

HKSI Paper 1 Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Under the Securities and Futures Ordinance, which body grants the SFC the power to make rules?**
 - A. Legislative Council**
 - B. Financial Secretary**
 - C. Corporate Officers**
 - D. General meeting of members**

- 2. Which organization is associated with the Chinese Gold & Silver Exchange Society?**
 - A. The Chinese Gold Exchange**
 - B. The Hong Kong Futures Exchange**
 - C. The Chinese Gold & Silver Exchange Society**
 - D. The Securities and Futures Commission**

- 3. What are the blue sky laws?**
 - A. anti-fraud statutes**
 - B. merit based regulation in US**
 - C. uniform securities act**
 - D. self-regulatory organization**

- 4. What are the wholly owned subsidiaries of the HKEX?**
 - A. SEHK; HKFE**
 - B. SEHK; HKFE; Associated clearing houses including Hong Kong Securities Clearing Company Ltd, The SEHK Options Clearing House Ltd, and the HKFE Clearing Corporation Ltd**
 - C. SEHK; HKFE; SEHK Options Clearing House Ltd**
 - D. SEHK; The HKEX Clearing Corporation Ltd**

- 5. Insurance agents are registered with?**
 - A. Insurance agent registration board**
 - B. SFC**
 - C. HKMA**
 - D. Financial Conduct Authority**

- 6. Type 2 regulated activity?**
- A. Dealing in futures**
 - B. Dealing in securities**
 - C. Leveraged FX trading**
 - D. Advising on securities**
- 7. The Securities Review Committee under Ian Hay Davison was formed when?**
- A. After crash of 1987**
 - B. After crash of 1997**
 - C. Before 1987**
 - D. During 1990**
- 8. Administrative tribunals are established by whom?**
- A. The Government**
 - B. The Judiciary**
 - C. Parliament**
 - D. Private sector**
- 9. Ordinary vs. special resolutions: which standard applies to ordinary resolutions?**
- A. Simple majority of present and voting at a general meeting.**
 - B. 75% approval of all members.**
 - C. Unanimous approval.**
 - D. Approval by the board alone.**
- 10. Match the regulated activity type with its description: providing automated trading services.**
- A. Type 7**
 - B. Type 5**
 - C. Type 8**
 - D. Type 9**

Answers

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1. A
2. C
3. B
4. B
5. A
6. A
7. A
8. A
9. A
10. A

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Explanations

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1. Under the Securities and Futures Ordinance, which body grants the SFC the power to make rules?

- A. Legislative Council**
- B. Financial Secretary**
- C. Corporate Officers**
- D. General meeting of members**

The SFC's power to make rules comes from the law that established it: the Securities and Futures Ordinance. That ordinance is enacted by Hong Kong's Legislative Council, which is the body that creates statutes. Once the SFO is in effect, the SFC is authorized to issue rules to regulate the securities and futures markets under that statute. The other bodies listed don't grant this authority: the Financial Secretary doesn't provide the rule-making power itself, and corporate officers or a general meeting of members aren't the source of regulatory powers for the SFC.

2. Which organization is associated with the Chinese Gold & Silver Exchange Society?

- A. The Chinese Gold Exchange**
- B. The Hong Kong Futures Exchange**
- C. The Chinese Gold & Silver Exchange Society**
- D. The Securities and Futures Commission**

The key idea is to know who actually runs the gold and silver trading market in Hong Kong. The Chinese Gold & Silver Exchange Society is the body that operates and governs that market, a self-regulatory organization dedicated to gold and silver trading. It is distinct from the futures market, which is handled by a separate exchange, and from the regulator that oversees markets. The other options refer to different entities, so the organization most closely associated with the Chinese Gold & Silver Exchange Society is the Chinese Gold & Silver Exchange Society itself.

3. What are the blue sky laws?

- A. anti-fraud statutes**
- B. merit based regulation in US**
- C. uniform securities act**
- D. self-regulatory organization**

Blue sky laws are the state-level securities laws in the United States that regulate the sale of securities to protect investors. They are best described as merit-based regulation because they require securities offerings to be registered, brokers and dealers to be licensed, and issuers to provide disclosures before selling to residents. This emphasis on registration, licensing, and disclosure evaluates the investment's legitimacy and protects the public, rather than relying solely on prohibiting fraud. They're not simply a single uniform act or a self-regulatory organization; those are separate concepts.

4. What are the wholly owned subsidiaries of the HKEX?

- A. SEHK; HKFE
- B. SEHK; HKFE; Associated clearing houses including Hong Kong Securities Clearing Company Ltd, The SEHK Options Clearing House Ltd, and the HKFE Clearing Corporation Ltd**
- C. SEHK; HKFE; SEHK Options Clearing House Ltd
- D. SEHK; The HKEX Clearing Corporation Ltd

HKEX's structure includes not only the two main exchanges but also the clearing facilities that support trading across markets. HKEX wholly owns the Stock Exchange of Hong Kong Limited and the Hong Kong Futures Exchange Limited, and it also wholly owns the associated clearing houses that underpin those markets: Hong Kong Securities Clearing Company Limited handles securities clearing, The SEHK Options Clearing House Limited clears options, and the HKFE Clearing Corporation Limited clears futures (and related products) on the HKFE. This full set—SEHK, HKFE, and the three clearing houses—is why the correct choice lists all of them. The other options omit one or more of these clearing entities, or refer to an entity that isn't part of HKEX's cleared-subsi-dary structure.

5. Insurance agents are registered with?

- A. Insurance agent registration board**
- B. SFC
- C. HKMA
- D. Financial Conduct Authority

Insurance agents in Hong Kong are registered with the Insurance Agents Registration Board. This body is the designated authority that maintains the public register of individuals who sell or advise on insurance products and ensures they meet the required standards and ongoing obligations. The other regulators listed oversee different areas—SFC handles securities and futures, HKMA focuses on banking and monetary stability, and the Financial Conduct Authority operates in the UK—so they do not register insurance agents in Hong Kong.

6. Type 2 regulated activity?

- A. Dealing in futures**
- B. Dealing in securities
- C. Leveraged FX trading
- D. Advising on securities

Dealing in futures contracts is the Type 2 regulated activity. This category covers entering into or concluding futures trades on behalf of clients or for clients. Futures are standardized contracts to buy or sell an asset at a future date, typically traded on organized markets. This is distinct from dealing in securities (Type 1) or advising on securities (Type 4). Leveraged foreign exchange trading isn't described as a Type 2 activity unless it involves futures contracts, so it doesn't fit as the Type 2 activity.

7. The Securities Review Committee under Ian Hay Davison was formed when?

- A. After crash of 1987**
- B. After crash of 1997**
- C. Before 1987**
- D. During 1990**

The timing hinges on the regulatory response to a major market shock. After the 1987 stock market crash, the government set up the Securities Review Committee led by Ian Hay Davison to examine how the securities market was regulated and how its shortcomings could be addressed. This places the formation squarely after the 1987 crash, as a direct reaction to the crisis to propose reforms. The other options don't fit the historical sequence, since the committee wasn't formed before 1987 or long after the crash.

8. Administrative tribunals are established by whom?

- A. The Government**
- B. The Judiciary**
- C. Parliament**
- D. Private sector**

Administrative tribunals are created by the Government. They are set up to handle specific public-law disputes with specialized expertise, offering a faster, more focused path than ordinary courts. The Government takes the lead in establishing these bodies through enabling legislation and takes charge of funding and appointing their members. Parliament passes the laws that enable their creation, but the actual establishment and administration come from the Government, not the Judiciary or private sector.

9. Ordinary vs. special resolutions: which standard applies to ordinary resolutions?

- A. Simple majority of present and voting at a general meeting.**
- B. 75% approval of all members.**
- C. Unanimous approval.**
- D. Approval by the board alone.**

Ordinary resolutions are decided by a simple majority of those who are present and voting at a general meeting. In practice, this means that among the members who attend the meeting and cast a vote, more must vote in favour than against for the resolution to pass. Abstentions or members who do not vote do not affect the tally, so the result hinges on the balance of votes actually cast. This is different from special resolutions, which require a higher threshold (commonly 75% of those voting or of all members, depending on the rules). It also means the board cannot unilaterally pass ordinary resolutions without member approval; general member voting at a meeting is typically required. So the standard for ordinary resolutions is a simple majority of those present and voting at the general meeting.

**10. Match the regulated activity type with its description:
providing automated trading services.**

A. Type 7

B. Type 5

C. Type 8

D. Type 9

Automated trading services are categorized under the Type 7 regulated activity. This fits because the description refers to using computer systems or algorithms to automatically generate and submit trading orders, either for clients or for the firm, with minimal human intervention. That automatised order placement is exactly what Type 7 covers, distinguishing it from other activities like dealing in securities (manual or discretionary trading of securities), providing market-making quotes to ensure liquidity, or asset management (managing a client's portfolio). So this description best matches the Type 7 category.

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Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://hksipaper1.examzify.com>

We wish you the very best on your exam journey. You've got this!

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