

CMFAS Module 6A – Securities & Futures Product Knowledge

Summary of Updates

(January 2012)

The key updates / amendments made to the Study Guide for CMFAS Module 6A – Securities & Futures Product Knowledge (1st edition - November 2011) are summarized as follows:

**Updates / amendments are indicated in italics*

Chapter	Page No.	Update / Amendment
<p><u>Chapter 4 – Technical Analysis</u></p> <p>4.4 Trendlines and Channels, Support and Resistance</p>	Pg22, 3 rd para	Amendment - "Support levels indicate <i>the price where the majority of investors believe that prices will move higher, and resistance levels indicate the price at which a majority of investors feel prices will move lower. The penetration of support/resistance levels can be triggered by fundamental changes that are above or below investor expectations.</i> The support or resistance forms terminal areas for trendlines...(rest of paragraph)".
<p><u>Chapter 6 – Strategies for Futures Markets</u></p> <p>6.3.2 Developing an Effective Hedge Program</p>	Pg66, Example 2 on delta hedging	Number of contracts = $-1.906 \times \frac{100,000,000}{1,000,000}$ = -196 contracts
<p><u>Chapter 9 – Warrants and Other Investment Products</u></p> <p>9.2.3 Warrant Valuation</p>	Pg125, Put Warrant formula (5 th line)	Premium (%) = $[(nWP - X + S)/S] \times 100$
<p><u>Review Questions II - Basic Derivatives Products</u></p> <p>Warrants & Other Investment Products</p>	Pg290, Review Question 3	3. A warrant is trading at \$0.40. The exercise price is \$0.80. The share price is \$2.40. What is its gearing? <i>Assume that the warrant is company-issued; in practice they all have a conversion ratio of 1 (unless otherwise stated).</i>
<p><u>Appendix B – Answers to Review Questions</u></p> <p>Warrants & Other Investment Products</p>	Pg303	Answer to Review Question 2 – c Answer to Review Question 3 - b