candidates by post. The PEAK Exam Centre will not be responsible for the loss of the reissued copy of receipt sent by post.

14.4 The uncollected reissued receipt(s) will be disposed of one month after the application date.

15. Notice relating to the Personal Data (Privacy) Ordinance

15.1 Candidates are advised to read the Notice relating to the Personal Data (Privacy) Ordinance in Appendix X to understand their rights and obligations regarding the supply of their personal data to the PEAK Exam Centre, and the way in which the PEAK Exam Centre may use or deal with such data for their examination applications.

15.2 Candidates who apply to sit for the examination should read the Notes on Personal Information Collection in Connection with the Leveraged Foreign Exchange Trading Examination and

- sign the Consent at the bottom of the Notes which are part of the enrolment package distributed to candidates. The Notes should be submitted to the PEAK Exam Centre together with the enrolment form; or
- confirm the Consent in the Online Enrolment System when they enrol for the examination.

16. Disclaimer

The PEAK Exam Centre shall not be responsible for any non-performance of duties where such non-performance has been caused by an act of God, labour strike, natural disaster, epidemic, governmental action or intervention, riot or any other cause not reasonably foreseeable and beyond the reasonable control of the PEAK Exam Centre. Fees paid are not refundable or transferable.

17. Update of Examination Handbook

The PEAK Exam Centre reserves the right to update and change the details of the Examination Handbook whenever necessary. The updated version of the Handbook will be posted on the PEAK Exam Centre website.

18. Enquiries

Enquiries may be directed to the PEAK Exam Centre by the following methods:

18.1 By post or in person: PEAK Examination Centre
Vocational Training Council
1/F, VTC Tower
27 Wood Road
Wanchai, Hong Kong

Office hours:

9:00 a.m. – 7:30 p.m. from Monday to Friday
9:00 a.m. – 12:00 noon on Saturday

Note: The office hour may subject to change on the working day immediately before a public holiday or under special work arrangement. The PEAK Exam Centre will publish and post the related information on the website at www.vtc.edu.hk/cpdc and in the PEAK Exam Centre.

18.2 By telephone: 2919 1467 / 2919 1468 / 2919 1478

Service hours for answering telephone enquiries:

9:00 a.m. - 5:15 p.m. from Monday to Friday
9:00 a.m. - 12:00 noon on Saturday

18.3 By e-mail: cpdc@vtc.edu.hk

18.4 By fax: 2574 0213

In case of any discrepancy between the English and Chinese versions of this Examination Handbook, the English version shall prevail.

PEAK Examination Centre, Vocational Training Council
September 2025

Syllabus, Suggested Study Hours and Reference Readings for Leveraged Foreign Exchange Trader's Representative Examination - Paper 1

The Securities and Futures Ordinance (SFO), operative on 1st April 2003, covers ten regulated activities including leveraged foreign exchange trading. For examination purpose, only the sections in the SFO and subsidiary legislation relevant and related to Type 3 regulated activity, namely, leveraged foreign exchange trading will be tested.

Candidates are expected to have a general knowledge of the ordinance, subsidiary legislation, regulations and requirements in carrying out the duties of a representative for a leveraged foreign exchange trader.

Topics	**Suggested Study Hours**
1. Regulatory Framework	
A. Regulators	2
a. Securities and Futures Commission (SFC) - Regulatory Objectives of the SFC - Organization and Functions of the SFC - Powers and Corporate Governance of SFC - Scope of Regulation - The Securities and Futures Appeals Tribunal - Leveraged Foreign Exchange Trading Arbitration Panel - Market Misconduct Tribunal	
b. Hong Kong Monetary Authority (HKMA) - Functions and Objectives of the HKMA - Role of HKMA in the Regulation of Leveraged Foreign Exchange Trading - Registered Institutions	0.5
B. Relevant Ordinance and Subsidiary Legislation	
a. The Securities and Futures Ordinance (SFO) (Cap 571) - Background and Scope of SFO - Activities Regulated under SFO - Meaning of Leveraged Foreign Exchange Trading	2
b. Subsidiary Legislation - Cap 571A Securities and Futures (Unsolicited Calls – Exclusion) Rules - Cap 571F Securities and Futures (Leveraged Foreign Exchange Trading) (Arbitration) Rules - Cap 571I Securities and Futures (Client Money) Rules - Cap 571N Securities and Futures (Financial Resources) Rules - Cap 571O Securities and Futures (Keeping of Records) Rules - Cap 571Q Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules - Cap 571S Securities and Futures (Licensing and Registration) (Information) Rules - Cap 571U Securities and Futures (Miscellaneous) Rules - Cap 571AF Securities and Futures (Fees) Rules	4

Topics	Suggested Study Hours
2. Regulation on Business Activities and Standards	
A. <u>Licensing of Intermediaries</u>	
a. Fitness and Properness - Who Needs to be Comply with the "Fit and Proper" Guidelines - Determination of "Fit and Proper" for an Individual - Continuing Requirement	1
b. Competence Requirement - Application and Interpretation - Fitness and Properness - Assessment of Competence for Individual Representative - Test of Competence for Representative	2
B. <u>Continuing Obligations of Licensed Persons</u>	
a. Code of Conduct - General Principles - Risk Disclosure Statement - Additional Requirements for Licensed Persons Engaging in Leveraged Foreign Exchange Trading • General Conduct of Business Requirements • Specific Guidelines	4
b. Continuous Professional Training (CPT) - Objectives of CPT - CPT Requirements – Obligations of Individuals - Consequences of Non-Compliance	0.5
c. Prevention of Money Laundering and Terrorist Financing - Nature and Stages of Money Laundering - Terrorist Financing - Relevant and Related Legislation	1.5
d. Disciplinary Fining Guidelines - General Considerations of Seriousness of Conduct - Specific Considerations	0.5

Suggested Reading:

Leveraged Foreign Exchange Trading Examination Study Manual, Institute of Professional Education And Knowledge of Vocational Training Council, May 2018. (HK$250 per copy)

Further Readings:

1. ***Licensing Handbook***, Securities and Futures Commission, Hong Kong (April 2017).
2. ***Securities and Futures Ordinance and Subsidiary Legislation***, Laws of Hong Kong.
3. ***Fit and Proper Guidelines***, Securities and Futures Commission, Hong Kong (October 2013).
4. ***Guidelines on Competence*** *and* ***Appendix C***, Securities and Futures Commission, Hong Kong (March 2003, June 2011).
5. ***Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission***, Securities and Futures Commission, Hong Kong (Aug 2018).
6. ***Guidelines on Continuous Professional Training***, Securities and Futures Commission, Hong Kong (March 2003).
7. ***Guideline on Anti-Money Laundering and Counter-Terrorist Financing***, Securities and Futures Commission, Hong Kong (March 2018).
8. ***Prevention of Money Laundering and Terrorist Financing Guideline issued by the Securities and Futures Commission for Associated Entities,*** Securities and Futures Commission, Hong Kong (August 2018).
9. ***SFC Disciplinary Fining Guidelines,*** Securities and Futures Commission, Hong Kong (August 2018).
10. ***Securities and Futures Commission, Hong Kong,*** Available at: http://www.sfc.hk/.
11. ***The Hong Kong Monetary Authority***, Available at: http://www.hkma.gov.hk/.

Note: All the above Code and Guidelines may be downloaded from the Website of the Securities and Futures Commission at http://www.sfc.hk/web/EN/rules-and-standards/codes-and-guidelines/.

Syllabus, Suggested Study Hours and Reference Readings for Leveraged Foreign Exchange Trader's Representative Examination - Paper 2

Topics	Suggested Study Hours
1. Market Knowledge	
A. History and Development of FX Market - The Gold Standard - The Bretton Woods System - The European Monetary System and the Euro - Floating and Linked Exchange Rate Systems - Hong Kong Exchange Rate System	4

B. How the Foreign Exchange Market Operates
- The Global Foreign Exchange Market
  ▪ Overview of the Market
  ▪ Other Characteristics of Global Foreign Exchange Market
  ▪ Role of Hong Kong in the Global Foreign Exchange Market
- The Spot FX Market
  ▪ Spot Foreign Exchange Deal
  ▪ Quotation
  ▪ Trading Mechanism
  ▪ Market Jargons
  ▪ Cross Rate Calculation
  ▪ Cross Arbitrage and Trading
- The Forward FX Market
  ▪ Forward Rate Quotation
  ▪ FX Swap
- Local Foreign Exchange Products
  ▪ Foreign Currency Deposits
  ▪ Leveraged Foreign Exchange Investment
  ▪ Premium Deposit
  ▪ FX Margin Trading
	10

C. FX Margin Trading - Margin Requirements - Type of Orders and Trade Execution - Discretionary versus Non-discretionary Trading - Profit and Loss Calculation	4
D. The Currency Futures and Options Markets - Currency Futures - Currency Options	4
E. Money Markets - Basic Money Market Calculation - Interest Rates and Yield Curve - The Hong Kong Interbank Money Market and HIBOR	4

Topics	Suggested Study Hours
2. Market Analysis	

A. <u>Fundamental Analysis</u>
- Exchange Rate Theory
  ▪ Purchasing Power Parity
  ▪ International Fisher Effect
  ▪ Monetary Model
  ▪ Forward Rate as Unbiased Predictor of Future Spot Rate
- Factors Affecting Foreign Exchange Rates
  ▪ Government Fiscal, Monetary and FX Policies
  ▪ Economic Performance
  ▪ International Trade and Capital Flow
  ▪ Economic Indicators of Major Countries
	8

B. <u>Technical Analysis</u> - Basic Charting - Support, Resistance and Trend Lines - Pattern Analysis - Moving Averages - Relative Strength Index - Wave Theory	6
3. Risks in Foreign Exchange Trading	
A. <u>Definition and Types of Risk</u> - Market Risk - Credit and Counterparty Risk - Liquidity Risk - Operational Risk - Other Risks	4

B. <u>Risk Management</u>
- Market Risk
  ▪ Risk in House Position
  ▪ Ways to Reduce Risk on FX Trading
  ▪ Risk Diversification and Hedging FX Exposure
- Credit and Counterparty Risk
  ▪ Margining, Intra-day and Overnight Margin
  ▪ Margin Calculation
  ▪ Mark to Market
  ▪ Margin Call
  ▪ Liquidation of Position
	4

Suggested Reading:

Leveraged Foreign Exchange Trading Examination Study Manual, Institute of Professional Education And Knowledge of Vocational Training Council, May 2018. (HK$250 per copy)

Further Readings:

1. DeRosa, David F., *Foreign exchange operations: master trading agreements, settlement, and collateral*, Wiley finance series.
2. *An Introduction to Foreign Exchange and Money Markets*, The Reuters Financial Training Series, John Wiley & Sons (Asia) Pte Ltd.
3. Walmsley, Julian, *The Foreign Exchange and Money Markets Guide*, John Wiley & Sons, Inc.
4. Roth, Paul, *Mastering Foreign Exchange and Money Market: A Step-by-Step Guide to the Products, Applications and Risks*, Financial Times Pitman Publishing.
5. Murphy, John, *Technical Analysis of the Financial Markets: A Comprehensive Guide to Trading Methods and Applications*, New York Institute of Finance.
6. Smithson, Charles W., *Managing Financial Risk: A Guide to Derivative Products, Financial Engineering and Value Maximization*, 3rd Edition, Irwin Library of Investment and Finance, McGraw Hill.
7. *An Introduction to Bond Markets*, The Reuters Financial Training Series, John Wiley & Sons (Asia) Pte. Ltd.
8. *An Introduction to Derivatives*, The Reuters Financial Training Series, John Wiley & Sons (Asia) Pte. Ltd.

Syllabus, Suggested Study Hours and Reference Readings for Leveraged Foreign Exchange Trader's Responsible Officer Examination - Paper 1

The Securities and Futures Ordinance (SFO), operative on 1st April 2003, covers ten regulated activities including leveraged foreign exchange trading. For examination purpose, only the sections in the SFO and subsidiary legislation relevant and related to Type 3 regulated activity, namely, leveraged foreign exchange trading will be tested.

Candidates are expected to have an in-depth knowledge of the ordinance, subsidiary legislation, regulations and compliance requirements in carrying out the duties of a responsible officer/officer of a leveraged foreign exchange trader.

Topics	Suggested Study Hours
1. Regulatory Framework	
A. Regulators	
a. Securities and Futures Commission (SFC) - Regulatory Objectives of the SFC - Organization and Functions of the SFC - Powers and Corporate Governance of SFC - Scope of Regulation - The Securities and Futures Appeals Tribunal - Leveraged Foreign Exchange Trading Arbitration Panel - Market Misconduct Tribunal	2
b. Hong Kong Monetary Authority (HKMA) - Functions and Objectives of the HKMA - Role of HKMA in the Regulation of Leveraged Foreign Exchange Trading - Registered Institutions	0.5
B. Relevant Ordinance and Subsidiary Legislation	
a. The Securities and Futures Ordinance (SFO) (CAP 571) - Background and Scope of SFO - Activities Regulated under SFO - Meaning of Leveraged Foreign Exchange Trading	2
b. Subsidiary Legislation - Cap 571A Securities and Futures (Unsolicited Calls – Exclusion) Rules - Cap 571B Securities and Futures (Recognized Counterparty) Rules - Cap 571E Securities and Futures (Leveraged Foreign Exchange Trading – Exemption) Rules - Cap 571F Securities and Futures (Leveraged Foreign Exchange Trading) (Arbitration) Rules - Cap 571H Securities and Futures (Client Securities) Rules - Cap 571I Securities and Futures (Client Money) Rules - Cap 571J Securities and Futures (Associated Entities – Notice) Rules	4.5

Topics	Suggested Study Hours
- Cap 571N Securities and Futures (Financial Resources) Rules - Cap 571O Securities and Futures (Keeping of Records) Rules - Cap 571P Securities and Futures (Accounts and Audit) Rules - Cap 571Q Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules - Cap 571S Securities and Futures (Licensing and Registration) (Information) Rules - Cap 571U Securities and Futures (Miscellaneous) Rules - Cap 571AF Securities and Futures (Fees) Rules	
2. Regulation on Business Activities and Standards	
A. <u>Licensing of Intermediaries</u>	
a. Fitness and Properness - Who Needs to be Comply with the “Fit and Proper” Guidelines - Determination of “Fit and Proper” for an Individual and a Corporation - Continuing requirement	1
b. Competence Requirement - Application and Interpretation - Fitness and Properness - Assessment of Competence for Responsible Officer - Test of Competence for Responsible Officer	2
c. Financial Resource Rules - Paid-up Share Capital Requirement - Liquid Capital Requirement - Notification Requirements - Non-Compliance and Penalty	1
B. <u>Continuing Obligations of Licensed Persons</u>	
a. Code of Conduct - General Principles - Risk Disclosure Statement - Additional Requirements for Licensed Persons Engaging in Leveraged Foreign Exchange Trading • General Conduct of Business Requirements • Specific Guidelines	4
b. Continuous Professional Training (CPT) - Objectives of CPT - CPT Requirements – Obligations of Corporations - CPT Requirements – Obligations of Individuals - Practical Issues - Consequences of Non-Compliance	0.5

Topics	Suggested Study Hours
c. Prevention of Money Laundering and Terrorist Financing - Nature and Stages of Money Laundering - Terrorist Financing - Relevant and Related Legislation - Policies and Procedures Expected of Licensed Corporations	1.5
d. Client Identity Rule Policy - Nature and Enforcement of the Rule - Timing of Provision of Information - Manner in Which Information is Provided - Disciplinary Proceedings	1
e. Disciplinary Fining Guidelines - General Considerations of Seriousness of Conduct - Specific Considerations	0.5
f. Compliance with the Securities and Futures (Client Securities) Rules and the Securities and Futures (Client Money) Rules	0.5
g. Management, Supervision and Internal Control Guidelines - Management and Supervision - Segregation of Duties and Functions - Personnel and Training - Information Management - Compliance - Audit - Operational Controls - Risk Management	1.5
h. Measures for Augmenting the Accountability of Senior Management - Meaning of Senior Management - Managers-In-Charge of Core Functions - Submission of Management Structure Information	0.5

Suggested Reading:

Leveraged Foreign Exchange Trading Examination Study Manual, Institute of Professional Education And Knowledge of Vocational Training Council, May 2018. (HK$250 per copy)

Further Readings:

1. ***Licensing Handbook,*** Securities and Futures Commission, Hong Kong (April 2017).
2. ***Securities and Futures Ordinance and Subsidiary Legislation***, Laws of Hong Kong.
3. ***Fit and Proper Guidelines***, Securities and Futures Commission, Hong Kong (October 2013).
4. ***Guidelines on Competence*** *and* ***Appendix C***, Securities and Futures Commission, Hong Kong (March 2003, June 2011).
5. ***Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission***, Securities and Futures Commission, Hong Kong (Aug 2018).
6. ***Guidelines on Continuous Professional Training***, Securities and Futures Commission, Hong Kong (March 2003).
7. ***Guideline on Anti-Money Laundering and Counter-Terrorist Financing***, Securities and Futures Commission, Hong Kong (March 2018).
8. ***Prevention of Money Laundering and Terrorist Financing Guideline issued by the Securities and Futures Commission for Associated Entities,*** Securities and Futures Commission, Hong Kong (August 2018).
9. ***SFC Disciplinary Fining Guidelines,*** Securities and Futures Commission, Hong Kong (August 2018).
10. ***Securities and Futures Commission, Hong Kong,*** Available at: http://www.sfc.hk/.
11. ***The Hong Kong Monetary Authority***, Available at: http://www.hkma.gov.hk/.

Note: All the above Code and Guidelines may be downloaded from the Website of the Securities and Futures Commission at: http://www.sfc.hk/web/EN/rules-and-standards/codes-and-guidelines/

Syllabus, Suggested Study Hours and Reference Readings for Leveraged Foreign Exchange Trader's Responsible Officer Examination - Paper 2

Topics	Suggested Study Hours
1. Risk Management	
A. Definition and Types of Risk - Market Risk - Credit and Counterparty Risk - Liquidity Risk - Operational Risk - Other Risks	4

B. The Risk Management Process
- Risk Policy and Strategy
  ▪ Senior Management Oversight
- Identification of Risk
- Measurement of Risk
  ▪ Sensitivity Approach
  ▪ Scenario Analysis
  ▪ Value at Risk Approach
  ▪ Risk on House Positions
- Control and Management of Risk
  ▪ Market Risk
    ◦ Open Position Limits
    ◦ Risk Diversification and Hedging FX Exposure
  ▪ Credit and Counterparty Risk
    ◦ Margining, Intra-day and Overnight Margin
    ◦ Margin Calculation
    ◦ Mark to Market
    ◦ Margin Call
    ◦ Liquidation of Position
  ▪ Operational Risk
    ◦ Deal Processing
    ◦ Internal Control Framework
    ◦ People Management
    ◦ Information System
	12

C. Risk Management System - The Essentials of Risk Management System - Management Reporting - Enterprise Wide Risk Management System	4

Topics	Suggested Study Hours
2. Financial Markets	

A. <u>Foreign Exchange Markets</u>
- Evolution of Foreign Exchange Market
- Fixed, Floating and Linked Exchange Rate Systems
- Hong Kong Exchange Rate System
- Spot FX Market
  ▪ Market Mechanism
  ▪ The Eurocurrency Market
  ▪ Currency Appreciation and Depreciation
  ▪ Exchange Rate Theory
    ○ Purchasing Power Parity
    ○ International Fisher Effect
    ○ Monetary Model
    ○ Forward Rate as Unbiased Predictor of Future Spot Rate
  ▪ Determinants of Exchange Rates
    ○ Macroeconomic and Microeconomic Environment
    ○ Government Fiscal and Monetary Policies
    ○ Foreign Exchange Intervention
    ○ Exchange Controls
- Forward FX Market
  ▪ Forward Outright Quotation
  ▪ FX Swap
  ▪ Determination of Forward Swap Points
  ▪ Non-Deliverable Forward Contract
	8

B. <u>Money Markets</u> - Euro-deposit versus Domestic Deposit Market - Hong Kong Interbank Money Market - Linkage between Foreign Exchange and Money Markets ▪ Arbitrage between Swap and Interest Rates	2
C. <u>Fixed Income Markets</u> - What are bonds? - Bond Features - Bond Valuation - Bond Pricing Theorems - Hong Kong Exchange Fund Bills and Notes - Linkage between Foreign Exchange and Fixed Income Markets	4

Topics	Suggested Study Hours
D. <u>Equity Markets</u> - Type of Equity Securities - Market Structure - Trading Mechanism - Hong Kong Exchanges and Clearing Limited - Exchange Rate Risk in Foreign Equity Investment	4
E. <u>Futures and Options Markets</u> - Hong Kong Futures and Options Markets - Currency Futures ▪ Using Currency Futures to Hedge FX Positions - Currency Options ▪ Option Terminology ▪ Holder versus Writer ▪ Put versus Call ▪ Underlying Asset ▪ Strike Price and Moneyness ▪ Intrinsic Value and Time Value of Option Premium ▪ European versus American Style Options ▪ Exercise an Option - Using Currency Options for Trading and Hedging	8

Suggested Reading:

Leveraged Foreign Exchange Trading Examination Study Manual, Institute of Professional Education And Knowledge of Vocational Training Council, May 2018. (HK$250 per copy)

Further Readings:

1. DeRosa, David F., *Foreign exchange operations: master trading agreements, settlement, and collateral,* Wiley finance series.
2. *An Introduction to Foreign Exchange and Money Markets*, The Reuters Financial Training Series, John Wiley & Sons (Asia) Pte Ltd.
3. Walmsley, Julian, *The Foreign Exchange and Money Markets Guide*, John Wiley & Sons, Inc.
4. Roth, Paul, *Mastering Foreign Exchange and Money Market: A Step-by-Step Guide to the Products, Applications and Risks*, Financial Times Pitman Publishing.
5. Murphy, John, *Technical Analysis of the Financial Markets: A Comprehensive Guide to Trading Methods and Applications*, New York Institute of Finance.
6. Smithson, Charles W., *Managing Financial Risk: A Guide to Derivative Products, Financial Engineering and Value Maximization*, 3rd Edition, Irwin Library of Investment and Finance, McGraw Hill.
7. *An Introduction to Bond Markets*, The Reuters Financial Training Series, John Wiley & Sons (Asia) Pte. Ltd.
8. *An Introduction to Derivatives*, The Reuters Financial Training Series, John Wiley & Sons (Asia) Pte. Ltd.

Sample Examination Questions for Leveraged Foreign Exchange Trader's Representative Examination - Paper 1

1. What is the minimum initial and maintenance margin levels for leveraged foreign exchange trading as required by the Securities and Futures Commission?

	Initial	Maintenance
A.	10%	5%
B.	5%	3%
C.	10%	2%
D.	3%	2%

2. Which of the following are **IMPROPER** dealing practices?

   I. Quoting both the bid and offer price at the request of a client.
   II. Inform the client that the price given is available only for a limited period of time.
   III. Neither disclose nor display the trading hours.
   IV. When being told by a customer to close a long position, quote a bid price much lower than the current market price.

   A. I & II only
   B. II & III only
   C. III & IV only
   D. I & IV only

3. Which of the following statement is **FALSE**?

   A. The Securities and Futures Commission may refuse to grant to the applicant a license to carry on Type 3 regulated activity, i.e. leveraged foreign exchange trading unless the applicant has not been licensed for another type of regulated activity.
   B. The Securities and Futures Commission may refuse to grant to the applicant a license to carry on Type 3 regulated activity, i.e. leveraged foreign exchange trading unless the applicant satisfies the Commission that he is a fit and proper person to be so licensed for the regulated activity.
   C. The Securities and Futures Commission may refuse to grant to the applicant a license to carry on Type 3 regulated activity, i.e. leveraged foreign exchange trading unless the applicant satisfies the Commission that the grant of the license will not prejudice the interest of the investing public.
   D. The licensed representative shall at all times keep the Securities and Futures Commission informed of particulars of his contact details including, in so far as applicable, his residential address, telephone and facsimile numbers and electronic mail address

4. Which of the following is/are **PROPER** practice(s) for handling discretionary account?

   I. Different sets of client agreement are used for discretionary and non-discretionary accounts.
   II. Representative handling discretionary accounts informs the clients when losing more than 30% of the account equity from initial equity in a calendar month.
   III. A discretionary account does not hold equal long and short position without the consent of the clients.

   A. I only.
   B. I & II only
   C. II & III only
   D. All of the above

5. Although the Securities and Futures Ordinance prohibits representatives of leveraged foreign exchange traders from making unsolicited calls for leveraged foreign exchange trading business, it does not violate the Ordinance if the calls are on:

   I. existing clients
   II. solicitors
   III. professional accountants

   A. I & II only
   B. II & III only
   C. I & III only
   D. All of the above

Suggested Answers:

1. B 2. C 3. A 4. D 5. D

<u>Sample Examination Questions for</u>
<u>Leveraged Foreign Exchange Trader's Representative Examination - Paper 2</u>

1. In technical analysis, a resistance level refers to

   A. a level below the current market price at which strong buying interests are expected.
   B. a level above the current market price at which strong selling interests expected.
   C. the offer side of the current market price.
   D. the level where central banks are expected to sell.

2. Four counterparties in the foreign exchange market quoting you the following spot USD/JPY prices, which is the best quote for you as a buyer of USD?

   A. 124.30 – 33
   B. 124.32 – 35
   C. 124.31 – 34
   D. 124.29 – 36

3. GBP/AUD is quoting at 1.6270-75 and AUD/NZD at 1.1500-05 in the market, what is the rate that you may sell GBP/NZD to the market?

   A. 1.8724
   B. 0.5199
   C. 1.8711
   D. 1.4148

4. A counterparty quotes spot rate for USD/HKD at 7.7995/05 and 6-month swap points –20/+30, at what rate this counterparty is willing to sell USD/HKD for delivery in 6 months' time?

   A. 7.7975
   B. 7.7925
   C. 7.7935
   D. 7.8035

5. A customer has put up a margin deposit of USD100,000 with a leveraged foreign exchange trader which requires an initial margin of 5% and maintenance margin of 3% for leveraged foreign exchange trading for its clients. The customer has sold EUR1,000,000 against USD at 1.2000, ignoring the carrying cost of the position, what EUR/USD exchange rate level will trigger a margin call to the customer?

   A. 1.1340
   B. 1.1640
   C. 1.2240
   D. 1.2621

Suggested Answers:

1. B 2. A 3. C 4. D 5. D

Sample Examination Questions for
Leveraged Foreign Exchange Trader's Responsible Officer Examination - Paper 1

1. Which of the following are recommended with respect to the segregation of duties?

   I. Policy formulation, supervisory and other internal or advisory functions should effectively be segregated from line operational duties.
   II. Sales, dealing, accounting and settlement are effectively segregated.
   III. Compliance and internal audit function are effectively segregated from and independent of the operational and related supervisory functions, and report directly to Management.

   A. I & II only
   B. II & III only
   C. I & III only
   D. All of the above

2. According to the Securities and Futures (Contract Notes, Statements of Account and Receipt) Rules, after a trade is executed for a client, the intermediary should provide the contract note to the client

   A. No later than the end of the day of entering into the relevant contract.
   B. No later than the end of next business day after entering into the relevant contract.
   C. No later than the end of the second business day after entering into the relevant contract.
   D. No later than the end of the seventh business day after entering into the relevant contract.

3. In considering whether a person is fit and proper to be licensed as a leveraged foreign exchange trader or a trader's representative, the Securities and Futures Commission takes into account the person's:

   I. financial status
   II. educational or other qualifications or experience
   III. ability to perform efficiently, honestly and fairly
   IV. reputation, character, financial integrity and reliability

   A. I, III & IV only
   B. II, III & IV only
   C. I, II & IV only
   D. All of the above

4. According to the Securities and Future (Financial Resources) Rules, a licensed corporation carrying on Type 3 regulated activity, namely leveraged foreign exchange trading, other than an approved introducing agent, shall at all times maintain liquid capital not less than

   A. HK$15,000,000.
   B. HK$20,000,000.
   C. HK$25,000,000.
   D. HK$30,000,000.

5. The general principle regarding responsibility of senior management stipulated in the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission states that

I. The senior management of a registered person should bear primary responsibility for ensuring the maintenance of appropriate standards of conduct and adherence to proper procedures by the firm.
II. Senior management of a registered person should properly manage the risks associated with the business of the registered person, including performing periodic evaluation of its risk management processes.
III. Owing to the complexity of leveraged foreign exchange trading, senior management may not understand the nature of the business of the registered person, its internal control procedures or its policies on the assumption of risk, they should delegate their responsibilities to subordinates.
IV. Senior management should clearly understand the extent of their own authorities and responsibilities.

A. I, II & III only
B. II, III & IV only
C. I, II & IV only
D. I, III & IV only

Suggested Answers:

1. D 2. C 3. D 4. D 5. C

Sample Examination Questions for
Leveraged Foreign Exchange Trader's Responsible Officer Examination - Paper 2

1. What best describes credit risk?

   A. The risk that a deal is settled incorrectly.
   B. The risk that an asset might lose value due to price fluctuation.
   C. The risk of being unable to obtain funds to meet commitments.
   D. The risk that the counterparty fails to perform its obligations under the contract.

2. Which of the following is **NOT** recommended?

   A. Representatives should be responsible for confirming and settlement of trades with their own clients in order to improve efficiency.
   B. Senior management involvement in setting risk policies.
   C. Periodic review of the internal risk management system.
   D. Establishment of a comprehensive framework of limits to control overall foreign exchange exposure.

3. A foreign exchange open position has a 1-day 95% confidence level Value at Risk of \$100,000. Which of the following is the correct interpretation of the above statement?

   A. The position has a 95% chance of losing more than \$100,000.
   B. The position has a 95% chance of losing at least \$100,000.
   C. The position has a 95% chance of losing no more than \$100,000.
   D. The position has a maximum loss of \$100,000.

4. A counterparty is quoting

Spot USD/JPY	119.60-65
Spot USD/HKD	7.7995-00
3 months USD/JPY swap	90-85
3 months USD/HKD swap	30-35

   At what rate this counterparty buys JPY against HKD 3 months forward?

   A. 0.065741
   B. 0.065678
   C. 0.064759
   D. 0.064751

5. If an investor is thinking of buying an at-the-money (ATM) call or selling an ATM put on a currency as he is bullish on this currency, what is FALSE about the difference on the two strategies?

   A. The buyer of the option pays a premium while the seller of the option receives a premium.
   B. Both option strategies are suitable for the bullish view.
   C. Breakeven price for the long ATM call is lower than that of short ATM put.
   D. Long call strategy's loss is limited to the premium paid while short put strategy has substantial loss potential.

Suggested Answers:
1. D 2. A 3. C 4. B 5. C

Regulations of the Leveraged Foreign Exchange Trading Examination

General Rules

1. Candidates shall only be allowed to attend an examination at the designated venue.

2. Candidates are advised to arrive at the examination venue **at least 15 minutes before the start of the examination.** Before being admitted to the examination venue, candidates must present their original, valid Hong Kong Identification Card or Passport and Admission Form to the invigilators for verification purpose. Candidates will be assigned a seat after their identity is verified. Those who fail to produce any of the mentioned identification documents or whose identity cannot be satisfactorily verified will **not** be permitted to sit for the examination.

3. Candidates must sit according to the designated seat numbers unless otherwise approved by the invigilator.

4. As far as possible, the examination will be started according to the published schedule. However, the PEAK Exam Centre will not be responsible for any delay arisen due to operational reasons, including system failure.

5. Candidates who arrive at the examination venue more than 15 minutes after the start of the examination for whatever reason will not be allowed to take the examination and the examination fee paid will not be refunded.

6. Calculators brought into the examination venue are subject to inspection. Non-programmable electronic calculators (without cover) may be used in the examination, provided that the calculators are battery-powered, silent in operation and with neither print-out nor graphic/word display functions. Please refer to the List of Approved Calculators at “FAQs” on the Website of the PEAK Exam Centre. Calculators on the List of Approved Calculators can only be allowed to use during examination.

7. Candidates are NOT allowed to use any communication/electronic devices (except authorised calculators stipulated in Rule number 6 above) during the examination. Electronic devices refer to mobile phones, tablets, Personal Digital Assistants (PDAs), Bluetooth headphones/headsets, pagers, MP3 players, camera devices/equipment, electronic dictionaries, scanner pens, databank watches, smart watches with mobile applications installed or wireless technologies supported or other electronic devices which can store and/or display texts, take photos/videos, and record sounds.

8. Candidates are required to **switch off** all communication/electronic devices (include but not limited to the devices listed in Rule number 7 above) including the alarm function, as well as devices which produce the sound of any kind, such as alarm watches, **BEFORE entering the examination venue**. Invigilators will check the devices at the entrance of the examination venue.

9. Candidates should bring their own pencils and erasers to the examination venue for the Examination. They should use HB pencils to answer multiple choice questions. The use of correction fluid or tape on the Multiple Choice Answer Sheets is not permitted.

10. **Candidates who are not able to attend the Examination for whatever reason are regarded as "ABSENT" (including those who are more than 15 minutes late). Absentees will not be re-scheduled to take another examination session and the fees paid are not refundable**. For the Candidates who arrive at the examination venue within 15 minutes after the start of the examination, their examination time will not be extended.

11. After the examination has been in progress for **more than 30 minutes**, candidates may request to leave the examination venue with the approval of the invigilator. However, candidates are not permitted to leave the examination venue in the **final 15 minutes**.

12. The PEAK Exam Centre will not be responsible for any loss, theft or damage of personal property of candidates during the examination.

13. All personal articles including any textbooks, notes, dictionaries, electronic diaries and any other electronic devices, study materials must be placed in the designated area during the examination.

14. Drinking, eating and smoking are not allowed in the examination venue.

15. Candidates should write or do rough work on question papers, answer sheets or authorized papers.

16. Candidates should raise their hands to seek the invigilator's assistance if they encounter any problems during the examination.

17. At the end of the examination, candidates should remain silent and seated until the invigilators announce that they could leave the examination venue.

Disqualification

A candidate may be disqualified from the Examination for up to three years, if he/she:

1. obtains access to the examination paper or part thereof prior to the examination through any unlawful means;

2. uses other person's name to attend the examination, including impersonating another candidate or allowing himself/herself to be impersonated. Any incident of impersonation will be reported to the Hong Kong Police Force;

3. refers to any unauthorized materials related to the subject of that examination session during examination;

4. observes and notes the work of another candidate or allows his/her work to be copied by the other candidates;

5. takes away or attempts to take away from the examination venue any examination materials, such as examination question books or examination questions, answer sheets, backing sheets or graph papers, by whatever means;

6. takes photographs, audio-recording or video-recording inside the examination venue; (Note: the photographs and/or recordings taken and their associated equipment would be taken away for further inspection and the photographs and/or recordings would be erased.)

7. possesses prohibited materials/devices of all sorts on his/her examination desk on his/her person or within his/her reach;

8. communicates or attempts to communicate with any person inside or outside the examination venue during examination by whatever means;

9. uses electronic devices for any purposes, including but not limited to access the internet/email/SMS/WhatsApp/any instant messaging applications during examination;

10. writes anything or does rough work on the materials other than question paper, answer sheet or authorized paper;

11. leaves the examination venue without permission or during non-permitted time period in the examination;

12. starts working before he/she is instructed to do so or continues working after "stop writing/the end of the examination" announcement is made;

13. misbehaves or acts maliciously in such a way that he/she upsets the conduct of the examination;

14. does not turn off his/her electronic devices including the alarm function and/or emits sound rings during examination;

15. fails to follow the general rules or the instruction of the invigilators in the examination; or

16. misbehaves or acts dishonestly during examination.

Proof of Identity

Candidates must bring their respective valid and original Hong Kong Identity Cards[2] or Passports, as a proof of their identity, to the examination. The identification document must be the original of the one submitted for the enrolment. Those who fail to produce such identification, whose identification documents are invalid, or whose identity cannot be satisfactorily verified will not be permitted to sit for the examination.

Typhoon / Black Rainstorm Warning / "Extreme Conditions"

1. If the Pre-No. 8 Special Announcement / Typhoon Signal No. 8 or above / Black Rainstorm Warning Signal / "Extreme Conditions" is issued / in force after 6:15 a.m., but before 11:00 a.m., examinations between 9:00 a.m. to 12:00 noon will be cancelled.

2. If the Pre-No. 8 Special Announcement / Typhoon Signal No. 8 or above / Black Rainstorm Warning Signal / "Extreme Conditions" is issued / in force at 11:00 a.m., but before 4:00 p.m., examinations between 12:00 noon to 6:00 p.m. will be cancelled.

3. If the Pre-No. 8 Special Announcement / Typhoon Signal No. 8 or above / Black Rainstorm Warning Signal / "Extreme Conditions" is issued / in force at or after 4:00 p.m., examinations between 6:00 p.m. to 10:00 p.m. will be cancelled.
4. Candidates are advised to visit the website of the PEAK Exam Centre (www.vtc.edu.hk/cpdc) for any special announcements concerning postponement of examinations. The candidates will be notified of the new examination date and time as soon as possible.

5. However, once the examination has commenced, candidates are required to sit through the examination even if the Typhoon Signal No. 8 or above or the Black Rainstorm Warning Signal is announced.

[2] For candidates who have just reached 18 years old, they are required to produce their adult identity card (or an acknowledgement of an application for an adult identity card) for identity verification during any examination which takes place after the 30th days following their 18th birthday. Otherwise, they will not be allowed to take the examination. Fees paid are not refundable or transferable.

Appendix X

Notice Relating to the Personal Data (Privacy) Ordinance

In view of the Personal Data (Privacy) Ordinance ("the Ordinance"), this notice is to help candidates understand their rights and obligations in respect of the supply of their personal data to the PEAK Exam Centre and the way in which PEAK Exam Centre may use or handle such data.

1. Candidates are required to keep the PEAK Exam Centre informed of any change of their personal data once they are enrolled as candidates for the examination, and until such time as they have completed the examination.

2. The PEAK Exam Centre may use the supplied personal data for the following purposes:

   (a) administering the examination;

   (b) maintaining a candidate record;

   (c) distribution of examination results to candidates concerned;

   (d) posting of examination result on the website of the PEAK Exam Centre for the candidates' own checking and downloading, unless expressly requested not to do so by the respective candidate in writing;

   (e) certifying candidates' examination results to the SFC;

   (f) reporting cases of disqualified candidates to the SFC;

   (g) research or statistical analysis; or

   (h) any other related purposes.

3. The PEAK Exam Centre will keep the personal data of candidates confidential. Nevertheless, during its operations, the PEAK Exam Centre may, as permitted by law, compare, match, transfer or exchange their data with the data already possessed, or obtained hereafter, by the PEAK Exam Centre for these or any other purposes.

4. Candidates may have the right under the Ordinance to request access to or correction of any data provided by them as per the manner and limitations prescribed therein. In this connection, please note that the answer sheets used by candidates in the examination (which may contain their personal data) will be destroyed two months after the date of the examination concerned.

5. As the Ordinance allows, the PEAK Exam Centre has the right to charge a reasonable fee for the processing of any request for data access.

6. Candidates who request access to data or correction of data may contact or write to the PEAK Exam Centre. Its address, telephone number and fax number are as below:

   PEAK Examination Centre,
   Vocational Training Council
   1/F VTC Tower, 27 Wood Road, Wanchai, Hong Kong

   Tel: 2919 1467 / 2919 1468 / 2919 1478
   Fax: 2574 0213
   Email: cpdc@vtc.edu.hk