



Institut Bank-Bank Malaysia
Institute of Bankers Malaysia



PKMC

PASARAN KEWANGAN MALAYSIA CERTIFICATE SIJIL PASARAN KEWANGAN MALAYSIA (PKMC)

The door to becoming a qualified PPKM broker

Jointly Awarded with:



Introduction

PASARAN KEWANGAN MALAYSIA CERTIFICATE SIJIL PASARAN KEWANGAN MALAYSIA (PKMC)

The Pasaran Kewangan Malaysia Certificate (PKMC) is the professional requirement set by Persatuan Pasaran Kewangan Malaysia (PPKM) for its Provisional, Provisional Broker or Affiliate Members to upgrade to Ordinary, Broker or Associate Members. This Certificate is jointly awarded by PPKM and Institute of Bankers Malaysia (IBBM) and aims to ensure that the Malaysian wholesale financial markets will continue to uphold the highest standards of professionalism and integrity, and grow in an orderly manner.

Institute of Bankers Malaysia (IBBM)

IBBM is devoted to providing world class education and learning services as part of its mission to develop talent in the banking and financial services industry. We aim to be at the forefront in the advancement of banking education and learning services; and are taking quantum leaps to reshape the banking education landscape through innovations in the delivery of our value propositions.

Established as the professional and educational body for the banking and financial services industry in Malaysia, IBBM is committed to assist financial institutions empower their employees with new knowledge and skills to achieve business goals. To meet this objective, IBBM has formed strategic partnerships with renowned business schools, universities, professional institutes, industry leaders, and specialised agencies to facilitate the transfer of international best practices and knowledge.

Professional certification is an effective aid to career development, providing formal recognition of both competency and capability. IBBM offers industry focused professional certification both through its own curriculum and awards, and in collaboration with other educational institutions.

IBBM also works closely with financial institutions to design, develop and deliver continuing professional development programmes covering all aspects of domestic and international banking.

IBBM disseminates information on banking and financial services via both print and electronic media, including the internet. Among the products are the Banking Insight, Banker's Journal Malaysia, a bi-monthly newsletter, study materials, online resources, self-learning CD-ROM packages, and general reference and training materials.

IBBM also plays the role of learning services adviser to assist financial institutions or finance related organisations in identifying areas for staff professional development, and proposing the relevant learning solutions.

The world is changing, and for those who embrace change, lifelong learning ensures there is no limit to what they can accomplish. IBBM is here to enable banking and financial services practitioners to continuously build their competencies and to accelerate the professional development of those who take the initiative.

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Persatuan Pasaran Kewangan Malaysia

The Persatuan Pasaran Kewangan Malaysia (PPKM) (ACI-Malaysia) was established in 1974 with the objective of providing an association for those who are actively engaged in the wholesale foreign exchange and money market in Malaysia. Besides offering a platform for social and friendly contact among its members, PPKM is also actively involved in education to develop and enhance the knowledge and skills of members. PPKM has six categories of membership: Provisional, Broker, Affiliate, Ordinary, International and Associate and may invite any person to become an Honorary Member.

In its effort to upgrade members' knowledge and skills, PPKM has, since December 1995, imposed qualifying examinations for its new members. Members must now pass the four modules of the Sijil Pasaran Kewangan Malaysia (Malaysian Financial Markets Certificate/ Pasaran Kewangan Malaysia Certificate or PKMC) before they are licensed to participate in the interbank foreign exchange and money market. PPKM also organises talks, seminars, conferences, meetings and related gatherings for its members and the general public to improve and update their knowledge.

The other main objective of PPKM is to constantly review the techniques and practices in the foreign exchange and money markets in order to develop, improve and maintain high standards comparable to international practices and techniques. It also liaises and seeks affiliation with associations and bodies in foreign countries with similar objectives and participates in international forum related to the foreign exchange and money market.

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What's in it for you?

To equip market participants with knowledge and understanding of the:

- Code of Conduct and Market Practices
- Guidelines on Investor Protection
- Relevant laws and regulations
- Malaysian financial system and markets
- Forex and money market operations
- Basic calculations used in forex and money market operations
- Risk management in forex, money market operations and basic derivatives

Are there any pre-requisites for enrolment?

Candidates registering for the PKMC examinations must first be accepted as Provisional, Provisional Broker or Affiliate Members of PPKM.

Who should acquire it?

Treasury dealers, money market dealers and money brokers.

What is the pathway to this qualification?

Comprises four modules:

Module I	Part A: The Code of Conduct and Market Practices
	Part B: Investor Protection, Law and Regulations
	Part C: The Malaysian Financial System and Conduct of Monetary Policy
Module II	The Money Market
Module III	The Foreign Exchange Market
Module IV	Risk Management and Basic Derivatives

Module I: 80 multiple-choice questions conducted over 1½ hours
Modules II, III and IV: 40 multiple-choice questions and 3 compulsory essay questions conducted over 2 hours per module

Pass mark for each module: 75%

Results will be expressed in grade bands.

How can I prepare for the examinations?

It is mandatory for all new candidates who register for the examinations for the first time to attend and complete a series of structured instructor-led induction day-seminars on the four modules in preparation for the examinations.

Module I	2 days
Modules II, III and IV	4 days per module

When is the next examination sitting?

Examinations will be held three times a year. The examination schedule is published in IBBM's newsletter and website. Candidates are responsible for looking up this information on their own.

What will I be awarded on successful completion?

A Certificate with Distinction will be awarded to any candidate who passes all four modules in the first sitting of the examinations (within the first validity cycle) with a minimum score of 85% for each module.

A Certificate with Pass will be awarded to any candidate who passes all four modules and falls outside the Distinction category.

How much is the fee?

INDUCTION SEMINAR FEE

Individual module:

Module I	Modules II, III and IV	All four modules
RM400	RM800 per module	RM2,700

EXAMINATION FEE

RM150 per module for the first examination sitting of each module	RM100 per module for each subsequent referred module
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How can I enrol?

Examination and registration forms can be downloaded from www.ibbm.org.my

Syllabus - Module I

PART A: THE CODE OF CONDUCT AND MARKET PRACTICES (40%)

1. The International Code of Conduct and Practice for the Financial Markets (The Model Code), read together with the Local Addendum (re: PPKM's letter dated May 17, 2002)
 - 1.1 Business hours and time zone related
 - 1.2 Personal conduct issues
 - 1.3 Back office, payments and confirmations
 - 1.4 Disputes, differences, mediation and compliance
 - 1.5 Authorisation, documentation and telephone taping
 - 1.6 Brokers and brokerage
 - 1.7 Dealing practice
 - 1.8 Dealing practice for specific transactions
 - 1.9 General risk management principles for dealing business
 - 1.10 Additional guidelines for dealing with corporate/commercial clients
 - 1.11 Market terminology

PART B: INVESTOR PROTECTION, LAW AND REGULATIONS (20%)

2. Guidelines on Investor Protection
 - 2.1 Scope of activities by registered persons
 - 2.2 Standard on "Fit and Proper"
 - 2.3 Examination requirements
 - 2.4 Continuing Professional Education requirements
 - 2.5 Investor protection requirements under the Capital Market and Services Act 2007
3. Law and Regulations
 - 3.1 Banking and Financial Institutions Act 1989
 - 3.2 Islamic Banking Act 1983
 - 3.3 Capital Market Services Act 2007
 - 3.4 Anti-Money Laundering and Anti-Terrorism Financing Act 2001
 - 3.5 Bank Negara Malaysia guidelines on anti-money laundering
 - 3.6 Securities Commission guidelines on anti-money laundering
 - 3.7 Malaysia Deposit Insurance Corporation Act 2011
 - 3.8 Bank Negara Malaysia Guidelines on Introduction of New Products
 - 3.9 Securities Commission Guidelines on the Offering of Structured Products
 - 3.10 Bank Negara Malaysia Guidelines on Product Transparency and Disclosures

- 3.11 Securities Commission Guidance Notes on Secondary Trading of FCY denominated debentures and FCY denominated Islamic securities
- 3.12 Exchange control notices

PART C: THE MALAYSIAN FINANCIAL SYSTEM AND CONDUCT OF MONETARY POLICY (40%)

4. The Malaysian Financial System
 - 4.1 Regulatory structure
 - 4.1.1 Bank Negara Malaysia
 - 4.1.2 Securities Commission
 - 4.1.3 Objectives and functions
 - 4.2 Financial institutions
 - 4.3 Financial markets
 - 4.4 Developments in the Malaysian financial sector
 - 4.4.1 Financial Sector Masterplan
 - 4.4.2 Capital Market Masterplan
 - 4.4.3 Malaysia International Islamic Financial Centre (MIFC)
5. Structure of the Wholesale Market
 - 5.1 Definition of wholesale market
 - 5.2 Market participants
 - 5.3 Products traded in the wholesale market
 - 5.4 Roles of dealers and money brokers
 - 5.5 Principal Dealers' system
 - 5.6 Authorised Depository Institutions
 - 5.7 General market trading principles
 - 5.8 Holiday convention
 - 5.9 Standard amount
 - 5.10 "When Issued"
 - 5.11 Real Time Electronic Transfer of Funds and Securities (RENTAS)
 - 5.12 Fully Automated System for Tendering (FAST)
 - 5.13 Electronic Trading Platform (ETP)
6. BNM's Conduct of Monetary Policy
 - 6.1 Objective of monetary policy
 - 6.2 Dual financial system – conventional and Islamic
 - 6.3 Monetary policy framework – operating target, intermediate target, final goals
 - 6.4 Monetary operations – Liquidity management (Conventional and Islamic)
 - 6.5 Monetary instruments
 - 6.6 Statutory reserve requirements
 - 6.7 Standing facilities
 - 6.8 Foreign exchange operations

| Syllabus - Module II

THE MONEY MARKET

1. Overview of Financial Markets
 - 1.1 Definition of market and basic components
 - 1.2 Financial markets, structure, players and globality
 - 1.3 Financial transactions, execution modes and types
2. The Money Markets
 - 2.1 Flow of funds in the economy
 - 2.2 Functions of money market
 - 2.3 Malaysian money market structure
 - 2.4 Treasury money market products and management
 - 2.5 Bank Negara Malaysia accounts and clearing settlement
 - 2.6 International money markets
3. Basic Financial Calculations
 - 3.1 Simple interest
 - 3.2 Present value at simple interest
 - 3.3 Simple discount
 - 3.4 Relationship between simple interest and simple discount
 - 3.5 365 and 360 days year
 - 3.6 Compound interest
 - 3.7 Nominal versus effective interest rates
4. The Cash Market
 - 4.1 Role and functions of the cash market
 - 4.2 Interbank money, deposits market
 - 4.3 Kuala Lumpur interbank offer rate (KLIBOR)
 - 4.4 Factors affecting interest rates
5. Money Market Instruments

Definition, primary purpose, primary issuer, features (e.g. amount, tenor, types, settlement and delivery, pricing, redemption, bands, proceeds and yield) and computation for each of the following instruments:

 - 5.1 Bankers acceptances
 - 5.2 Malaysian Government treasury bills and Bank Negara Malaysia bills
 - 5.3 Malaysian Government securities and semi-Government securities
 - 5.4 Cagamas securities: notes and bonds
 - 5.5 Private debt securities
 - 5.6 Negotiable instruments of deposit
 - 5.7 Repurchase mechanism
 - 5.8 Khazanah, Danaharta, Danamodal

6. Reserve and Liquidity Requirements
 - 6.1 Purpose of bank reserves
 - 6.2 Concept and component of eligible liabilities
 - 6.3 Statutory reserve requirement
 - 6.4 New liquidity reserve requirement
7. Computation of Base Lending Rate
 - 7.1 Computed and quoted base lending rate
8. Computation of Cost of Funds
 - 8.1 Historical cost approach
 - 8.2 Marginal cost approach
 - 8.3 Reserve cost
 - 8.4 Break-even rate
9. Money Market Management and Strategies
 - 9.1 Yield curves
 - 9.2 Gapping
10. Introduction to Islamic Money Market
 - 10.1 General overview on the framework of Islamic banking
 - 10.2 Islamic banking concept and Islamic banking products
 - 10.3 Islamic money market
 - 10.4 Treasury operation under Islamic banking

| Syllabus - Module III

THE FOREIGN EXCHANGE MARKET

1. Introduction to Foreign Exchange (FX)
 - 1.1 What is FX and the need for FX
 - 1.2 Features and participants
 - 1.3 Factors affecting FX rates
 - 1.4 Types of FX transactions and dealing modes
 - 1.5 Types of dealers and FX positions
 - 1.6 Common dealing terminology and trading mistakes
 - 1.7 Various FX regimes
 - 1.8 Historical overview and recent developments in the FX market
 - 1.9 Overview of the Malaysian FX market
 - 1.10 Global market practices for FX
2. Role of Central Bank Intervention in Currency Markets
 - 2.1 Traditional role of central banks
 - 2.2 Reasons for FX intervention
 - 2.3 Types of FX intervention
 - 2.4 Spot versus forward FX intervention

3. Risks in Foreign Exchange
 - 3.1 FX exposure risks
 - 3.2 FX transactional risks
 - 3.3 Hedging strategies
4. Foreign Exchange Mechanics and Applications
 - 4.1 Details of a typical spot FX transaction
 - 4.2 Interpretation of FX quotations and points
 - 4.3 Types of FX quotations
 - 4.4 Value dates
 - 4.5 Types of FX contracts
5. Foreign Exchange Mathematics and Application
 - 5.1 Calculation of various types of cross rates
 - 5.2 Principles and calculation of counter rate for customers
 - 5.3 Calculation for various value dates
 - 5.4 Calculation for option and multiple option deliveries
 - 5.5 Calculation of profit and loss
 - 5.6 "Stop-loss" and "take-profit" strategies and calculations
6. The Forward and Swap Market
 - 6.1 Definition, features and uses of FX swaps
 - 6.2 Mechanics and interpretation of swap points
 - 6.3 Factors affecting swap points
 - 6.4 Calculation of swap points
 - 6.5 Calculation of FX swap funding cost
 - 6.6 Determining cost and pricing of "Early-take-ups", extensions and cancellation of FX contracts

7. Technical Analysis
 - 7.1 Technical analysis as trading tools versus fundamental analysis
 - 7.2 Basic premises of technical analysis
 - 7.3 Charting techniques/tools
 - 7.4 Trend analysis and interpretation of chart formation and pattern

| Syllabus - Module IV

RISK MANAGEMENT AND BASIC DERIVATIVES

1. Introduction to Risk Management
 - 1.1 Reasons and requirement for risk management
 - 1.2 Management objectives
 - 1.3 Types of products at risk

2. Major Types of Risk – Definition and Concepts of:
 - 2.1 Market or price risk
 - 2.2 Credit risk
 - 2.3 Liquidity risk
 - 2.4 Operations risk
 - 2.5 Legal risk
3. Foreign Exchange Risk (Causes, Risk Management, Risk Measurement and Control)
 - 3.1 Market risk
 - 3.2 Credit risk
 - 3.3 Liquidity risk
 - 3.4 Operations risk
 - 3.5 Legal risk
4. Interest Rate Risk (Causes, Risk Management, Risk Measurement and Control)
 - 4.1 Market risk
 - 4.2 Credit risk
 - 4.3 Liquidity risk
 - 4.4 Operations risk
 - 4.5 Legal risk
5. Introduction to Basic Derivatives
 - 5.1 Definition of derivatives
 - 5.2 Users and uses
 - 5.3 Major risks associated with derivatives
6. Review of Some Market Concepts
 - 6.1 Main features of treasury instruments
 - 6.2 Basic understanding of cash transactions, on-balance sheet and off-balance sheet transactions
 - 6.3 Basic understanding of exchange traded products (ETP) versus over-the-counter products (OTP)
 - 6.4 Understanding of forward/forward and interest rate risks
7. Products – FX and Interest Rate Derivatives

Definition, main features, uses, mechanics, application and computation

 - 7.1 Currency futures
 - 7.2 Currency options
 - 7.3 Non-deliverable forwards
 - 7.4 Forward rate agreements
 - 7.5 Interest rate swaps
 - 7.6 Financial futures
 - 7.7 Financial options

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