

# Associate Compliance Professional (ACOP)

<QF Level 4>\*

# Certified Compliance Professional (General Compliance) (CCOP(GC))

<QF Level 5>#

# Certified Compliance Professional (Investment and Insurance Compliance) (CCOP(IIC))

<QF Level 5>^

## Programme Handbook

(Syllabus, Regulations and General Information)

\* The Professional Qualification (PQ) "Associate Compliance Professional (ACOP)" is recognised under the QF at Level 4. (QR Registration No.: 23/000890/L4) (Validity Period from 01/11/2023 to 31/07/2030)

# The Professional Qualification (PQ) "Certified Compliance Professional – General Compliance (CCOP(GC))" is recognised under the QF at Level 5. (QR Registration No.: 23/000891/L5) (Validity Period from 01/11/2023 to 31/07/2030)

^ The Professional Qualification (PQ) "Certified Compliance Professional – Investment and Insurance Compliance Stream (CCOP(IIC))" is recognised under the QF at Level 5. (QR Registration No.: 23/000892/L5) (Validity Period from 01/11/2023 to 31/07/2030)

## Table of Contents

1. Introduction .....	4
2. Background .....	6
2.1 Aims .....	6
2.2 Competency Standards.....	6
2.3 Scope of Application.....	6
2.4 Certification and Public Register.....	8
2.5 Annual renewal of certification and CPD Requirements.....	9
3. ECF-Compliance (Core Level) Programme Overview .....	11
3.1 Entry Requirements .....	11
3.2 Programme Objectives.....	11
3.3 Programme Intended Outcomes.....	11
3.4 Learning Hours.....	12
3.5 Integration in Certified Banker (CB).....	12
3.6 Completion Requirements.....	13
3.7 Qualifications Framework .....	13
4. ECF-Compliance (Professional Level) Programme Overview .....	14
4.1 Entry Requirements .....	14
4.2 Programme Objectives.....	14
4.3 Programme Intended Outcomes.....	15
4.4 Learning Hours.....	16
4.5 Completion Requirements.....	16
4.6 Integration in Certified Banker (CB).....	17
4.7 Qualifications Framework .....	17
5. Learning Support .....	18
5.1 Video-On-Demand .....	18
5.2 Professional Qualification Programme Scholarship Scheme .....	18
5.3 HKIB Resources Corner Support .....	18
5.4 Market Information Updates .....	18
5.5 Mock Examination Paper for Examination Preparation.....	19
5.6 Learning Consultation Services .....	19
6. Programme Syllabus.....	20
6.1 Module 1: Ethics and Corporate Governance in the Banking Industry.....	20
6.2 Module 2: Regulatory Framework and Compliance in the Banking Industry.....	25
6.3 Module 3: An Effective Compliance Function.....	37
6.4 Module 4: Regulatory Compliance (Advanced) & Building a Sustainable Compliance Framework - General Compliance .....	46

6.5	<i>Module 5: Investment and Insurance Compliance</i> .....	52
7.	<b>Training Application</b> .....	57
7.1	<i>Training Schedule</i> .....	57
7.2	<i>Training Mode and Duration</i> .....	57
7.3	<i>Training Application</i> .....	57
7.4	<i>Training Fee and Payment</i> .....	58
8.	<b>Examination Application and Regulations</b> .....	59
8.1	<i>Examination Mode and Format</i> .....	59
8.2	<i>Examination Timetable</i> .....	60
8.3	<i>Examination Approaches</i> .....	60
8.4	<i>Examination Application</i> .....	60
8.5	<i>Examination Fee and Payment</i> .....	61
8.6	<i>Examination Attendance Notice</i> .....	61
8.7	<i>Alteration / Transfer of Application for an Examination</i> .....	62
8.8	<i>Examination Arrangements for Candidates with Special Needs</i> .....	62
8.9	<i>Examination Preparation</i> .....	62
8.10	<i>Examination Results</i> .....	62
8.11	<i>General Examination Regulations</i> .....	63
8.12	<i>Examination Misconduct Handling</i> .....	65
9.	<b>Certification Application and Renewal Process</b> .....	68
9.1	<i>Certification Application</i> .....	68
9.2	<i>Certification Renewal</i> .....	68
9.3	<i>Certification Fee, Certification Renewal Fee and Payment</i> .....	70
9.4	<i>Certification and HKIB Membership Regulations</i> .....	70
9.5	<i>Membership Reinstatement</i> .....	71
10.	<b>Exemption Application and Regulations</b> .....	72
10.1	<i>Modular Exemption Requirements</i> .....	72
10.2	<i>Modular Exemption Application</i> .....	73
11.	<b>General Information</b> .....	74
11.1	<i>Bad Weather Arrangements</i> .....	74
11.2	<i>Privacy Policy Statement</i> .....	75
11.3	<i>Addendums and Changes</i> .....	75
12.	<b>Contact Information</b> .....	76

## 1. Introduction

With the aim of supporting capacity building and talent development for banking professionals, the Hong Kong Monetary Authority (HKMA) has been working together with the banking industry to introduce an industry-wide competency framework - “**Enhanced Competency Framework (ECF) for Banking Practitioners**” in Hong Kong.

Since the implementation of ECF in 2018, various programmes for different job functions in banking industry have been developed and integrated into The Hong Kong Institute of Bankers' (HKIB) flagship Certified Banker (CB) Programme which offer generalist, specialist, and strategic topics. The rationale for putting all programme under one professional banking qualification is to promote an industry-based common qualifications benchmark. While ECF programmes offer "role-based" knowledge and certification to relevant practitioners, CB is offering a vocational qualification pathway for further career advancement, being continuously enhanced to nurture more holistic banking professionals and ultimately, supporting the industry to develop a continuous learning culture and a sustainable talent pool so as to maintain the competitiveness of Hong Kong as an international financial centre.

The Enhanced Competency Framework on Compliance (hereinafter referred to as “ECF-Compliance”) was introduced to develop a sustainable pool for the banking industry. The qualification structure of the ECF-Compliance comprises two levels: Core Level and Professional Level, targeting entry level and junior level staff and staff taking up middle or senior positions in Compliance-related job roles.

As the programme and qualification provider of the ECF-Compliance, HKIB has developed the learning programme – the “**ECF-Compliance (Core Level)**” to help individuals attain the Core Level of the competency standards set for the ECF-Compliance. The programme “**ECF-Compliance (Professional Level)**” helps individuals attain the Professional Level of the competency standards.

This Handbook provides programme details and relevant information for the learner who wants to complete the ECF-Compliance training and examination with the intent of obtaining the Professional Qualifications of “**Associate Compliance Professional (ACOP)**”, “**Certified**

**Compliance Professional - General Compliance Stream (CCOP(GC))” or “Certified Compliance Professional – Investment and Insurance Compliance Stream (CCOP(IIC))”.**

For more details related to the ECF on Compliance, please refer to the [Guide to Enhanced Competency Framework on Compliance](#) issued by HKMA dated 27 September 2022 or you may visit [HKIB's ECF on Compliance webpage](#).

## 2. Background

### 2.1 Aims

The aims of the ECF-Compliance are twofold:

- (i) To develop a sustainable talent pool of compliance practitioners for the banking industry; and
- (ii) To raise and maintain the professional competence of existing compliance practitioners in the banking industry.

### 2.2 Competency Standards

They are set at two levels:

**Core Level** – This level is applicable to entry to junior level staff with less than 5 years of work experience in the compliance function.

**Professional Level** – This level is applicable to middle to senior level staff with 5 years or more of work experience in the compliance function.

### 2.3 Scope of Application

The compliance function of an Authorized Institution (“AI”) ensures that it adheres to the laws, regulations and guidelines relevant to its business processes. The fast-evolving regulatory landscape has heightened the need for a sound compliance function to support an AI in navigating its responsibilities and avoiding regulatory actions and fines. Within the compliance function, the practitioners’ responsibilities can typically be segregated into three components:

- (i) Compliance risk governance
- (ii) Identify and assess
- (iii) Monitor

Depending on the organisational structure and the assignment of roles and responsibilities within an AI, these activities may be housed under a business unit solely dedicated to compliance function or as part of a wider legal and compliance function. A strong firm-wide focus on ethics and responsibility, coupled with a firm commitment to upholding compliance principles, and having adequate resources to support those principles are important characteristics of a good compliance function.

The ECF-Compliance is intended to apply to staff whose primary responsibilities involve performing the compliance function (other than AML/CFT compliance) within an AI. Specifically, it is aimed at “Relevant Practitioners (RPs)” located in the Hong Kong office of an AI who perform the compliance job roles as listed in the table below.

	<b>Role 1 - General Compliance</b>	<b>Role 2 - Investment and Insurance Compliance</b>
Responsibilities	<ul style="list-style-type: none"> <li>• Assist senior management in meeting their responsibility in terms of understanding, monitoring, and managing compliance related matters</li> <li>• Establish compliance review programmes to ensure compliance with applicable legal and regulatory requirements and codes of conduct</li> <li>• Handle non-compliance issues and monitor the remedial actions taken</li> <li>• Develop and implement transactions monitoring and surveillance infrastructure on general banking activities</li> <li>• Maintain communication with internal stakeholders and liaise with regulators to understand potential risk areas and monitor regulatory developments</li> <li>• Provide training and advice to the business units on compliance related matters</li> </ul>	<ul style="list-style-type: none"> <li>• Report to and advise senior management on matters concerning compliance with relevant regulatory requirements including sales suitability, financial need analysis requirements and cross border selling restrictions</li> <li>• Investigate suspicious activities and handle non-compliance incidents whilst monitoring the remedial actions taken</li> <li>• Provide regulatory advice and analysis (and raise queries where appropriate) in relation to the life cycle of investment and insurance products</li> <li>• Develop and implement transactions monitoring and surveillance infrastructure on investment and insurance business activities</li> <li>• Liaise with local regulators on a regular basis to ensure open lines of communication, maintain reporting obligations and handle requests</li> </ul>

For more details about the key tasks, please refer to Annex 1 - ECF-Compliance: Key roles and tasks for Relevant Practitioners of the HKMA [Guide to Enhanced Competency Framework on Compliance](#).

## 2.4 Certification and Public Register

There are three Professional Qualifications under the ECF-Compliance:

### Core Level

#### *Associate Compliance Professional (ACOP)*

A Relevant Practitioner may apply to HKIB for the professional qualification certification if he or she:

- (1) has completed all the three Core Level training modules (Modules 1 to 3)\*\* and obtained a pass in the relevant examination of each module; or
- (2) is grandfathered based on the required work experience upon the launch of the Core Level module and employed by an AI at the time of application.

*\*\* Module 1 and Module 2 are identical for both ECF on Operational Risk Management and ECF on Compliance. Hence, an RP who has completed Module 1 and/or Module 2 under either of these ECF streams will not be required to complete the same module(s) under the other ECF stream.*

### Professional Level

#### *Certified Compliance Professional (General Compliance Stream) (CCOP(GC))*

A Relevant Practitioner may apply to HKIB for professional qualification certification if he or she:

- (1) has completed Module 4 and obtained a pass in the relevant examination of each module on top of the Core Level qualification plus at least 5 years (should be accumulated within the 10 years immediately prior to the date of application for certification) of relevant work experience in general Compliance function as specified in “Annex 1 of HKMA’s Guide to ECF-Compliance”; or
- (2) is grandfathered based on the required work experience upon the launch of the Professional Level module and employed by an AI at the time of application.

#### *Certified Compliance Professional (Investment and Insurance Compliance Stream) (CCOP(IIC))*

A Relevant Practitioner may apply to HKIB for professional qualification certification if he or she:

- (1) has completed Module 4 and 5 and obtained a pass in the examination of the relevant modules on top of the Core Level qualification plus at least 5 years (should be accumulated within the 10 years immediately prior to the date of application for certification)



- of relevant work experience in investment and insurance compliance functions as specified in “Annex 1 of HKMA’s Guide to ECF-Compliance”; or
- (2) is grandfathered based on the required work experience upon the launch of the Professional Level module and employed by an AI at the time of application.

For details regarding grandfathering requirements, please refer to [Guidelines of Grandfathering Application for ECF-Compliance](#) in HKIB [ECF on Compliance webpage](#) and section 7 of the HKMA [Guide to Enhanced Competency Framework on Compliance](#).

By going through HKIB certification process successfully, the respective certification holders are then registered as Certified Individuals and included in the public register on HKIB website. HKIB will also grant the certification holders a professional membership of HKIB.

Learners who have successfully completed a HKIB professional qualification programme (including training and examination requirements) but yet to fulfil the requirement of Relevant Practitioners or required years of relevant work experience for certification will be automatically granted as ECF Affiliate.

ECF Affiliate holders are then registered as Certified Individuals and included in the public register on HKIB website. Ordinary Membership with membership fee for the awarding year waived will also be granted to learners.

## **2.5 Annual renewal of certification and CPD Requirements**

The ECF-Compliance certification is subject to annual renewal by HKIB. PQ holders are required to meet the annual Continuing Professional Development (CPD) requirements and pay an annual certification renewal fee to renew the certification.

For the Core Level qualification, a minimum of 10 CPD hours is required for each calendar year (ending 31 December), of which at least 5 CPD hours should be on topics related to compliance, legal and regulatory requirements, risk management and ethics.

For the Professional Level qualifications, a minimum of 12 CPD hours is required for each calendar year (ending 31 December), of which at least 6 CPD hours should be on topics related to compliance, legal and regulatory requirements, risk management and ethics.

Any excess CPD hours accumulated within a particular year cannot be carried forward to the following year.

For ECF Affiliate, at least 3-hours of CPD within the scopes mentioned in HKIB CPD Scheme is required annually for certification renewal.




No CPD is required in the first calendar year when above certification(s) is granted. The CPD requirement starts in the following calendar year.

Please refer to the [Overview of HKIB CPD Scheme](#) and [HKIB CPD Requirements webpage](#) for more details.

### 3. ECF-Compliance (Core Level) Programme Overview

#### 3.1 Entry Requirements

The Programme is open to members and non-members of HKIB. Learners must fulfil the stipulated minimum entry requirements:

-  Students of Associate Degree (AD) / Higher Diploma (HD) in any disciplines (QF L4);
-  Equivalent qualifications or above; OR
-  Mature applicants with either at least three years of work experience in banking and finance or equivalent with a recommendation from the employer.

*Remarks:*








1. *Mature applicants (aged 21 or above) who do not possess the above academic qualifications but with relevant banking experience and recommendation from their employers will be considered on individual merit.*

#### 3.2 Programme Objectives

This Professional Qualification has been developed with the aim to nurture a sustainable talent pool of compliance practitioners in the banking industry. Candidates will acquire technical skills, professional knowledge and conduct for entry-level and junior level of job roles in the compliance function that take up majority of responsibilities in this function.

#### 3.3 Programme Intended Outcomes

Upon completion of the Programme, learners should be able to:

-  Comply with business ethics and understand their place within modern financial institutions; understand ethical questions encountered in the second line of defence in the context of the broader risk environment;
-  Assess the regulatory landscape as per defined guidelines and procedures and identify non-compliance issues encountered by different business units of the AI;
-  Interpret the requirements of compliance monitoring activities and how to execute these activities;
-  Analyse compliance vulnerabilities/risks within different business units and implement controls to adequately mitigate such risks;
-  Examine compliance breaches and prepare compliance reports to escalate compliance matters to relevant stakeholders;
-  Apply different compliance tools to manage and control compliance risk;
-  Apply compliance knowledge in the support and delivery of compliance related training;

and



Execute Regtech adoption in performing compliance and risk management functions.

### 3.4 Learning Hours

The programme design adopts a blended learning approach. Learners are advised to spend not less than 400 Learning Hours (equivalent to 40 credits) in total for completing a full Programme. Learning time refers to the amount of time an average learner is expected to take to complete all learning pertaining to the Programme and achieve the learning outcomes expected. It includes time spent on all learning modes and activities such as training class, self-study and assessment hours.

The Programme is comprised with the following 3 modules as accumulated a total of 40 credits:

**Module 1:** Ethics and Corporate Governance in the Banking Industry (10 credits)

**Module 2:** Regulatory Framework and Compliance in the Banking Industry (10 credits)

**Module 3:** An Effective Compliance Function (20 credits)

### 3.5 Integration in Certified Banker (CB)

The “ECF-Compliance (Core Level)” is integrated in the Certified Banker (Stage I) as one of the Elective Modules.

CB (Stage I) is a professional banking qualification programme developed and offered by HKIB. It is intended to raise the professional competency of banking and financial practitioners in Hong Kong to meet modern demands, while providing a transparent standard with international recognition.

Individuals who have completed the “ECF-Compliance (Core Level)” Programme and obtained a pass at the relevant examination are encouraged to join the CB (Stage I) Programme.

Individuals who have obtained the grandfathered certificate are also encouraged to join the CB (Stage I) Programme by applying HKIB’s Recognising Prior Learning Scheme.

### **3.6 Completion Requirements**

The completion period for the Programme is eight years from the year in which the first module is completed.

Learners are required to complete all three modules and accumulated a total of 40 credits by obtaining a pass in all relevant examinations.

### **3.7 Qualifications Framework**

The Professional Qualification “Associate Compliance Professional (ACOP)” is recognised under the QF at Level 4. (QR Registration No.: 23/000890/L4) (Validity Period from 01/11/2023 to 31/07/2030)




Please refer to the [accreditation page](#) on HKIB website for more details.

## 4. ECF-Compliance (Professional Level) Programme Overview

### 4.1 Entry Requirements





#### ***Professional Level (General Compliance Stream)***

The Programme is open to members and non-members of HKIB. Learners must fulfil the stipulated minimum entry requirements:

-  Advanced Certificate for ECF-Compliance awarded by HKIB;
-  Grandfathered for ECF-Compliance Core Level Programme by HKIB; OR
-  Grandfathered ECF-Compliance (Investment and Insurance Compliance Stream)

#### ***Professional Level (Investment and Insurance Compliance Stream)***

The Programme is open to members and non-members of HKIB. Learners must fulfil the stipulated minimum entry requirements:

-  Advanced Certificate for ECF-Compliance awarded by HKIB;
-  Grandfathered for ECF-Compliance Core Level Programme by HKIB;
-  Professional Certificate for ECF-Compliance (General Compliance Stream) awarded by HKIB; OR
-  Grandfathered ECF-Compliance (General Compliance Stream)

### 4.2 Programme Objectives

#### ***Professional Level (General Compliance Stream)***

This Professional Qualification has been developed with the aim to nurture a sustainable talent pool of compliance practitioners in the banking industry. Candidates will acquire technical skills, professional knowledge and conduct for senior level job roles in the compliance function that take up majority of responsibilities in this function.







#### ***Professional Level (Investment and Insurance Compliance Stream)***

This Professional Qualification has been developed with the aim to develop a sustainable talent pool of compliance practitioners for the banking industry; and to raise and maintain the professional competence of existing compliance practitioners in the banking industry.


### 4.3 Programme Intended Outcomes

Upon completion of the Programme, learners should be able to:

#### **Professional Level (General Compliance Stream)**

-  Formulate or review compliance policies, procedures and internal standards for the AI;
-  Plan the implementation of compliance monitoring programmes and execute these programmes;
-  Evaluate compliance risk and devise appropriate response plans and mitigating measures;
-  Assess the effectiveness of the compliance risk management framework implemented and review associated policies and procedures to ensure the AI can meet the compliance standards;
-  Design and deliver compliance related training to business units;
-  Build and promote a strong compliance culture within the AI;
-  Manage, report and investigate non-compliance issues of the AI and monitor the effectiveness of any remedial actions taken; and
-  Evaluate appropriate Regtech solutions for performing compliance and risk management functions.

#### **Professional Level (Investment and Insurance Compliance Stream)**

-  Formulate or review compliance policies and procedures and internal standards associated with investment and insurance business for the AI;
-  Plan the implementation of compliance monitoring programmes associated with investment and insurance business and execute these programmes;
-  Evaluate compliance risk and apply appropriate response plans and mitigating measures associated with investment and insurance business ;
-  Manage and investigate non-compliance issues of the investment and insurance business of the AI and propose remedial actions to senior management;
-  Specify the compliance requirements associated with the investment and insurance business;
-  Assess the regulatory approach adopted by various regulators for the investment and insurance business of the AI; and

- Specify regulatory expectations in Hong Kong regarding the sale of investment and insurance products and related submissions.

#### 4.4 Learning Hours

##### ***Professional Level (General Compliance Stream)***

The programme design is adopted a blended learning approach. Learners are advised to spend not less than 300 Learning Hours (equivalent to 30 credits) for completing the following module. Learning time refers to the amount of time an average learner is expected to take to complete all learning pertaining to the programme and achieve the learning outcomes expected. It includes time spent on all learning modes and activities such as training class, self-study and assessment hours.

Module 4: Regulatory Compliance (Advanced) & Building a Sustainable Compliance Framework - General Compliance (30 credits)

##### ***Professional Level (Investment and Insurance Compliance Stream)***

The programme design adopts a blended learning approach. Learners are advised to spend not less than 600 Learning Hours (equivalent to 60 credits) for completing the following two modules. Learning time refers to the amount of time an average learner is expected to take to complete all learning pertaining to the Programme and achieve the learning outcomes expected. It includes time spent on all learning modes and activities such as training class, self-study and assessment hours.

Module 4: Regulatory Compliance (Advanced) & Building a Sustainable Compliance Framework - General Compliance (30 credits)

Module 5: Investment and Insurance Compliance (30 credits)

#### 4.5 Completion Requirements

The completion period for the Programme is eight years for each stream from the year in which the first module is completed.

Learners are required to complete all related modules for each stream with an accumulated credits as and obtained a pass in all relevant examinations.



#### **4.6 Integration in Certified Banker (CB)**

The “ECF on Compliance (Professional Level)” is integrated in the Certified Banker (Stage II) as one of the Elective Modules.

CB (Stage II) is a professional banking qualification programme developed and offered by HKIB. It is intended to raise the professional competency of banking and financial practitioners in Hong Kong to meet modern demands, while providing a transparent standard with international recognition.

Individuals who have completed the “ECF on Compliance (Professional Level)” Programme and obtained a pass at the relevant examination or have been grandfathered “Professional Certificate for ECF-Compliance” Programme and obtain a pass at HKIB’s exemption assessment are encouraged to join the CB (Stage II) Programme.

#### **4.7 Qualifications Framework**

The Professional Qualification “Certified Compliance Professional – General Compliance (CCOP(GC))” is recognised under the QF at Level 5 (QR Registration No.: 23/000891/L5) (Validity Period from 01/11/2023 to 31/07/2030) and the Professional Qualification “Certified Compliance Professional – Investment and Insurance Compliance (CCOP(IIC))” is recognised under the QF at Level 5 (QR Registration No.: 23/000892/L5) (Validity Period from 01/11/2023 to 31/07/2030).

Please refer to the [accreditation page](#) on HKIB website for more details.

## **5. Learning Support**

### **5.1 Video-On-Demand**

To facilitate the learners to get better preparation for the examination, HKIB provides the Video-On-Demand service for the learners to watch the recorded training sessions of a particular training class. Video-On-Demand service is available for up to 90 days before the examination.

### **5.2 Professional Qualification Programme Scholarship Scheme**

Each year, HKIB selects the top two candidates from each competency level (Core/Professional) and award them with the scholarship as recognition. This is the way for HKIB to promote academic excellence and motivate future students to push themselves to achieve same high level of performance.

The two top candidates in each competency level (Core/Professional), provided that all other granting requirements are met, can be awarded with a cash incentive (HKD4,000 for Core Level; HKD5,000 for Professional Level), and a study coupon which can provide candidates to study one more professional qualification offered by HKIB with all training and examination fees waived.

### **5.3 HKIB Resources Corner Support**

The Resources Corner situated at the premises of HKIB provides the required learning resources required for study. Copies of the Recommended Readings are available in the Corner for borrowing. To provide updated learning resources to the members, HKIB has provided FREE internet and library service to the members.

Learners are encouraged to prepare the examination by acquiring relevant market information and module knowledge through various channels, e.g. reference readings, business journals, websites etc. Learners should be aware that such market information may be important and pertinent to the examinations.

### **5.4 Market Information Updates**

HKIB regularly organises training courses, CPD programmes, conference, seminars and

luncheon talks, industry events on current issues and developments in financial markets that learners may find essential, helpful and relevant to their learning. Besides, HKIB provides members with updated market information through complimentary bi-monthly journal Banking Today, weekly e-news and first-hand internship opportunities.

For more details, please refer to [Events & Industry Initiatives](#) and [HKIB eLearning](#) under HKIB website.

### **5.5 Mock Examination Paper for Examination Preparation**

To facilitate the learners to get better preparation for the examination, HKIB provides the mock examination paper for the learners as reference to better understand the examination format, structure and approach. Thus, all the questions shared from the mock examination paper will NOT be used in the official examination.

### **5.6 Learning Consultation Services**

For learners require any learning consultation services related to the banking professional qualifications offered by HKIB, they may contact us through our customer service hotline at (852) 2153 7800 for making arrangement.

## 6. Programme Syllabus

### 6.1 **Module 1: Ethics and Corporate Governance in the Banking Industry**

*(As mentioned in 2.4, this Module is identical to ECF on Operational Risk Management Module 1.)*

#### **A. Module Objective**

This module aims to provide the candidates with essential knowledge related to major areas of professional ethics, risk and compliance in the context of corporate governance. The respective ethical and compliance aspects and issues encountered by individuals or corporations in the second line of defence in the context of the boarder risk environment is to be explained.

#### **B. Module Intended Outcomes**

Upon completion of this module, learners should be able to:

- Identify and apply the principles, requirements, and management of business ethical situations in the second line of defence in the context of broader risk environment encountered in the banking industry;
- Explain the organisational structures and exercise the requirement under the regulatory landscape in building an effective risk management framework to effective compliance;
- Identify different roles associated in building a culture for effective management of governance, risk, and compliance in financial institution; and
- Apply regulatory requirement and effective compliance control on daily duties by demonstrating an understanding of and adopting the requirement related to corporate governance.

**C. Syllabus**

<b>Chapter 1: Business Ethics</b>	
<b>1.1</b>	<b>Definition of Compliance and Operational Risk and the linkage with Ethics and Law</b>
<b>1.2</b>	<b>Overview of Business Ethics</b>
1.2.1	- What is Business Ethics
1.2.2	- The importance of Business Ethics
1.2.3	- Approaches to Normative Ethics: Absolutism and Relativism
<b>1.3</b>	<b>Ethics and the Individual</b>
1.3.1	- Code of Conduct
1.3.2	- Understanding Ethical Decision-making Process
<b>Chapter 2: Ethics and the Corporation</b>	
<b>2.1</b>	<b>Introduction: Corporate social responsibility, Corporate accountability and Corporate citizenship</b>
<b>2.2</b>	<b>Corporate Social Responsibility</b>
2.2.1	- International Consensus
2.2.2	- The pros and cons of implementing corporate social responsibility
2.2.3	- The impact of Globalisation
<b>2.3</b>	<b>Social Environmental Issues Facing Banks</b>
2.3.1	- Environmental, Social Responsibility, Governance ("ESG")
2.3.2	- Equator Principles on Project Financing
2.3.3	- Case study: "The Sustainability Report: The role of Bank on Sustainability"
2.3.4	- Local ESG authorities
2.3.5	- Green financing
<b>2.4</b>	<b>Understanding Reputational Risk</b>
2.4.1	- Key drivers of Reputation
2.4.2	- Public Perception and Reputation Risk
2.4.3	- Case studies: The Bank Runs
<b>Chapter 3: Risk Management: Principles and Concepts</b>	
<b>3.1</b>	<b>Introduction: The importance of risk management as the key to effective compliance</b>
<b>3.2</b>	<b>Definition of Risk</b>
3.2.1	- Definition of Risk
3.2.2	- Different types of Risk in Banking (HKMA approach)
3.2.3	- Other approaches to categorise risk
<b>3.3</b>	<b>The Basic of Risk Management Framework</b>

3.3.1	- Enterprise Risk Management Framework – the Three Lines of Defence
3.3.2	- Key Elements of Effective Risk Management (ISO 31000: 2018 Risk Management Guideline)
3.3.3	- The Three Lines of Defence (SPM IC-1 and Basel Requirement)
3.3.4	- Organisational structure for an effective Risk Management Framework
<b>3.4</b>	<b>An Overview of Key Risk Management Process</b>
3.4.1	- Risk Identification
3.4.2	- Risk Measurement, Risk Analysis and Evaluation
3.4.3	- Risk monitoring and reporting
3.4.4	- Risk mitigation
3.4.5	- Methodologies and Governance of an Effective Risk Management Framework
<b>Chapter 4: The Regulators, Law and Regulation</b>	
<b>4.1</b>	<b>Introduction: The Prudential Approach</b>
<b>4.2</b>	<b>Key Functions of Financial Regulators</b>
4.2.1	- The Hong Kong Monetary Authority (“HKMA”)
4.2.2	- The Securities and futures Commission (“SFC”)
4.2.3	- The Insurance Authority (“IA”)
4.2.4	- The Mandatory Provident Fund Schemes Authority (“MPFSA”)
<b>4.3</b>	<b>Regulatory Requirements</b>
4.3.1	- An Overview
4.3.2	- Know Your Customers / Due Diligence
4.3.3	- Suitability Obligations and Mis-selling
4.3.4	- Market misconduct under the Securities and Futures Ordinance
4.3.5	- Protecting the Customers
<b>Chapter 5: Corporate Governance in Banks</b>	
<b>5.1</b>	<b>Introduction</b>
5.1.1	- What is Corporate Governance
5.1.2	- Corporate Governance Principles for Banks (Basel Committee)
<b>5.2</b>	<b>Agency Theory</b>
5.2.1	- Agency theory
5.2.2	- Agency costs
5.2.3	- The public interest in financial stability
5.2.4	- The misalignment between the interests of bank shareholders and the public interest
5.2.5	- Case Study: Libor Manipulation and subsequent ethical ramification: the emergence of SOFR
<b>5.3</b>	<b>The Role and Composition of the Board</b>

5.3.1	- Structure of banks
5.3.2	- Stakeholders in Corporate Governance
5.3.3	- Regulatory Requirement and Implication
<b>5.4</b>	<b>Accountability of Banks</b>
5.4.1	- Introduction
5.4.2	- Disclosure
5.4.3	- Transparency
<b>Chapter 6: Remuneration and Appointment of Board Members, Chief Executive and Managers</b>	
<b>6.1</b>	<b>Introduction: The Competence of Board Directors and Chief Executive in Banks</b>
<b>6.2</b>	<b>Principal Forms of Directorial and Executive Remuneration</b>
6.2.1	- Basic Director's service fee
6.2.2	- Executive salary
6.2.3	- Bonus payments
6.2.4	- Shares and restricted share grants
6.2.5	- Executive share options
<b>6.3</b>	<b>Determination of Remuneration</b>
6.3.1	- Fundamental principles: the guideline from Hong Kong Institute of Directors
6.3.2	- The function of Remuneration committee
6.3.3	- Determination of Non-executive Directors' remuneration
6.3.4	- Guideline on a sound remuneration system (CG-5)
<b>6.4</b>	<b>Appointments of Chief Executives and Directors</b>
6.4.1	- Section 71 of Banking Ordinance
6.4.2	- HKMA Requirements (CG-1, s. 6, 7)
<b>6.5</b>	<b>Appointments of Bank Managers</b>
6.5.1	- Section 72B of Banking Ordinance
6.5.2	- HKMA Requirements (CG-2, s. 3)
<b>Chapter 7: Internal Control and Compliance in Banking</b>	
<b>7.1</b>	<b>Introduction: A Risk Based Approach to Bank Supervision (World Bank Paper Chp.15)</b>
<b>7.2</b>	<b>The Elements of Internal Control System</b>
7.2.1	- Elements of Internal Control System
7.2.2	- Attributes of an effective control system
7.2.3	- The Three Lines of Defence
<b>7.3</b>	<b>Costs and Benefits of Internal Control</b>

7.3.1	- Costs
7.3.2	- Benefits
7.3.3	- Case Study: Manipulation of US GSE debt securities trading before 2008
7.3.4	- Case Study: The integrity of the financial system
<b>7.4</b>	<b>Second Line of Defence: The Compliance Function</b>
7.4.1	- Regulatory Requirement (IC-1)
7.4.2	- The Compliance functions
7.4.3	- The role of Compliance Officer
<b>7.5</b>	<b>The Role of Risk Management Function to Effective Control and Compliance in Banks</b>
7.5.1	- The Voluntary Boundary
7.5.2	- Core practice
7.5.3	- Mandated boundary
7.5.4	- Case Study: An example from Data Quality Management

#### **D. Recommended Readings**

##### **Essential Readings:**

1. HKIB Study Guide of ECF-COM: Module 1 Ethics and Corporate Governance in Banking Industry. (2025).

##### **Supplementary Readings**

1. Iris H.-Y. Chiu. (2015). The Law of Corporate Governance in Banks. Edward Elgar Publishing.

##### **Further Readings**

1. John R. Boatright. (2014). Ethics in Finance (3<sup>rd</sup> ed.). Wiley-Blackwell.
2. Joël Bessis. (2015). Risk Management in Banking (4<sup>th</sup> ed.). John Wiley & Sons, Ltd.
3. Hong Kong Monetary Authority. Website and Supervisory Policy Manual.
4. Securities and Futures Commission. (2024). Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.
5. ISO 31000: 2018 Risk management Guidelines



**6.2 Module 2: Regulatory Framework and Compliance in the Banking Industry**

*(As mentioned in 2.4, this Module is identical to ECF on Operational Risk Management Module 2.)*

**A. Module Objective**

This module aims to provide candidates with both a board overview of the regulatory framework governing banks in Hong Kong and in depth understanding and application of compliance requirements applicable to banks in Hong Kong covering the various regulatory regimes under the following regulators and governing laws.

**B. Module Intended Outcomes**

Upon completion of this module, learners should be able to:

- Understand and explain the role and function of financial regulatory framework specifically the role of the HKMA and various other regulators including SFC and IA in regulating the banking industry;
- Describe and apply the Banking Ordinance and other relevant laws applicable to banks, as well as the HKMA statutory guidelines and guidance notes, in the day to day running of various businesses of a bank;
- Design and implement systems and controls for banks to ensure all legal and regulatory requirements are satisfied;
- Assess compliance related operational risk indicators, assessment of the risks and based on the legal and regulatory requirement in respective areas and develop relevant measures to mitigate the risks maintaining compliance position of the bank at the tolerance level; and
- Monitor and identify problems and issues in various banking businesses and making informed judgement and propose solutions in compliance with all the legal and regulatory requirements.

**C. Syllabus**

<b>Chapter 1: Overview of Regulatory Regime for Bank in Hong Kong</b>	
<b>1.1</b>	<b>Overall Financial Regulatory Framework in Hong Kong</b>
1.1.1	- Overview of the Financial Market in Hong Kong
1.1.2	- Major Types of Business in the Financial Market
1.1.3	- Why Financial Markets Must Be Regulated
1.1.4	- The Basic Regulatory Model of the Financial Business
1.1.5	- Financial Regulation
1.1.6	- Different Financial Regulators in Hong Kong
<b>1.2</b>	<b>Hong Kong Monetary Authority – Regulatory Framework</b>
1.2.1	- Definition of Banking Business
1.2.2	- Banking Ordinance and its Subsidiary Legislation
1.2.3	- Different Types of Authorised Institution
1.2.4	- HKMA - History and Background
1.2.5	- HKMA - Regulatory Powers
1.2.6	- HKMA - Role and Composition
1.2.7	- HKMA - Relationship with Banks
<b>1.3</b>	<b>Securities and Futures Commission – Regulatory Framework</b>
1.3.1	- Definition of Securities-related Business
1.3.2	- Securities and Futures Ordinance and its Subsidiary Legislation
1.3.3	- Licensed Corporation vs Registered Institution
1.3.4	- SFC - History and Background
1.3.5	- SFC - Regulatory Powers
1.3.6	- SFC - Role and Composition
1.3.7	- SFC - Relationship with Banks
<b>1.4</b>	<b>Insurance Authority – Regulatory Framework</b>
1.4.1	- Definition of Insurance Business
1.4.2	- Insurance Ordinance and its Subsidiary Legislation
1.4.3	- Different Types of Insurance Business
1.4.4	- IA - History and Background
1.4.5	- IA - Regulatory Powers
1.4.6	- IA - Role and Composition
1.4.7	- IA - Relationship with Industrial Bodies
1.4.8	- IA - Relationship with Banks
<b>1.5</b>	<b>Mandatory Provident Fund Scheme Authority – Regulatory Framework</b>
1.5.1	- Definition of MPF Business
1.5.2	- Mandatory Provident Fund Schemes Ordinance and its Subsidiary Legislation
1.5.3	- Different Roles in MPF Business
1.5.4	- MPFA - History and Background
1.5.5	- MPFA - Regulatory Powers
1.5.6	- MPFA - Role and Composition
1.5.7	- MPFA - Relationship with Banks
<b>1.6</b>	<b>Hong Kong Monetary Authority – The Lead Regulator of Bank</b>
1.6.1	- HKMA - Regulatory Oversight of Other Financial Business of AIs

1.6.2	- Cooperation with Other Financial Regulators in Hong Kong
1.6.3	- Cooperation with Industrial Bodies in Hong Kong
1.6.4	- International Cooperation
1.6.5	- Professional Education through Educational Bodies
1.6.6	- Example of Regulatory Investigation with Other Financial Regulators
<b>Chapter 2: Banking Supervision, Internal Policies, Standards and Guidelines</b>	
<b>2.1</b>	<b>Supervisory Approach and CAMEL Rating</b>
2.1.1	- Supervisory Objectives
2.1.2	- Compliance with Basel Core Principles
2.1.3	- Supervisory Approach and Regulatory Expectations of the HKMA
2.1.4	- On-site Examination
2.1.5	- Offsite Review and Prudential Meeting
2.1.6	- Tripartite Meeting with External Auditors
2.1.7	- Sharing of Information with Other Supervisors
2.1.8	- Supervisory Framework
<b>2.2</b>	<b>Risk-Based Supervisory Approach</b>
2.2.1	- Introduction
2.2.2	- Key Objectives and Benefits of the Risk-Based Supervisory Framework
2.2.3	- Six-step Methodology
2.2.4	- Risk Assessment
2.2.5	- Eight Inherent Risks
2.2.6	- Sound Risk Management
<b>2.3</b>	<b>Hong Kong Monetary Authority and Hong Kong Exchanges and Clearing Limited – Corporate Governance Requirements</b>
2.3.1	- Definition of Corporate Governance
2.3.2	- Why is Corporate Governance important for AIs
2.3.3	- Principles of Corporate Governance
2.3.4	- Guidelines on Corporate Governance
2.3.5	- Responsibilities of the Board
2.3.6	- Structure and Functioning of the Board
2.3.7	- Performance Evaluation of the Board
2.3.8	- Corporate Governance Code – Listing Rules
2.3.9	- Example of a Corporate Governance Report of a Listed AI
<b>2.4</b>	<b>Risk Management System of AIs</b>
2.4.1	- Introduction
2.4.2	- Risk Governance
2.4.3	- Risk Appetite
2.4.4	- Management Policies, Procedures and Limits
2.4.5	- Risk Management Systems and Processes
2.4.6	- Internal Control System, Compliance and Internal Audit Functions
2.4.7	- Example – Risk Management Framework of a Listed AI
<b>2.5</b>	<b>Regulatory Expectation of Internal Controls System</b>
2.5.1	- Definition of Internal Control
2.5.2	- Purposes of Internal Control

2.5.3	- Internal Control Activities
2.5.4	- Key Regulatory Expectations of Internal Control
2.5.5	- Common Issues of Internal Control
2.5.6	- Example of an Internal Control Report of a Listed AI
2.5.7	- Example of Compliance controls
<b>Chapter 3: Bank Culture Reform</b>	
<b>3.1</b>	<b>Treat Customers Fairly Charter (2013)</b>
3.1.1	- Background
3.1.2	- TCF Charter Launching Ceremony (28 October 2013)
3.1.3	- Main Principles of TCF Charter (28 October 2013)
3.1.4	- TCF Charter for Private Wealth Management Industry (8 June 2017)
3.1.5	- From TCF Charter to Bank Culture Reform
<b>3.2</b>	<b>Bank Culture Reform Circular (2017)</b>
3.2.1	- Background
3.2.2	- Bank Culture Reform Circular (2 March 2017)
3.2.3	- Sound Bank Culture – Three Pillars
3.2.4	- Governance
3.2.5	- Incentive Systems
3.2.6	- Assessment and Feedback Mechanisms
3.2.7	- Implementation of the Culture Reform Requirements by AIs
<b>3.3</b>	<b>Supervisory Measures for Bank Culture</b>
3.3.1	- Supervision of Bank Culture Circular (19 December 2018)
3.3.2	- Major Supervisory Measures
3.3.3	- Self-assessment
3.3.4	- Focus Review
3.3.5	- Culture Dialogue
3.3.6	- Experience from Overseas Practices
<b>3.4</b>	<b>Self-assessment on Bank Culture Reform</b>
3.4.1	- Background
3.4.2	- Self-assessment – Purpose and AIs Covered
3.4.3	- Major Areas Assessed
3.4.4	- Report on Review of Self-assessments on Bank Culture
3.4.5	- Range of Practices and Common Themes of the AIs
3.4.6	- Next Steps for AIs
<b>3.5</b>	<b>Focus Review, Culture Dialogue and Industrial Survey</b>
3.5.1	- Focus Review on Incentive Systems
3.5.2	- Culture Dialogue with Bank – Incentive System, Staff Training and Internal Escalation of Culture Issues
3.5.3	- Industrial Survey – Opinion from Bank Employees
3.5.4	- Further Development and Follow-up Actions
<b>Chapter 4: Major Statutory Requirements for Bank in Hong Kong</b>	
<b>4.1</b>	<b>Banking Ordinance</b>
4.1.1	- Purposes of the Ordinance
4.1.2	- Major Provisions

4.1.3	- Regulatory Powers of the MA on AIs
4.1.4	- Authorisation for the Conduct of Banking Business and Business of Taking Deposits
4.1.5	- Approval of Controller, Chief Executive, Director, etc.
4.1.6	- Financial Disclosure, Reporting and Notification Requirements
4.1.7	- Liquidity Requirements
4.1.8	- Capital Requirements
4.1.9	- Limitations on Exposures and Interests of AIs
4.1.10	- Code of Practice and Guidelines on Business Practice
4.1.11	- Other Important Provisions in Part X of the BO
4.1.12	- Major Subsidiary Legislation
<b>4.2</b>	<b>Securities and Futures Ordinance</b>
4.2.1	- Purposes of the Ordinance
4.2.2	- Regulated Activities
4.2.3	- Major Provisions
4.2.4	- Regulatory Powers of the SFC
4.2.5	- Exchanges, Clearing Houses, Exchange Controllers, Investor Compensation Companies and Automated Trading Services
4.2.6	- Regulation of Offers of Investments
4.2.7	- Licensing and Registration of Intermediaries
4.2.8	- Business Conduct, Supervision and Investigation of Intermediaries
4.2.9	- Major Subsidiary Legislation
<b>4.3</b>	<b>Insurance Ordinance</b>
4.3.1	- Purposes of the Ordinance
4.3.2	- Insurance Activities Governed by the Ordinance
4.3.3	- Major Provisions
4.3.4	- Regulatory Powers of the IA
4.3.5	- Authorisation of and Regulatory Powers over Authorised Insurers
4.3.6	- Long Term Business and General Business
4.3.7	- Licensed Insurance Intermediaries
4.3.8	- Conduct Requirements of Licensed Insurance Intermediaries and Disciplinary Powers of the IA
4.3.9	- Major Subsidiary Legislation
<b>4.4</b>	<b>Mandatory Provident Fund Schemes Ordinance</b>
4.4.1	- Purposes of the Ordinance
4.4.2	- Major Provisions
4.4.3	- Regulatory Powers of the MPFA
4.4.4	- Mandatory Contributions of Employers and Employees of MPF Schemes
4.4.5	- Supervision of MPF Schemes
4.4.6	- Supervision of MPF Intermediaries
4.4.7	- Major Subsidiary Legislation
<b>4.5</b>	<b>Personal Data (Privacy) Ordinance</b>
4.5.1	- Background and Purpose of the Ordinance
4.5.2	- Six Data Protection Principles
4.5.3	- Regulatory Powers of the Privacy Commissioner for Personal Data ("PCPD")

4.5.4	- Engagement of AIs with the PCPD
<b>Chapter 5: Regulatory Objectives and Relevant Mandates</b>	
<b>5.1</b>	<b>Code of Banking Practice - annual self-assessment</b>
5.1.1	- Background and Objectives of the CoBP
5.1.2	- Applicability of the CoBP
5.1.3	- General Principles
5.1.4	- Major Recommendations on Banking Services
5.1.5	- Annual Compliance Self-assessment of the CoBP
5.1.6	- Published Results of the Self-assessment
5.1.7	- Non-Compliance with the CoBP and Follow-up
<b>5.2</b>	<b>Code of Conduct for Persons Licensed by or Registered with the Securities and Future Commission</b>
5.2.1	- Background and Purposes of the SFC Code
5.2.2	- Applicability of the SFC Code to AIs (as RI)
5.2.3	- General Principles
5.2.4	- Major Provisions
5.2.5	- Enforcement of the SFC Code by the SFC
5.2.6	- Non-Compliance with the Code and Follow-up
<b>5.3</b>	<b>Code of Conduct for Licensed Insurance Agents and Code of Conduct for Licensed Insurance Brokers</b>
5.3.1	- Background and Aims of the Codes
5.3.2	- Applicability of the Insurance Agent Code to AIs (as Insurance Agency)
5.3.3	- General Principles
5.3.4	- Major Provisions
5.3.5	- Enforcement of the Insurance Agent Code by the IA
5.3.6	- Non-compliance with the Insurance Agent Code and Follow-up
<b>5.4</b>	<b>Guidelines on Conduct Requirements for Registered Intermediaries (Issued by the Mandatory Provident Fund Schemes Authority)</b>
5.4.1	- Background and Purposes of the MPFI Guidelines
5.4.2	- Applicability of the MPFI Guidelines
5.4.3	- Minimum Standards
5.4.4	- Major Provisions
5.4.5	- Enforcement of the MPFI Guidelines by the MPFA
5.4.6	- Non-compliance with the MPFI Guidelines and Follow-up
<b>Chapter 6: Introduction to International Regulation</b>	
<b>6.1</b>	<b>International Regulations (Role of Regulators, Regulatory Powers and International Regulatory Models and Latest Market Trends)</b>
6.1.1	- Background of International Regulation
6.1.2	- Development of International Business and MNCs with Cross-border Business across Different Geographies
6.1.3	- Necessity for Regulations to be Applicable outside of the Country, e.g. AML/CTF Rules and Anti-tax Evasion Regulations
6.1.4	- Different International Regulatory Models: Single Country Regulation (e.g. FATCA) vs International Regulatory Standards (e.g. CRS/AEOI)
6.1.5	- Internationalisation of Business and Market Trends of International Regulatory Co-operation in Addressing International Regulatory Risks

<b>6.2</b>	<b>Foreign Account Tax Compliance Act (“FATCA”)</b>
6.2.1	- Background and Purposes of FATCA
6.2.2	- Applicability of FATCA to Banks in Hong Kong
6.2.3	- FATCA Requirements for Als and Als’ Customers
6.2.4	- Control and Operational Procedures for FATCA
6.2.5	- Non-participating Foreign Financial Institutions and Consequential Penalty Tax
6.2.6	- Challenges in Compliance with FATCA Requirements
<b>6.3</b>	<b>Common Reporting Standards (AEOI/CRS)</b>
6.3.1	- Background and Purposes of CRS/AEOI
6.3.2	- Inland Revenue (Amendment) (No.3) Ordinance (Cap. 112) 2016
6.3.3	- Applicability of CRS/AEOI in Hong Kong
6.3.4	- CRS/AEOI Requirements for Als and Als’ Customers
6.3.5	- Control and Operational Procedures for CRS/AEOI
6.3.6	- Consequences of Non-Compliance with CRS/AEOI Requirements
6.3.7	- Challenges in Compliance with CRS/AEOI Requirements
<b>6.4</b>	<b>EU General Data Protection Regulation (GDPR)</b>
6.4.1	- Background and Purposes of the GDPR
6.4.2	- Extra-territorial Application of the GDPR and Applicability in Hong Kong
6.4.3	- Comparison between the PDPO and the GDPR
6.4.4	- Major Provisions of the GDPR Relevant to Als and Als’ Customers in Hong Kong
6.4.5	- Data Privacy Governance, Data Mapping and Impact Assessment
6.4.6	- New and Enhanced Rights of Data Subjects
6.4.7	- Data Protection Seals, Codes of Conduct and Cross-jurisdiction Data Transfer
<b>6.5</b>	<b>FX Global Code / Volcker / MIFID</b>
6.5.1	- FX Global Code
6.5.2	- Volcker Rule
<b>Chapter 7: Registration and Licensing Requirements</b>	
<b>7.1</b>	<b>Banking Ordinance – AI, CE, ACE and Manager</b>
7.1.1	- Types of AI under the BO
7.1.2	- Minimum Criteria of the MA for Authorization of Als
7.1.3	- Continuous Satisfaction with the Minimum Criteria for Authorization by Als
7.1.4	- Requirements of Local Branch, Local Office and Overseas Branch
7.1.5	- Requirements of Foreign Bank Branch and Representative Office in Hong Kong
7.1.6	- Approval Requirements for CE, ACE and Director and Systems of Control for Appointment of Section 72B Manager
7.1.7	- Assessment Criteria of the MA on Approval for CE and Director
7.1.8	- Statutory Notification Requirement for Appointment of Section 72B Manager
<b>7.2</b>	<b>Securities and Futures Ordinance – Registered Institution and Relevant Individual</b>
7.2.1	- Registration Requirements for AI Carrying on RAs as RI under the SFO
7.2.2	- Requirements for Appointment of Two or More EOs for Each RA
7.2.3	- Fit and Proper Requirements for EO
7.2.4	- Fit and Proper Requirements for REI
7.2.5	- CPT Requirements for EO and REI
<b>7.3</b>	<b>Insurance Ordinance – Agency and Technical Representative</b>

7.3.1	- Licensing Requirements for AI as Licensed Insurance Agency under the IO
7.3.2	- Requirement for Appointment of an RO by a Licensed Insurance Agency
7.3.3	- Fit and Proper Requirements for RO
7.3.4	- Fit and Proper Requirements for Licensed Technical Representative (Agent) ("TR")
7.3.5	- CPD Requirements for RO and TR
<b>7.4</b>	<b>Mandatory Provident Fund Schemes Ordinance – MPF Intermediary</b>
7.4.1	- Registration Requirements for AI as PI under the MPFSO
7.4.2	- Requirement for Appointment of an RO by a PI
7.4.3	- Criteria of the MPFA for Approval of RO Appointed by a PI
7.4.4	- Registration Requirements for SI under the MPFSO
7.4.5	- CPD Requirements for RO and SI
<b>7.5</b>	<b>Listing Rules – Listed AIs</b>
7.5.1	- Background of the Rules - Listed AI
7.5.2	- Chapter 13 Equity Securities – Continuing Obligations
7.5.3	- Listing Rules on Debt Securities
7.5.4	- Chapter 24 Debt Securities - Application Procedures and Requirements
7.5.5	- Chapter 37 Debt Securities - Debt Issues to Professional Investors Only
7.5.6	- Appendix 14 Corporate Governance Code
7.5.7	- Compliance with the Rules
<b>7.6</b>	<b>Manager-in-charge (MIC) Regime – Applicability to AIs</b>
7.6.1	- Background of the SFC MIC Regime
7.6.2	- MICs Required for Licensed Corporation Licensed by the SFC
7.6.3	- Responsibilities and Legal Liabilities of MIC
7.6.4	- Management Structure Information for the SFC
7.6.5	- Application of the MIC Regime to AIs
7.6.6	- Ongoing Review and Monitoring of AIs' Compliance with the MIC Regime Requirements
<b>Chapter 8: Regulatory Breach and Operational Risk Incident Management</b>	
<b>8.1</b>	<b>Identification, Review and Classification of Incident</b>
8.1.1	- Definition of Operational Risk Incident
8.1.2	- Categories of Operational Risk Incident
8.1.3	- Identification of Operational Risk Incidents – Internal vs External Factors
8.1.4	- Internal Tools for Identification and Assessment of Operational Risk Incidents
8.1.5	- Incident Management Team ("IMT") – Operations, IT, Business, Communication and Compliance
8.1.6	- Incident Management Protocol – Based on Nature of Incident
<b>8.2</b>	<b>Response and Management of Operational Risk Incident – Internal Escalation</b>
8.2.1	- Incident Management Protocol – Introduction and Major Elements
8.2.2	- Establishment of the IMT and Fact Finding
8.2.3	- First Management Escalation – Impact Analysis and Impact Control Action
8.2.4	- Implementation of Impact Control Action and Monitoring of Impact Situation
8.2.5	- External Escalation and Notification – Regulator, Customer and Public
8.2.6	- First Incident Report – Management and Regulator(s) (Including Customer Impact and Root Cause Analysis)



<b>8.3</b>	<b>Response and Management of Operational Risk Incident - Remediation and Disclosure</b>
8.3.1	- Management Review and Approval for Customer Impact Remediation Plan and IT Solution to Root Cause
8.3.2	- Notification to Regulator of the Remediation Plan and IT Solution
8.3.3	- Execution of Remediation Plan and IT Solution with Ongoing Updates to Management and Regulator(s)
<b>8.4</b>	<b>Response and Management of Operational Risk Incident - Lesson Learnt and System Enhancement</b>
8.4.1	- Identification of Accountability of Staff, Processes and Departments - Proposal and Execution of the Action
8.4.2	- Overall Financial Impact Analysis and Lessons Learnt
8.4.3	- Final Incident Report – Management and Regulator(s)
8.4.4	- Management Review and Approval for the Completion of the Incident and Dissolution of IMT
<b>8.5</b>	<b>Operational Risk Incident Regulatory Reporting Requirement of the HKMA</b>
8.5.1	- HKMA's Operational risk and Breach Incident Reporting Requirements
8.5.2	- Responsibilities of Chief Operating Officer
8.5.3	- Classification of Incident – Nature, Breach and Customer Impact
8.5.4	- Same-Day Reporting
8.5.5	- Disclosure to Affected Customers and the Public
8.5.6	- Root Cause Analysis
8.5.7	- Accountability of the Incident – Staff, Processes and Departments
8.5.8	- Ongoing Updates
8.5.9	- Final Report
<b>8.6</b>	<b>Reputational Issue in Incident Management</b>
8.6.1	- Importance of the Reputation of Als
8.6.2	- Key Drivers of Reputation of Als
8.6.3	- Effective Reputation Risk Management Process
8.6.4	- Reputation Risk Management – Operational Risk Incident
8.6.5	- Operational Risk Incident – Protection of the Reputation of Als
8.6.6	- Example of Reputation Event – AI Annual Report Disclosure
<b>Chapter 9: Future Development in Banking and the Relevant Regulatory Requirements</b>	
<b>9.1</b>	<b>Digital Banking and e-Banking Regulatory Requirements</b>
9.1.1	- Definition of E-banking
9.1.2	- Evolution of HKMA E-banking Requirements since 2000
9.1.3	- Inherent Risks of E-banking Business
9.1.4	- From Internet Banking to Mobile Banking
9.1.5	- Risk Management of E-banking Services
9.1.6	- Technology Outsourcing
9.1.7	- IT Security Assessment and Independent Assessment of New E-banking Services
9.1.8	- E-banking Incident Management and Reporting
9.1.9	- Example – Faster Payment Security Issue
9.1.10	- Artificial Intelligence and Machine Learning (“ML”)
<b>9.2</b>	<b>Open API and Open Banking Development in Hong Kong</b>

9.2.1	- What is API Technology
9.2.2	- Definition of Open API for Banking
9.2.3	- Open API for Banking – Concept and Practice
9.2.4	- Open API Framework for the Hong Kong Banking Sector – Launch Approach of the HKMA
9.2.5	- Implementation of Open API Framework for the Hong Kong Banking Sector – Phases Launched – Phases I, II, III and IV
9.2.6	- Challenges ahead for Adoption of Open APIs for Banking in Hong Kong
9.2.7	- Open API Adoption in Banking – Experience in Other Countries
<b>9.3</b>	<b>Digital Banking Licensing and Regulatory Development</b>
9.3.1	- What is a Digital Bank
9.3.2	- Digital Banks vs Conventional Banks
9.3.3	- Digital Bank Authorisation Requirements
9.3.4	- Authorisation of Eight Digital Banks in 2019
9.3.5	- Commencement of Business of Digital Banks in 2020
9.3.6	- Digital Bank – Business and Operational Risks
<b>9.4</b>	<b>Sustainable and Green Banking Business Development in Hong Kong</b>
9.4.1	- Background of Green and Sustainable Banking to Address Climate Risk
9.4.2	- HKMA's Key Measures in Addressing Climate Risk – Three Sets of Measures: Green and Sustainable Banking, Responsible Investment and Centre for Green Finance
9.4.3	- Establishment of Green and Sustainable Finance Cross-Agency Steering Group in May 2020
9.4.4	- Status of Development in Green and Sustainable Banking in Hong Kong as of June 2022
<b>9.5</b>	<b>Regulatory and Compliance Challenges from Sustainable and Green Banking Business</b>
9.5.1	- Establishment of Common Assessment Framework for Measurement of “Greenness Baseline” for Als
9.5.2	- White Paper on Green and Sustainable Banking – June 2020
9.5.3	- Supervisory Expectations on Climate Resilience for Als
9.5.4	- Establishment of Business and Risk Management Systems to Comply with the Supervisory Expectations on Climate Resilience for Als
9.5.5	- HKMA Circular Dated 30 Jun 2022 on Embedding Climate Risk in Banking Supervision
<b>Chapter 10: Case Studies – Compliance Challenge</b>	
<b>10.1</b>	<b>Challenge of New Products and Services</b>
10.1.1	- Expectation of New Products and Services from Customers
10.1.2	- New Products and Services to Cope with Market Situation
10.1.3	- Ongoing Changes in the Channel of Delivery of Products and Services including Digital Channels
10.1.4	- Risks Associated with New Products and Services
10.1.5	- Risks Associated with Different Delivery Channels
10.1.6	- New Products and Services - Internal Review and Approval Process
10.1.7	- New Delivery Channel – Pre-launch Review and Assessment
10.1.8	- Regulatory Requirements to Meet the Fast Pace of Development of New Products and Services in the Financial Market

10.1.9	- Ongoing Enhancement of Business and Product Knowledge of the Risk and Compliance and Functions
<b>10.2</b>	<b>Challenge of Ongoing Changes in Regulatory Requirements</b>
10.2.1	- Background – Ongoing Evolution of Regulatory Requirements
10.2.2	- Changes of Regulatory Requirements – Demand Driven and Immediate
10.2.3	- Changes of Regulatory Requirements – Well-Planned and Medium to Long-Term
10.2.4	- Challenges in Compliance with the New Requirements
10.2.5	- Structural Changes in Internal Control and Operational Processes Take time
10.2.6	- IT System Enhancements – Costly and Take Time
10.2.7	- New Processes – Staff Training and Compliance Monitoring of Staff Adherence to the New Process
<b>10.3</b>	<b>Challenge of External Event</b>
10.3.1	- External Event – Impact on Als' Business and Compliance with Regulatory Requirements
10.3.2	- Major Types of External Event Affecting Als' Business
10.3.3	- Effects on Business Volume
10.3.4	- Effects on Ways of Conducting Business
10.3.5	- Effects on Products and Services Offered
10.3.6	- Als to Cope with these effects - Additional Sales and Operational Processes
10.3.7	- Enhancement of Compliance Monitoring and Review to Cope with the Additional Sales and Operational Processes
<b>10.4</b>	<b>Case Study – Compliance Breach involving Staff Misconduct</b>
10.4.1	- Overview of the Staff Misconduct Case
10.4.2	- Identification of the Case - Customer Complaint, Sales Quality Review
10.4.3	- Analysis of the Case - Facts, Customer Detriment, Misconduct
10.4.4	- Reporting - Management, Regulator
10.4.5	- Investigation by Regulator and Conclusion - Staff Misconduct involving Regulatory Breach
10.4.6	- Sanctions on Staff
10.4.7	- Lessons Learnt - Implications for the AI
<b>10.5</b>	<b>Case Study – Operational Risk Incident with Major Customer Impact</b>
10.5.1	- Overview of the Operational Risk Incident Case
10.5.2	- Identification of the Case - IT Check
10.5.3	- Analysis of the Case - Facts, Customer Detriment, IT Issue
10.5.4	- Reporting to Regulator
10.5.5	- Investigation by Regulator and Conclusion - IT Operational Issue involving Regulatory Breach
10.5.6	- Sanctions on the AI and Remediation Work
10.5.7	- Lessons Learnt - Enhancement of IT System, Implications for the AI

**D. Recommended Readings****Essential Readings:**

1. HKIB Study Guide of ECF-ORM: Module 2 Regulatory Framework and Compliance in Banking Industry. (2025).

**Supplementary Readings**

1. Hong Kong Legislation. Chapter 155, Chapter 571, Chapter 41, Chapter 485 and Chapter 486.
2. Hong Kong Monetary Authority. (2022). Supervisory Policy Manual, Risk-based supervisory approach.
3. Hong Kong Monetary Authority. (2017). Supervisory Policy Manual, Corporate governance of locally incorporated authorized institutions.
4. Hong Kong Monetary Authority. (2017). Supervisory Policy Manual, Risk Management Framework.
5. Hong Kong Monetary Authority. (2018). Supervisory Policy Manual, Interest Rate Risk in the Banking Book.
6. Hong Kong Monetary Authority. (2022). Supervisory Policy Manual, Operational risk management.
7. Hong Kong Monetary Authority. (2017). Circular on Bank Culture Reform.
8. The Hong Kong Association of Banks/The DTC Association. (2023). Code of Banking Practice.
9. Securities and Futures Commission. (2024). Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.
10. Insurance Authority. (2019). Code of Conduct for Licensed Insurance Agents.
11. Competition Commission. (2015). Guideline on the First Conduct Rule and Guideline on the Second Conduct Rule.

**Further Readings**

1. Nil

### **6.3 Module 3: An Effective Compliance Function**

#### **A. Module Objective**

This module aims to provide candidates with fundamental concept and knowledge in relation to the element of an effective compliance function. Basic principles and the components of compliance framework associated with the three lines of defence. Roles and responsibilities of the HKMA in the banking supervisory function are also discussed. Compliance programmes and common compliance tools are introduced to enable candidate to apply in their daily job tasks as a compliance professional. The role of technology in compliance is also introduced.

#### **B. Module Intended Outcomes**

Upon completion of this module, learners should be able to:

- Assess the key elements of the compliance function and its relationship with other parties in an Authorized Institution;
- Analyse the key principles and requirements of an effective compliance function as a second line of defence of an Authorized Institution;
- Examine the interaction between the HKMA and bank when the HKMA is executing its supervisory function;
- Analyse the duties, roles and responsibilities of the compliance function;
- Apply common compliance tools and various compliance programme designed to manage and control compliance risks;
- Evaluate the organization structure and reporting line that enable an authorized institution to drive a sound compliance culture;
- Analyse challenges faced by the compliance function in an authorized institution, current and in the foreseeable future; and
- Execute Regtech adoption in performing compliance and risk management functions.

**C. Syllabus**

<b>Chapter 1: Key Elements of Effective Compliance Function</b>	
<b>1.1</b>	<b>Introduction</b>
<b>1.2</b>	<b>Compliance Function in an Authorized Institution</b>
1.2.1	- Purpose of Regulation
1.2.2	- Nature and Scope of a Compliance Function
1.2.3	- Key risks from banking activities and Compliance Risk
<b>1.3</b>	<b>The Myths and Misunderstandings of Compliance Function</b>
1.3.1	- Why Regulate (Protection, Promotion, Registration, Restriction, and Standard)
1.3.2	- The Role of a Compliance Function
1.3.3	- Conflicts of Interest, Market Misconduct, Corruption and Bribery
<b>1.4</b>	<b>Key Elements of a Compliance Function in an Authorized Institution</b>
1.4.1	- Independence
1.4.2	- Formal Status
1.4.3	- No Conflict of Interest
1.4.4	- Access to Information and Personnel
1.4.5	- Adequate Resources
1.4.6	- Rapport Building
1.4.7	- Prevention and Detection of Financial Crimes
1.4.8	- Code of Conduct
<b>Chapter 2: Principles and Components of Compliance Frameworks and Internal Controls</b>	
<b>2.1</b>	<b>Introduction</b>
<b>2.2</b>	<b>Requirements for an Effective Compliance Function</b>
2.2.1	- Compliance as Part of Risk Governance: Internal Control, Compliance, and Risk Management
2.2.2	- The Human Factor
<b>2.3</b>	<b>Compliance Function as an Internal Risk Control Function</b>
2.3.1	- What is an Internal Control System?
2.3.2	- Types of Internal Control
2.3.3	- Identifying Issues
2.3.4	- Limitation of Internal Controls (Judgment, Breakdowns, Management Override, Collusion, Costs and Benefits and Usual Transactions)
<b>2.4</b>	<b>The Risk Management Process</b>
2.4.1	- The Relationship between Risk Management and the Compliance Function
2.4.2	- Risk Assessment
2.4.3	- Risk Analysis
2.4.4	- Risk Evaluation
2.4.5	- Risk Reporting and Communication
2.4.6	- Risk Treatment
<b>2.5</b>	<b>Relationship between Compliance and Internal Audit Function</b>
2.5.1	- Monitoring and Review of the Risk Management Process

2.5.2	- Structure and Administration of Audit Programmes
2.5.3	- Audit Opinion
<b>2.6</b>	<b>Relationship between Operations, Operational Risk Management, and Compliance Function</b>
<b>Chapter 3: Roles and Responsibilities of The HKMA in its Banking Supervisory Function</b>	
<b>3.1</b>	<b>Introduction</b>
<b>3.2</b>	<b>Different Regulatory Approaches in Overseeing Banking Activities</b>
3.2.1	- Licensing
3.2.2	- Self-regulation
3.2.3	- Law Enforcement
<b>3.3</b>	<b>Roles and Responsibilities of Bank Departments in Banking Supervisory Functions</b>
3.3.1	- Organisational Structure
3.3.2	- Roles and Responsibilities in the First Line of Defence
3.3.3	- Roles and Responsibilities in the Second Line of Defence
3.3.4	- Roles and Responsibilities in the Third Line of Defence
<b>3.4</b>	<b>Supervisory Approach and Framework</b>
3.4.1	- Law and Regulation: Principle-based Approach
3.4.2	- Inspections and Examinations
3.4.3	- Law Enforcement
3.4.4	- The Role of the HKMA and its Collaboration with other Regulatory Bodies
<b>Chapter 4: Roles and Responsibilities of a Compliance Function</b>	
<b>4.1</b>	<b>Introduction</b>
<b>4.2</b>	<b>Risk Oversight and Assessment</b>
4.2.1	- Credit Risk
4.2.2	- Market Risk
4.2.3	- Interest Rate Risk
4.2.4	- Liquidity Risk
4.2.5	- Operational Risk
4.2.6	- Reputation Risk
4.2.7	- Legal Risk
4.2.8	- Strategic Risk
4.2.9	- Other Emerging Risks
<b>4.3</b>	<b>Implementing a Compliance Programme</b>
4.3.1	- Establish, Implement and Review Policy and Procedures
4.3.2	- Provide Training and Education
4.3.3	- Risk Measurement, Monitoring and Managing Reporting Systems
4.3.4	- Compliance Incidents Occurring or being Uncovered – Reporting (Whistleblowing) and Investigations
<b>4.4</b>	<b>Compliance Breach Investigation</b>
4.4.1	- What is an Internal Investigation
4.4.2	- Purpose and Benefits of an Internal Investigation

4.4.3	- When to Conduct an Internal Investigation
4.4.4	- Process of an Internal Investigation
<b>4.5</b>	<b>Remedial Steps and Reporting</b>
4.5.1	- Determining Remediation
4.5.2	- Report Writing and Escalation Process
4.5.3	- Report to Regulators
<b>Chapter 5: Understanding Compliance Tools</b>	
<b>5.1</b>	<b>Introduction</b>
<b>5.2</b>	<b>Policies and Procedures</b>
5.2.1	- Locating Regulatory Reference
5.2.2	- Identifying the Right Guidance
5.2.3	- Reading HKMA Regulation (Supervisory Policy Manual)
<b>5.3</b>	<b>Monitoring</b>
5.3.1	- Reading HKMA Updates: Circulars
5.3.2	- Reading HKMA Updates: Frequently Asked Questions
5.3.3	- Designing Forms
<b>5.4</b>	<b>Training</b>
5.4.1	- Function
5.4.2	- Goal Setting
5.4.3	- Communication Tool
5.4.4	- Dissemination of Compliance Requirement
<b>5.5</b>	<b>Governance, Risk and Compliance (GRC) Tools</b>
5.5.1	- Performance Indicators
5.5.2	- Access to Information by Compliance Functions
5.5.3	- Authority to Request Further Information
<b>Chapter 6: Put into Practice – Sound Compliance Culture Development and its Challenges</b>	
<b>6.1</b>	<b>Introduction</b>
<b>6.2</b>	<b>A Sound Compliance Culture: Definition and the Essentials</b>
6.2.1	- Definition of Organisational Culture
6.2.2	- Elements of a Good Compliance Culture
6.2.3	- Diversity, Equity and Inclusion
<b>6.3</b>	<b>Challenges on Compliance Development</b>
6.3.1	- Conduct and Ethics
6.3.2	- Fintech and Regtech
6.3.3	- ESG Agenda
<b>6.4</b>	<b>Put into Practice - How to Implement ECF-Compliance Requirements</b>
6.4.1	- Policies and Procedures
6.4.2	- Human Resources
6.4.3	- Corporate Culture
6.4.4	- Monitoring and Review



<b>Chapter 7: Regtech: Overview and Emerging Trend of Development</b> <b>(Adapted from ECF-Fintech M2)</b>	
7.1	Introduction to Regtech
7.2	Evolution of Regtech
7.3	Importance of Regtech to the Banking Industry
7.4	Regtech's Underlying Technologies
7.5	Regtech's Application
7.6	Regtech: Current State and Government Initiatives
7.7	Regtech Adoption in Hong Kong: Opportunities and Challenges
7.8	Case Studies and Insights: Regtech Applications in Banks
7.9	Suptech and HKMA's Adoption of Suptech
7.10	Future of Regtech
<b>Chapter 8: Legislative Framework and Regulatory Technology (Regtech) Overview (Adapted from ECF-Fintech M11)</b>	
8.1	Regtech Taxonomy, LoNG PESTEL, BIDT
8.2	Why Banking is under regulation?
8.3	History of Regtech
8.4	Regtech 1.0, 2.0, .....
8.5	Regtech – Digital Identity, Digital Signature
8.6	Managing Trust and Managing Risk
<b>Chapter 9: Data, Financial Intelligence, and Customer Protection</b> <b>(Adapted from ECF-Fintech M11)</b>	
9.1	Data Governance in Open Banking Regtech – Ownership, Stewardship, Custodian
9.2	Digital (Computer) Forensics in Regtech
9.3	Corporate Strategy, Data Governance and Incident Response

#### **D. Recommended Readings**

##### ***Essential Readings***

1. HKIB Study Guide – M3: An Effective Compliance Function (2025)
2. John C. Hull. (2018). Risk Management and Financial Institutions Fifth Edition. Wiley.  
(Chapter 1, 2 ,6, 12, 15, 16, 22, 26, 27, 29)

### **Supplementary Readings**

#### **Chapter 1 – 6**

1. HKMA Supervisory Policy Manual SA-1 Risk-based Supervisory Approach
2. HKMA Supervisory Policy Manual IC-1 Risk Management Framework
3. HKMA Supervisory Policy Manual CG-1 Corporate Governance of Locally Incorporated Authorized Institutions
4. HKMA Supervisory Policy Manual CG-3 Code of Conduct
5. HKMA, Supervisory Policy Manual CG-6, “Competence and Ethical Behaviour”
6. HKMA Supervisory Policy Manual IC-4 Complaint handling procedures and redress
7. HKMA Supervisory Policy Manual OR-1 Operational risk management
8. HKMA Supervisory Policy Manual OR-2 Operational Resilience
9. HKMA Supervisory Policy Manual SR-1 Strategic Risk Management
10. HKMA Supervisory Policy Manual RR-1 Reputation Risk Management
11. HKMA, Supervisory Policy Manual GS-1 Climate Risk Management
12. HKMA Circular dated 07 Jan 2022 – Self-Assessment of Code of Banking Practice
13. HKMA Circular dated 27 Sep 2022 – Enhanced Competency Framework on Compliance

#### **Chapter 7**

14. Hong Kong Monetary Authority (HKMA) (2021, Jan 21) Circulars & Guidance Papers. Circulars. Report on “AML/CFT Regtech: Case Studies and Insights” Encl. AML/CFT Regtech: Case Studies and Insights. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210121e1a1.pdf>
15. Hong Kong Monetary Authority (HKMA) (2020, Nov). Transforming Risk Management and Compliance: Harnessing the Power of Regtech. <https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2020/20201102e3a1.pdf>
16. Hong Kong Monetary Authority (HKMA) (2019, Nov 12). Inaugural Issue of Regtech watch. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2019/20191112e1.pdf>
17. Hong Kong Monetary Authority (HKMA) (2019, Nov 12). Regtech Watch Issue No. 1. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2019/20191112e1a1.pdf>
18. Hong Kong Monetary Authority (HKMA) (2020, Mar 16). Regtech Watch Issue No. 2. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2020/20200316e2a1.pdf>
19. Hong Kong Monetary Authority (HKMA) (2020, Jun 12). Regtech Watch Issue No. 3. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2020/20200612e1a1.pdf>

20. Hong Kong Monetary Authority (HKMA) (2020, Sep 18). Regtech Watch Issue No. 4. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2020/20200918e2a1.pdf>
21. Hong Kong Monetary Authority (HKMA) (2020, Dec 16). Regtech Watch Issue No. 5. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2020/20201216e1a1.pdf>
22. Hong Kong Monetary Authority (HKMA) (2021, Mar 19). Regtech Watch Issue No. 6. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210319e1a1.pdf>
23. Hong Kong Monetary Authority (HKMA) (2021, Jun 17). Regtech Watch Issue No. 7. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210617e1a1.pdf>
24. Hong Kong Monetary Authority (HKMA) (2021, Jun 17). Seventh and Final Issue of Regtech Watch. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210617e1.pdf>
25. Hong Kong Monetary Authority (HKMA) (2021, Jul 26). Second Issue of Regtech Adoption Practice Guide: Anti-Money Laundering/Counter-Financing of Terrorism. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210726e1a1.pdf>
26. Hong Kong Monetary Authority (HKMA) (2021, Sep 27). Third Issue of Regtech Adoption Practice Guide: Governance, Risk and Compliance. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210927e1a1.pdf>
27. Hong Kong Monetary Authority (HKMA) (2021, Jun 08). HKMA Unveils "Fintech 2025" Strategy. <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2021/06/20210608-4/>
28. Hong Kong Monetary Authority (HKMA) (2021, Jun 17). HKMA launches the Regtech Adoption Practice Guide series. <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2021/06/20210617-5/>
29. Hong Kong Monetary Authority (HKMA) (2021, Jun 30). HKMA hosts its flagship Regtech event - "Unlocking the Power of Regtech". <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2021/06/20210630-9/>
30. Hong Kong Monetary Authority (HKMA) (2020, Nov 03). HKMA developed a two-year roadmap to promote Regtech adoption. <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2020/11/20201103-3/>
31. Barberis J., Arner D., Buckley R. (2019). The Regtech Book: The Financial Technology Handbook for Investors, Entrepreneurs and Visionaries in Regulation. Wiley.
32. Arner D. W., Barberis J. , and Buckley R. P. (2017) FinTech, Regtech and the Reconceptualization of Financial Regulation. Northwestern Journal of International Law & Business Vol. 37 Issue 3. <https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1817&context=njilb>
33. Fintech Adoption: Progress and Future Directions, HKMA (2025). <https://brdr.hkma.gov.hk/eng/doc-ldg/docld/getPdf/20250716-3-EN/20250716-3-EN.pdf>
34. The Hong Kong Fintech Ecosystem Report, Invest Hong Kong, Business School of the Hong Kong University of Science and Technology, FinTech Association of Hong Kong, and Financial Services Development Council (2025). [https://www.investhk.gov.hk/media/0451tvdp/202503-21\\_hong-kong-fintech-ecosystem-report-2025.pdf](https://www.investhk.gov.hk/media/0451tvdp/202503-21_hong-kong-fintech-ecosystem-report-2025.pdf)

## **Chapter 8 – 9**

35. UNCITRAL Model Law on Electronic Commerce with Guide to Enactment 1996 (full paper).  
[https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-04970\\_ebook.pdf](https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-04970_ebook.pdf)
36. Model Legislation on Money Laundering and Financing of Terrorism  
<https://www.imolin.org/pdf/imolin/ModelLaw-February2007.pdf>
37. Model Law on Electronic Evidence. [https://thecommonwealth.org/sites/default/files/key\\_reform\\_pdfs/P15370\\_7\\_ROL\\_Model\\_Bill\\_Electronic\\_Evidence\\_0.pdf](https://thecommonwealth.org/sites/default/files/key_reform_pdfs/P15370_7_ROL_Model_Bill_Electronic_Evidence_0.pdf)
38. HK Ordinance CAP 8  
<https://www.elegislation.gov.hk>
39. ISO 27001 definition: What is ISO 27001?  
<https://www.itgovernance.co.uk/iso27001>
40. The investigator-centered approach to financial crime: Doing what matters  
<https://www.mckinsey.com/business-functions/risk-and-resilience/our-insights/the-investigator-centered-approach-to-financial-crime-doing-what-matters>
41. The five largest money laundering scandals of all time... so far.  
<https://medium.com/kyc-io-scalable-kyc-management-solutions/the-5-largest-money-laundering-scandals-of-all-time-so-far-d30ff4abee10>
42. AML cases.  
<https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210121e1a1.pdf>

### ***Further Readings***

#### **Chapter 1 – 6**

1. HKMA Circular dated 02 Mar 2017 – Banking Culture Reform
2. HKMA Circular dated 19 Dec 2018 – Supervision for Bank Culture
3. HKMA Circular dated 22 May 2020 – Report on Review of Self-assessment on Bank Culture
4. HKMA Supervisory Policy Manual CS-1 Group-HKMA wide supervisory approach to supervision of locally incorporated authorized institutions
5. HKMA Supervisory Policy Manual IC-2 Internal audit function
6. HKMA Supervisory Policy Manual RR-1 Reputational risk management
7. HKMA Supervisory Policy Manual AML-1 Supervisory approach on Anti-Money Laundering and Counter-Financing of Terrorists
8. Code of Banking Practice (HKAB)

#### **Chapter 8 – 9**

9. Understanding digital signatures.  
<https://www.docusign.ca/how-it-works/electronic-signature/digital-signature/digital-signature-faq>
10. UNCITRAL Model Law on Electronic Commerce with Guide to Enactment 1996 (full paper).  
[https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-04970\\_ebook.pdf](https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-04970_ebook.pdf)

11. European Commission, "Introduction to the Connecting Europe Facility eID Building Block.", March 2016.  
[http://www.esens.eu/sites/default/files/building\\_block\\_dsi\\_introdokument\\_eid-v1.04\\_4.pdf](http://www.esens.eu/sites/default/files/building_block_dsi_introdokument_eid-v1.04_4.pdf)
12. Cloud-based IT security policy template generator allows you generate your security policy template, within minutes, guaranteed.  
[https://www.instantsecuritypolicy.com/it-security-policies.html?keyword=it%20security%20policies&matchtype=e&network=g&adposition=&device=c&gclid=Cj0KCQjw\\_fiLBh-DOARIsAF4khR21\\_6FWPxr3HwPkHukyA02EjyG1Jok2VyoYSc-PjwH5yzULeU1vKYE-aAkPfEALw\\_wcB](https://www.instantsecuritypolicy.com/it-security-policies.html?keyword=it%20security%20policies&matchtype=e&network=g&adposition=&device=c&gclid=Cj0KCQjw_fiLBh-DOARIsAF4khR21_6FWPxr3HwPkHukyA02EjyG1Jok2VyoYSc-PjwH5yzULeU1vKYE-aAkPfEALw_wcB)
13. C. Hadnagy, "Social Engineering, Second Edition: The Science of Human Hacking", 2018 John Wiley & Sons, Inc. (Book, ISBN: 978-1-119-43338-5)
14. K. Mitnick, "The Art of Deception: Controlling the Human Element of Security", 2003 Kevin D. Mitnick (P)2009 Tantor Audio. (Book, ISBN: 978-0764542800)
15. HKMA CFI 2.0  
<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2020/11/20201103-4/>
16. NIST  
<https://csrc.nist.gov/Projects/risk-management#:~:text=The%20NIST%20Risk%20Management%20Framework,to%20support%20implementation%20of%20risk>

## **6.4 Module 4: Regulatory Compliance (Advanced) & Building a Sustainable Compliance Framework - General Compliance**

### **A. Module Objective**

This module aims to provide the candidates with in-depth conceptual, legal and technical knowledges in relation to the performance of general compliance function in an Authorized Institutions in Hong Kong. Different compliance tools and handling of non-compliance incidents will be assessed and analysed alongside the policy, procedures, people and process in response to the compliance function. The current trend of Regtech adoption is also examined.

### **B. Module Intended Outcomes**

Upon completion of this module, learners should be able to:

- Formulate or review compliance policies, procedures and internal standards for the AI;
- Plan the implementation of compliance monitoring programmes and execute these programmes;
- Evaluate compliance risk and devise appropriate response plans and mitigating measures;
- Assess the effectiveness of the compliance risk management framework implemented and review associated policies and procedures to ensure the AI can meet the compliance standards;
- Design and deliver compliance related training to business units;
- Build and promote a strong compliance culture within the AI;
- Manage, report and investigate non-compliance issues of the AI and monitor the effectiveness of any remedial actions taken; and
- Evaluate appropriate Regtech solutions for performing compliance and risk management functions.

**C. Syllabus**

<b>Chapter 1: Sound Bank Culture</b>	
1	- Introduction
2	- The Duty of Banks to Employee
3	- The contractual Duty of Banks to Customers
4	- Implementation of Sound Bank Culture: Introduction of the “3 Pillars”
5	- Elements in Building a Successful and Sustainable Compliance Framework
6	- Ethical Implications
<b>Chapter 2: Dealing with Non-Compliance</b>	
1	- Introduction
2	- An Overview of Compliance Incident Management
3	- Board and Management Oversights and Governance
4	- Role of the Senior Response Team
5	- Enforcing Compliance Discipline and Prevention of Non-compliance
6	- Detecting and Managing Non-compliance
7	- Reporting of Non-compliance
8	- Compliance Risk Monitoring and Action Tracking
<b>Chapter 3: Key Regulatory Requirements and Financial Regulations</b>	
1	- Introduction
2	- Key Banking Regulations and Implication to Compliance <ul style="list-style-type: none"> <li>• Banking Ordinance (Cap. 155)</li> <li>• Disclosure Requirements under Part XII of the Banking Ordinance</li> <li>• Banking (Disclosure) Rules (Cap. 155M)</li> <li>• Banking (Exposure Limits) Rules (Cap. 155S)</li> <li>• Banking (Capital) Rules (Cap. 155L)</li> <li>• Banking (Capital) Rules (Cap. 155Q)</li> <li>• Supervisory Policy Manual, Guide to Authorisation, and other Supervisory Guidance</li> <li>• Treat Customers Fairly Charter</li> <li>• Code of Banking Practice, and other Industry Standards/Good Practices</li> <li>• Deposit Protection Scheme (Representation on Scheme Membership and Protection of Financial Products under Scheme) Rules and Deposit Protection Scheme (Asset Maintenance) Rules</li> </ul>
3	- Other Financial Regulations and Compliance <ul style="list-style-type: none"> <li>• Securities and Futures Ordinance (Cap. 571) and Rules</li> <li>• Insurance Ordinance (Cap. 41), including Subsidiary Legislation, and the Codes, Guidelines, Circulars of the IA</li> <li>• Markets in Financial Instruments Directive (MiFID)</li> <li>• Mandatory Provident Fund (MPF) Schemes Ordinance (Cap. 485)</li> <li>• Personal Data (Privacy) Ordinance, Ethical Accountability Framework, as well as relevant Codes of Practice/Guidelines issued by Privacy Commissioner for Personal Data</li> </ul>

<b>Chapter 4: Applying Regulatory Requirements to Banking Operations</b>	
1	- Introduction
2	- Some Key Areas of Regulatory Focus <ul style="list-style-type: none"> <li>• Suitability</li> <li>• Best Execution</li> <li>• Virtual Banking</li> <li>• Complaint Handling</li> <li>• Staff Dealing Policy</li> <li>• Digital Financial Services</li> <li>• Engagement of Third Parties such as Lending Intermediaries</li> </ul>
3	- Keeping Update of Regulatory Changes
4	- Ongoing Monitoring and Supervision of Regulatory Change
5	- Keeping Record of Compliance Monitoring
6	- Key Consideration in Setting up Internal Standards
7	- Key Challenges on Compliance
8	- Rapid Development in Compliance Work and the Future Ahead
<b>Chapter 5: Disruptive Changes in Banking, Finance and Regulations</b> <b>(Adapted from ECF-Fintech M11)</b>	
1	- Disruptive Innovation and Technology in Banking and Finance
2	- Scoping Exercise re. Future Money and Crypto-tokens
3	- Disruptive Changes impacting Banking and Regulation
<b>Chapter 6: Banking Strategy: Crossroad Regtech 1.0 or Regtech 2.0</b> <b>(Adapted from ECF-Fintech M11)</b>	
1	- What is Regtech 2.0
2	- Case Study: Regtech 2.0 as an Integral part of WealthTech Application / Robo
3	- Open Banking APIs, Open Banking Architecture – Regtech 2.0
<b>Chapter 7: Smart Banking, Smart Regtech</b> <b>(Adapted from ECF-Fintech M11)</b>	
1	- Faster Payment System (FPS) and Regtech 2.0
2	- CBDC (Central Bank Digital Currency) / DCEP (Digital Currency Electronic Payment)
3	- Smart Contracts
4	- Algorithmic Regulation: Automating Financial Compliance Monitoring and Regulation using AI and Blockchain
5	- Standards-Based Technology Architecture for Regtech
6	- Future Banking and Regtech Strategy



**D. Recommended Readings****Essential Readings**

1. HKIB Study Guide – M4: ECF on Compliance (Regulatory Compliance (Advanced) & Building a Sustainable Compliance Framework – General Compliance) (2025)

**Chapter 5, 6 and 7**

2. Dey, A., Heese, J., & Weber, J., "Regtech at HSBC", Harvard Business Review, October 9, 2019.  
<https://store.hbr.org/product/Regtech-at-hsbc/120046?sku=120046-PDF-ENG>
3. E. Soltes, G. Ros and G. Liu, "An introduction to Money Laundering: The Hunter", Harvard Business Review 2020.  
<https://store.hbr.org/product/an-introduction-to-money-laundering-the-hunter/121011>
4. "FinTech and the Strategy in the 21st Century, Chapter 6 - Understand Regtech for Digital Regulatory Compliance" p.85 - 102, T. Butler and L. O'Brien, Palgrave Macmillan.  
[https://link.springer.com/content/pdf/10.1007%2F978-3-030-02330-0\\_6.pdf](https://link.springer.com/content/pdf/10.1007%2F978-3-030-02330-0_6.pdf)
5. Innovative Technology in Financial Supervision (SupTech) - the experience of early users, Bank for International Settlement.  
<https://www.bis.org/fsi/publ/insights9.pdf>

**Supplementary Readings**

1. Ingo Walter, 'Conflicts of interest and market discipline among financial services firms' (August 2004), 22(4) *European Management Journal* 362 [Walter, Conflicts of interest].
2. Julie Riewe, 'Conflicts, conflicts everywhere', Remarks to the IA Watch 17th Annual IA Compliance Conference: The Full 360 View (26 February 2015)  
[www.sec.gov/news/speech/conflicts-everywhere-full-360-view.html](http://www.sec.gov/news/speech/conflicts-everywhere-full-360-view.html)
3. Goldbarsht, D. (2020). *Global Counter-terrorist Financing and Soft Law: Multi-layered Approaches*. Edward Elgar Publishing.
4. Dill, A. BANK REGULATION, RISK MANAGEMENT, AND COMPLIANCE.

**Chapter 5, 6 and 7**

5. UNCITRAL Model Law on Electronic Commerce with Guide to Enactment 1996 (full paper).  
[https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-04970\\_ebook.pdf](https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/19-04970_ebook.pdf)
6. UNCITRAL Model Law on Digital Signature (full paper).  
<https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/ml-elecsig-e.pdf>
7. Model Legislation on Money Laundering and Financing of Terrorism  
<https://www.imolin.org/pdf/imolin/ModelLaw-February2007.pdf>

8. Model Law on Electronic Evidence.  
[https://thecommonwealth.org/sites/default/files/key\\_re-form\\_pdfs/P15370\\_7\\_ROL\\_Model\\_Bill\\_Electronic\\_Evidence\\_0.pdf](https://thecommonwealth.org/sites/default/files/key_re-form_pdfs/P15370_7_ROL_Model_Bill_Electronic_Evidence_0.pdf)
9. ISO 27001 definition: What is ISO 27001?  
<https://www.itgovernance.co.uk/iso27001>
10. NIST framework.  
<https://www.nist.gov/cyberframework>
11. The investigator-centered approach to financial crime: Doing what matters  
<https://www.mckinsey.com/business-functions/risk-and-resilience/our-insights/the-investigator-centered-approach-to-financial-crime-doing-what-matters>
12. The 5 largest money laundering scandals of all time... so far.  
<https://medium.com/kyc-io-scalable-kyc-management-solutions/the-5-largest-money-laundering-scandals-of-all-time-so-far-d30ff4abee10>
13. AML cases.  
<https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2021/20210121e1a1.pdf>
14. HKMA CFI 2.0  
<https://www.hkma.gov.hk/eng/news-and-media/press-releases/2020/11/20201103-4/>
15. NIST  
<https://csrc.nist.gov/Projects/risk-management#:~:text=The%20NIST%20Risk%20Management%20Framework,to%20support%20implementation%20of%20risk>

### ***Further Readings***

1. Bank Culture  
<https://www.hkma.gov.hk/eng/regulatory-resources/regulatory-guides/by-subject-current/bank-culture/>
2. Financial Inclusion  
<https://www.hkma.gov.hk/eng/regulatory-resources/regulatory-guides/by-subject-current/financial-inclusion-and-treat-customers-fairly/>

### **Chapter 5, 6 and 7**

3. Understanding digital signatures.  
<https://www.docuSign.ca/how-it-works/electronic-signature/digital-signature/digital-signature-faq>
4. European Commission, "Introduction to the Connecting Europe Facility eID Building Block.", March 2016.  
[http://www.esens.eu/sites/default/files/building\\_block\\_dsi\\_introdocument\\_eid-v1.04\\_4.pdf](http://www.esens.eu/sites/default/files/building_block_dsi_introdocument_eid-v1.04_4.pdf)
5. Cloud-based IT security policy template generator allows you generate your security policy template, within minutes, guaranteed.  
<https://www.instantsecuritypolicy.com/it-security-poli->

[cies.html?keyword=it%20security%20policies&matchtype=e&network=g&adposition=&device=c&qclid=Cj0KCQjw\\_fILBh-DOARIsAF4khR21\\_6FWPXR3HwPkHukyA02EjyG1Jok2VyoYSc-PjwH5yzULeU1vKYE-aAkPfEALw\\_wcB](https://www.google.com/search?q=it%20security%20policies&matchtype=e&network=g&adposition=&device=c&qclid=Cj0KCQjw_fILBh-DOARIsAF4khR21_6FWPXR3HwPkHukyA02EjyG1Jok2VyoYSc-PjwH5yzULeU1vKYE-aAkPfEALw_wcB)

6. C. Hadnagy, "Social Engineering, Second Edition: The Science of Human Hacking", 2018 John Wiley & Sons, Inc. (Book, ISBN: 978-1-119-43338-5)
7. K. Mitnick, "The Art of Deception: Controlling the Human Element of Security", 2003 Kevin D. Mitnick (P)2009 Tantor Audio. (Book, ISBN: 978-0764542800)
8. D. Khachatryan, "Armacord Incorporated" Combatting Money Laundering Using Data Analytics", Harvard Business Review 2012.  
<https://hbsp.harvard.edu/product/BAB260-PDF-ENG>
9. Cantale, S. and Buche, I., "BSI Bank of Switzerland Victim of Growth or Perpetrator of a Crime ?", IMD 2016.  
<https://store.hbr.org/product/bsi-bank-of-switzerland-victim-of-growth-or-perpetrator-of-a-crime/IMD846>
10. Casey, E., "Handbook of Digital Forensics and Investigation", Academic Press Nov 2009.  
[https://books.google.com.hk/books?id=xNjsDprqtUYC&printsec=copyright&redir\\_esc=y#v=onepage&q&f=false](https://books.google.com.hk/books?id=xNjsDprqtUYC&printsec=copyright&redir_esc=y#v=onepage&q&f=false)

## **6.5 Module 5: Investment and Insurance Compliance**

### **A. *Module Objective***

This module aims to cover the relevant applicable laws and regulations relating to the investment and insurance compliance. Learners of this module should be able to develop the required technical skills and professional knowledge for managing the compliance risk within an AI for their investment and insurance businesses. The main focus of this module is on the applications of key legal and regulatory requirements, associated with the investment and insurance businesses, set by the Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission (SFC), the Insurance Authority (IA) and the Mandatory Provident Fund Authority (MPFA).

### **B. *Module Intended Outcomes***

Upon completion of this module, learners should be able to:

- Formulate or review compliance policies and procedures and internal standards associated with investment and insurance business for the AI;
- Plan the implementation of compliance monitoring programmes associated with investment and insurance business and execute these programmes;
- Evaluate compliance risk and apply appropriate response plans and mitigating measures associated with investment and insurance business;
- Manage and investigate non-compliance issues of the investment and insurance business of the AI and propose remedial actions to senior management;
- Specify the compliance requirements associated with the investment and insurance business;
- Assess the regulatory approach adopted by various regulators for the investment and insurance business of the AI; and
- Specify regulatory expectations in Hong Kong regarding the sale of investment and insurance products and related submissions.

**C. Syllabus**

<b>Chapter 1: Overview of the Regulatory Approach adopted by Regulators towards Financial Services Organisations</b>	
<b>1.1</b>	<b>Regulatory Approaches adopted by Regulators</b>
1.1.1	Different Roles and Functions of Regulators
1.1.2	Applications of Provisions relating to the Requirements on Sales of Financial Products <ul style="list-style-type: none"> <li>• Supervisory Policy Manual (SPM) issued by the HKMA</li> <li>• Securities and Futures Ordinance (SFO)</li> <li>• Insurance Ordinance (IO)</li> <li>• Mandatory Provident Fund (MPF) Scheme Ordinance (MPFO)</li> </ul>
1.1.3	Relationships among Regulators <ul style="list-style-type: none"> <li>• The Remit of Different Regulators and Different Areas of Focus for Individual Regulators</li> <li>• Als as RIs under the Securities and Futures Ordinance (SFO)</li> <li>• Als as Licensed Insurance Intermediaries under the Insurance Ordinance (IO)</li> </ul>
<b>1.2</b>	<b>The Regulatory Submissions required when Selling Investment and Insurance Products</b>
1.2.1	Events to be Reported by the Licensed Persons and Registered Institutions (RIs) as indicated in the HKMA Supervisory Policy Manual (SPM)
1.2.2	RIs have to Report in Writing to the HKMA
1.2.3	Compliance with Notification Requirements by the SFC
1.2.4	Compliance with Notification Requirements by the IA
<b>1.3</b>	<b>Regulatory Requirements on Sales of Financial Products</b>
1.3.1	Implications of Relevant Sections of the Supervisory Policy Manual, Guidelines, and Circulars issued by the HKMA
1.3.2	Applications of Relevant Sections of the Code of Conduct, Guidelines, and Circulars issued by the SFC
1.3.3	Applications of Relevant Sections of the Code of Conduct, Guidelines, and Circulars issued by the IA
1.3.4	Applications of Relevant Sections of the Conduct Requirements for Registered Intermediaries issued by the MPFA
<b>1.4</b>	<b>Compliance on Selling Investment and Insurance Products as required by the Treat Customers Fairly Charter</b>
1.4.1	Principles of the Treat Customers Fairly Charter
1.4.2	Examples and Implications by applying the Principles of the Treat Customers Fairly Charter
<b>Chapter 2: Regulatory Expectations regarding the Sale of Investment Products and Handling of Client Securities</b>	
<b>2.1</b>	<b>Investor Protection Measures, Professional Investor Regime, and Private Placement Regime</b>
2.1.1	Applications of the HKMA Investor Protection Measures <ul style="list-style-type: none"> <li>• Specific Compliance Requirements when Selling Investment Products</li> </ul>
2.1.2	Compliance Requirements under the Professional Investor Regime
2.1.3	Compliance Requirements under the Private Placement Regime
<b>2.2</b>	<b>Implications of the Pre-trade Disclosure Requirements</b>

2.2.1	Specific Compliance Requirements on Disclosure of Risk Statements
2.2.2	Specific Compliance Requirements on Providing Information to Customers to Make Informed Decisions
<b>2.3</b>	<b>Applications of the Sales Suitability Requirements in Online and Offline Environments</b>
2.3.1	Know Your Customer
2.3.2	Recommendations to Customers
2.3.3	Matching Recommendations with Risk-Return Profile of each Investment Product and the Personal Circumstances of each Customer
2.3.4	Consideration of Concentration Risk
2.3.5	Alternative Investment Products
2.3.6	Complex Products
2.3.7	Portfolio Suitability and Portfolio-based Suitability Assessment
2.3.8	Robo-Advisory
<b>2.4</b>	<b>Implications of the Requirements on Best Execution</b>
2.4.1	Applications of the Execution Controls and Monitoring
<b>2.5</b>	<b>Compliance on Cross-Border Business Activities</b>
2.5.1	Specific Requirements on Licensing Obligations of Corporations and Individuals
<b>2.6</b>	<b>Implications of the Requirements on Conflicts of Interest</b>
2.6.1	Disclosure and Fair Treatment
2.6.2	Importance of Independence
2.6.3	Disclosure of Sales of In-house Products
<b>2.7</b>	<b>Applications of Compliance on Licensing Requirements</b>
2.7.1	Competence Requirements
2.7.2	Determination of "Fit and Proper"
2.7.3	Continuous Professional Training (CPT) Requirements
<b>2.8</b>	<b>Specific Requirements when Handling Client Securities and Selling/Distributing Investment Products</b>
2.8.1	Circulars issued by the HKMA and the SFC
2.8.2	Enforcement Actions
<b>Chapter 3: Specific Requirements on the Sale of Insurance Products</b>	
<b>3.1</b>	<b>Compliance with Licensing Requirements</b>
3.1.1	Background
3.1.2	Code of Conduct for Licensed Insurance Agents
3.1.3	Code of Conduct for licensed Insurance Brokers
<b>3.2</b>	<b>Implications of the Requirements on Consumer Protection</b>
3.2.1	Specific Requirements on Consumer Protection
3.2.2	Applications of the Regulations and Industry Practices associated with the Sale of Insurance Policies <ul style="list-style-type: none"> <li>• Offering of Gifts</li> <li>• Regulation on the Sale of Long-term Policies, Policy Replacement, and Benefit Illustrations</li> <li>• Cooling-off Period</li> <li>• Guideline on Financial Needs Analysis (FNA)</li> <li>• Suitability and Affordability Assessment</li> <li>• Naming Requirements for Insurance Products</li> </ul>

<b>3.3</b>	<b>Specific Requirements when Selling Investment-linked Assurance Scheme (ILAS)</b>
3.3.1	Requirements on Selling Investment-linked Assurance Scheme (ILAS)
3.3.2	Applications of the Regulations and Industry Practices associated with the Sale of Investment-linked Assurance Scheme (ILAS)
<b>3.4</b>	<b>Specific Requirements when Selling Annuity Insurance Products</b>
3.4.1	Requirements on Selling Annuity Insurance Products
3.4.2	Applications of the Regulations and Industry Practices associated with the Sale of Annuity Insurance Products
<b>Chapter 4: Case Studies, Good Practices and Challenges associated with Compliance</b>	
<b>4.1</b>	<b>Applications of Good Practices by Embedding a Compliance Culture and Understanding the Compliance Risk Appetite across Different Business Units</b>
4.1.1	Case Study: The United Kingdom (“UK”) Financial Conduct Authority (“FCA”) fined Credit Suisse GBP147,190,276 and undertakes to the FCA to forgive USD200 million of Mozambican debt on 21 October 2021
4.1.2	Case Study: The FCA fined a Financial Penalty of GBP284,432,000 on Barclays Bank Plc for failing to control business practices in its foreign exchange (“FX”) business in London on 19 May 2015
<b>4.2</b>	<b>Alignment of Compliance Activities with the AI’s Strategic Objectives</b>
4.2.1	Case Study: The FCA fined Lloyds Banking Group GBP117 million for failing to handle Payment Protection Insurance (“PPI”) complaints fairly on 5 June 2015
4.2.2	Case Study: The FCA fined Santander UK Plc GBP32.8 million for serious failings in its probate and bereavement process on 19 December 2018
<b>4.3</b>	<b>Involvement of Compliance where the AI seeks to undertake Significant Decisions, Major Change Projects, Strategic Initiatives and Major Transactions</b>
4.3.1	Case Study: The SFC reprimands and fines Citigroup Global Markets Asia Limited HKD348.25 million for serious regulatory failures over client facilitation activities on 28 January 2022
4.3.2	Case Study: The UK FCA fines Prudential GBP23,875,000 for failures relating to non-advised annuities sales on 30 September 2019
<b>4.4</b>	<b>Recent Significant enforcement cases in relation to misconduct issues in the sale of financial products.</b>
4.4.1	Case Study: SFC reprimands and fines Hang Seng Bank Limited \$66.4 million for misconduct in selling practices of investment product on 27 January 2025.
4.4.2	Case Study: FCA fines FXTB for unfair customer treatment practices on 9 August 2024.
4.4.3	Case Study: FCA fines and bans Martin Sarl for dishonest and reckless conduct on 14 August 2024.

**D. Recommended Readings****Essential Readings**

1. HKIB Study Guide – M5: Investment and Insurance Compliance (2025)

**Supplementary Readings**

1. Hong Kong Monetary Authority, HKMA Supervisory Policy Manual - CG-3 Code of Conduct
2. Securities and Futures Commission, The Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
3. Insurance Authority, Code of Conduct for Licensed Insurance Agents
4. Insurance Authority, Code of Conduct for Licensed Insurance Brokers
5. Mandatory Provident Fund Schemes Authority, Guidelines on Conduct Requirements for Registered Intermediaries
6. Hong Kong Monetary Authority, Investor Protection Measures in respect of Investment, Insurance and Mandatory Provident Fund Products
7. Hong Kong Monetary Authority, HKMA Supervisory Policy Manual - SB-1 Supervision of Regulated Activities of SFC-Registered Authorised Institutions
8. Hong Kong Monetary Authority, HKMA Supervisory Policy Manual - IB-1 Supervision of Insurance Intermediary Business of Authorised Institutions
9. Hong Kong Monetary Authority, HKMA Circular - Treat Customers Fairly Charter

**Further Readings**

1. Hong Kong Monetary Authority, Guidance on Selling of Investment Products and Handling of Clients Securities
2. Hong Kong Monetary Authority, HKMA Circular - Selling of Annuity Insurance Products
3. Hong Kong Monetary Authority, HKMA Circular - Cross-border Business Activities
4. Hong Kong Monetary Authority, HKMA Circular - Selling of Protection Linked Plan
5. Securities and Futures Commission, Fit and Proper Guidelines
6. Hong Kong Monetary Authority, HKMA Circular - Frequently Asked Questions on Investor Protection Measures



## 7. Training Application

### 7.1 Training Schedule

For the latest information about the training application period and class schedules, please refer to the Training Schedule on [HKIB website](#).

### 7.2 Training Mode and Duration

The training mode and durations of Core Level and Professional Level are set out as follows:





Training Mode	Lecture and Video-Assisted Training (VAT)	
Training Duration	Module 1 - 2	15 hours per module
	Module 3	18 hours
	Module 4 - 5	21 hours per module

Syllabus for Chapter 7 to 9 of Module 3 and Chapter 5 to 7 of Module 4 are adapted from ECF on Fintech Module 2 and 11. Training of these chapters will be held by professors from The Hong Kong University of Science and Technology (HKUST) in pre-recorded VAT mode with the teaching support from designated HKUST Teaching Assistant (TA). TA will address to learners' questions and concerns during training, collect and respond to queries in real-time or share in subsequent classes or via HKIB after obtaining professors' insights on unresolved questions.

### 7.3 Training Application

Applicants can submit the application via [MyHKIB](#). Attention should be paid to the application deadline, or a late entry fee will be charged.

Application Requirements:

-  The information provided for the training enrolment must be true and clear.
-  Inaccurate or incomplete applications may not be accepted even if the applicant has paid the training fee.
-  HKIB reserves the right to reject late applications and/or any applications deemed inappropriate. Once HKIB has received your application, NO alterations to the training arrangement are allowed.
-  HKIB reserves the right to change training dates and application deadlines at any time.

## 7.4 Training Fee and Payment

Module	Training Fee per module <sup>^</sup>
1 – 2	HKD4,400
3	HKD7,900
4	HKD9,000
5	HKD7,000

<sup>^</sup> Digital version of training material (e.g., Study Guide, PPT Slides) will be provided before the training commencement. Printed version will only be available at an additional cost of HKD600 per module (including delivery fee) on request by learners.

- ✚ Applicants should pay the training fee as follows:
  - (a) By credit card.
  - (b) By Alipay.
  - (c) By WeChat Pay.
- ✚ Application without successful payment will **NOT** be processed.
- ✚ All payments must be settled before the start of the Programme. **NO** fees are refunded or transferred under any circumstances.
- ✚ Applicants are advised to keep a record of their payments.
- ✚ An email of training confirmation will be sent to applicants at least **five working days prior to the training date**.
- ✚ Late training enrolment will be accepted after the stipulated application deadline up to seven days before course commencement to allow us to administer the application. A late entry fee of HKD200 (in addition to the training fee) will apply.
- ✚ HKIB reserves the right to adjust training application, study guide and/or administration surcharge fees (if applicable), at any time.
- ✚ HKIB student members can enjoy 25% off training fee discount.

## 8. Examination Application and Regulations

### 8.1 Examination Mode and Format

The examination mode and format for Core Level are as follows:

Module	1 / 2	3
Examination Mode	Paper-based Examination	
Examination Duration	1.5 hours per Module	2.5 hours per Module
Question Type	Multiple-choice Type Questions (MCQs)	Multiple-choice Type Questions (MCQs)
No. of Questions	50 MCQs per Module	80 MCQs
Pass Mark	70%	
Grading	Grade	Mark Range
	Pass with Distinction	Above 90%
	Pass with Credit	80% - 90%
	Pass	70% - 79%
	Fail A	60% - 69%
	Fail B	50% - 59%
	Fail C	Below 50%
	Absent	N/A

The examination mode and format for Professional Level are as follows:

Module	4	5
Examination Mode	Paper-based Examination	
Examination Duration	3 hours per Module	
Question Type	Multiple-choice (MCQs) & Essay Type Questions	
No. of Questions	50 MCQs & 2 out of 3 questions	
Pass Mark	60%	
Grading	Grade	Mark Range
	Pass with Distinction	Above 85%
	Pass with Credit	75% - 85%
	Pass	60% - 74%
	Fail A	56% - 59%
	Fail B	46% - 55%
	Fail C	Below 46%
	Absent	N/A

## 8.2 Examination Timetable

- ✚ For latest information about the examination application period and examination dates, please refer to [Examination Schedule on HKIB website](#).

## 8.3 Examination Approaches

There are two examination approaches available and candidates may choose either one which is best for them.

- ✚ Face-to-face Examination: Traditional face-to-face examinations will be conducted at designated venues arranged by HKIB. Candidates are required to take examinations at specific locations allocated to them accordingly.
- ✚ “Remote Exam”: As an alternative to the traditional face-to-face examination, HKIB had introduced an innovative initiative, “Remote Exam”, allowing candidates to take examinations from their homes or workplaces with own computer equipment and internet access. “Remote Exam” offers greater flexibility in terms of location and time saving on travelling for our candidates without jeopardising the quality standard of assessment.

Measures will be taken to align the same standard of fairness and effectiveness as that of the traditional face-to-face examination. A two device-approach will be adopted with one computer, either desktop or laptop, to access the “Remote Exam” platform for the examination and a mobile device, either smartphone or tablet, for invigilation and monitoring. Authentication of identity and real-time virtual invigilation will be conducted hassle-free with an automatic remote system to ensure the highest degree of integrity and data security.

To ensure smooth examination operations, candidates opting “Remote Exam” are required to participate in the “Rehearsal Practice Examination” to be held by HKIB before eligible to attend the formal examination. This arrangement will facilitate the candidates to get better preparation and understanding on the logistic arrangement of the “Remote Exam”.

## 8.4 Examination Application

- ✚ Candidates taking current training classes can choose to sit for the current examination or any subsequent ones. They can choose to sit for subsequent examinations but if the corresponding programme has been changed or updated, they may be required to re-take the training in order to be eligible for module examination.

- ✚ Applicants can submit the application via [MyHKIB](#). Attention should be paid to the application deadline, or a late entry fee will be charged. The information provided on the application form must be true and clear.
- ✚ Late examination enrolment will be accepted after the stipulated application deadline up to 14 days before examination date, to allow us to administer the application. A late entry fee of HKD200 (in addition to the examination fee) will apply.
- ✚ Inaccurate or incomplete applications may not be accepted even if the applicant has paid the examination fee.
- ✚ Under no circumstances are changes to module entry allowed.
- ✚ HKIB reserves the right to reject late applications and/or any applications deemed inappropriate. Once HKIB has received your application, NO alterations to the examinations and examination arrangements are allowed.
- ✚ HKIB reserves the right to change examination dates and application deadlines at any time.

### 8.5 Examination Fee and Payment

<b>Module</b>	<b>Examination Fee per module #</b>
1 – 2	HKD600
3	HKD1,600
4 - 5	HKD1,600

# HKIB student members can enjoy 50% off examination fee discount.

- ✚ Applicants should pay the examination fee as follows:
  - (a) By credit card.
  - (b) By Alipay.
  - (c) By WeChat Pay.
- ✚ Application without successful payment will **NOT** be processed.
- ✚ All payments must be settled before the examination. **NO** fees are refunded or transferred under any circumstances.
- ✚ Applicants are advised to keep a record of their payments.
- ✚ HKIB reserves the right to adjust the examination, study guide and/or administration surcharge fees (if applicable), at any time.

### 8.6 Examination Attendance Notice

- ✚ Examination Attendance Notices (Attendance Notices) are sent to candidates via

**email ONLY** approximately **two weeks** before the examination. Candidates must inform the Institute if they have not received it **one week** before the examination.

- ✚ Candidates are required to print a copy of the Attendance Notice on a sheet of plain A4 paper before attending each examination.
- ✚ Candidates **MUST** present their Attendance Notice at the examination along with a valid identification document (e.g. an HK Identity Card or passport) bearing a current photograph. Photocopies are not accepted.
- ✚ For candidates attending “Remote Exam”, details regarding the prerequisite “Rehearsal Practice Examination” will also be attached.

### **8.7 Alteration / Transfer of Application for an Examination**

- ✚ HKIB reserves the right to cancel, postpone and / or reschedule the examination.
- ✚ If an examination is rescheduled, HKIB notifies candidates of the new date and time via email within one week of the original schedule. Under such circumstances, candidates are not required to re-register for the examination.
- ✚ Under no circumstances are any changes to or transfers of examination application allowed.

### **8.8 Examination Arrangements for Candidates with Special Needs**

- ✚ Candidates with special needs may request special examination arrangements. Under these circumstances they are required to submit documentary evidence, such as medical proof issued by a registered medical practitioner, together with a written request, when applying for the examination. Approval of the request is subject to final HKIB decision.
- ✚ Request for such arrangements may result in an additional charge.

### **8.9 Examination Preparation**

- ✚ Candidates enrolled in the examination are required to study all the essential, recommended and further reading material, if applicable, as part of their examination preparation.

### **8.10 Examination Results**

#### Examination Results Announcements

- ✚ Candidates will receive email notification once the examination results are available

through HKIB online platform. For multiple-choice type questions ONLY examination, result will be released within four weeks after the examination date. For examinations with the presence of essay-type questions, result will be released around eight weeks after the examination date of the last module of the exam diet. The online examination results will be removed one month after the result release date.

- ✚ Candidates will receive official examination results slip by e-mail within two weeks after the examination result is released through HKIB online platform.
- ✚ Results are withheld from candidates who have not paid in full any monies due or payable to the Institute, including but not limited to examination application fees.











#### Examination Results Review

- ✚ Candidates may request rechecking or remarking of their examination scripts, within one month of the issue of examination results by submitting an official [Examination Result Appeal Form](#) via HKIB website.
- ✚ Rechecking fee of HKD500 per module is only applicable for multiple choice examinations and this fee covers the re-checking for technical errors only such as incorrect mark entries for multiple-choice answer sheets. Remarking fee of HKD1,700 per module is only applied to other types of examination.




### **8.11 General Examination Regulations**

- ✚ An examination is governed by the regulations in force at the time of the examination and not at the time of application, in case there are discrepancies between the two sets of regulations.
- ✚ On all matters concerning interpretation of the regulations, the Professional Standard and Examination Board of the Institute has the final decision.
- ✚ Candidates must complete the training class before taking the examination.
- ✚ The examination is conducted in English.
- ✚ Candidates must use an HB/2B pencil to answer the multiple-choice questions on the Answer Sheets.
- ✚ Examinations are conducted and invigilated by responsible persons appointed by HKIB.
- ✚ Examination Attendance Notices are sent to candidates via email **ONLY**. Candidates are required to print a copy on a plain sheet of A4 paper and **MUST** present their Attendance Notice to each examination, along with a valid identification document (e.g.

HK Identity Card or passport). Attendance Notices are collected by the invigilators before the end of the examination, if necessary.

-  Candidates should arrive at the examination venue at least 15 minutes before the start. Candidates must not enter the examination room until instructed to do so.
-  Candidates are not allowed to sit for the examination if they are unable to present Attendance Notice/valid identification document, or if the identification document does not contain a clear and current photograph of the candidate.
-  All examinations begin at the time stated on the Attendance Notice. Latecomers may be admitted during the first 30 minutes of the examination, but extra time will not be given to compensate for any time lost.
-  Smoking, eating, and drinking are not allowed in the examination room. All mobile phones and other electronic devices must be switched off and placed in a location advised by the invigilator before the examination begins.
-  All bags, books and other personal belongings must be placed in a location advised by the invigilator, before the examination begins.
-  If you need to go to the toilet during the examination, you should seek permission from an invigilator. An invigilator will accompany you and you must NOT carry any mobile phones, other electronic devices, question books, answer sheets or other papers to the toilet.
-  No other aids, such as books, dictionaries, computers (e.g. notebooks, PC tablets) or papers are permitted in the examination. No draft paper is provided during the examination. Rough workings or notes should be made on the question book and will not be marked.
-  The packets of question papers are opened in the presence of the candidates before the start of the examination. Candidates should remain silent and are not allowed to communicate with other candidate during the examination. Candidates interfering with the proper conduct of the examinations are warned by the invigilator or expelled from the examination room in a serious case. Under such circumstances, a report is submitted to HKIB to consider whether disciplinary action should be taken. Disciplinary action includes, but is not limited to, candidate disqualification.
-  Candidates cannot leave the examination room during the first 45 minutes and the last 15 minutes of an examination. Candidates who decide to leave early must notify the invigilator as quietly as possible and are not allowed to re-enter the examination room.
-  Candidates must stop writing when instructed to do so by the invigilator.



-  Candidates must not detach any part of their answer sheet, or remove their answer sheet, wholly or partly, from the examination room.
-  Candidates are not allowed to communicate with other candidates during an examination. They are also prohibited from communicating with third parties outside the examination room by using any electronic device. The invigilator has the right to expel candidates from the examination room if their behaviour interferes with the proper conduct of the examination. Any candidate attempting to copy from another candidate's script or any other source is disqualified.
-  If any candidate infringes any of the above regulations, he/she is liable to disciplinary actions, including disqualification.

### **8.12 Examination Misconduct Handling**

This section sets out the standards of conduct expected from candidates during HKIB examinations and the procedures for handling alleged misconduct.

1. Any infringement of these guidelines may result in disciplinary action, including disqualification.
2. Candidates who contravene the proper conduct of the examination will be warned by the invigilator or, in serious cases, expelled from the examination room. In such instances, a report will be submitted to HKIB for consideration of disciplinary action. Disciplinary measures may include, but are not limited to, disqualification of the candidate.
3. Candidates are strictly prohibited from communicating with other candidates during the examination. They must also refrain from contacting any third parties outside the examination room through any electronic device. The invigilator reserves the right to remove any candidate whose behaviour disrupts the proper conduct of the examination. Any candidate found attempting to copy from another candidate's script or conduct any other form of plagiarism or collusion will be disqualified.
4. Examples of misconduct during examination include:
  - a. Improper communication or contact with other candidates
  - b. Use of unauthorised electronic or communication devices
  - c. Sharing, photographing, or otherwise capturing examination content
  - d. Suspicious or disruptive behaviour (e.g., repeated eye movements suggesting copying)
  - e. Possession of prohibited materials
  - f. Causing unnecessary disturbance in the examination room

- g. Engaging in cheating, contract cheating or collusion
- 5. In determining whether misconduct has occurred, HKIB may consider the candidate's possible motive, any attempt to engage in misconduct, or any conduct that constitutes misconduct.
- 6. In the event of suspected misconduct by examination candidates, HKIB will implement a thorough and robust investigation process. If it is determined that misconduct has occurred, HKIB will notify the relevant candidate in writing.
- 7. As part of the appeal process for HKIB's decision, the candidate will have the opportunity to submit a written representation, including any mitigating factors, within 30 calendar days after providing intention notification to HKIB, providing any additional information or documentation as appropriate. If deemed necessary, HKIB may convene a disciplinary hearing panel, comprising members of HKIB Committees and attended by the candidate, to determine a final decision on the matter. During the hearing, the candidate will be given the opportunity to present additional information verbally. The candidate will receive the written final decision within 5 business days after the disciplinary hearing panel hearing.
- 8. Candidate behaviour considered to constitute misconduct during the examination will be classified into three levels of severity:

Level 1: Individual dishonest behaviour without question leakage

Examples:

- i. Continuing to write after the "time's up" announcement
- ii. Attempting to copy from another candidate

Level 2: Individual dishonest behaviour with question leakage

Examples:

- i. Attempting to communicate with a third party during the exam
- ii. Taking photos or recordings of the question paper

Level 3: Group dishonest behaviour with question leakage

Example:

- i. Sharing or coordinating answers among a group of candidates who are in the examination room

- 9. The reference starting points for penalties arising from candidate misconduct, corresponding to the three levels of severity, are as follows:
  - a. Level 1: Suspension from enrolling in HKIB Professional Qualifications Examinations for a period of 1 year; together with mandatory participation in a "remediation programme" as specified by HKIB.

- b. Level 2: Suspension from enrolling in HKIB Professional Qualifications Examinations for a period of 3 years; together with mandatory participation in a “remediation programme” as specified by HKIB.
  - c. Level 3: Suspension from enrolling in HKIB Professional Qualifications Examinations, and exclusion from admission as a member and/or as a professional qualification holder, for a period of five years; together with mandatory participation in a “remediation programme” as specified by the HKIB.
10. The remediation programme will require mandatory participation in designated training courses provided by HKIB, focusing on professional ethics and compliance.
11. The decision of the disciplinary hearing panel is final.
12. HKIB will record all misconduct cases in the candidate’s personal records maintained by it.

## 9. Certification Application and Renewal Process

### 9.1 Certification Application

Relevant Practitioners who have completed Modules 1 to 3 of the “ECF-Compliance (Core Level)” Programme and obtained a pass in the relevant examinations, may apply for Certification “*Associated Compliance Professional (ACOP)*” with HKIB professional membership.

Relevant Practitioners who have completed Modules 4 of the “ECF-Compliance (Professional Level)” Programme and obtained a pass in the relevant examination plus at least 5 years of relevant work experience as specified in Annex 1 of the HKMA [Guide to Enhanced Competency Framework on Compliance](#), may apply for Certification “*Certified Compliance Professional - General Compliance Stream (CCOP(GC))*” with HKIB professional membership.

Relevant Practitioners who have completed Module 4 plus Module 5 of the “ECF-Compliance (Professional Level)” Programme and obtained a pass in the relevant examinations plus at least 5 years of relevant work experience as specified in Annex 1 of the HKMA [Guide to Enhanced Competency Framework on Compliance](#) may apply for Certification “*Certified Compliance Professional – Investment and Insurance Compliance Stream (CCOP(IIC))*” with HKIB professional membership.

Applicants are required to submit a completed Certification Application Form to HKIB together with the relevant supporting documents and payment of the required certification fee. The Certification Application form can be obtained from HKIB website.

Certification holders are registered as Certified Individuals and included in the public register on HKIB website. Upon successful application for the above Certification(s), professional membership is also granted by HKIB.

### 9.2 Certification Renewal

Certification of Associated Compliance Professional (ACOP), Certified Compliance Professional - General Compliance Stream (CCOP(GC)) and Certified Compliance Professional - Investment and Insurance Compliance Stream (CCOP(IIC)) are subject to annual renewal by HKIB.

PQ holders are required to comply with the annual Continuing Professional Development (CPD) Scheme in order to renew their Certification.

For the Core Level qualification, the requirement is a minimum of 10 verifiable CPD hours for each calendar year (ending 31 December), of which at least 5 hours should be earned from activities related to topics of compliance, legal and regulatory requirements, risk management and ethics.

For the Professional Level qualifications, the requirement is a minimum of 12 verifiable CPD hours is required for each calendar year (ending 31 December), of which at least 6 hours should be earned from activities related to topics of compliance, legal and regulatory requirements, risk management and ethics.

The remaining hours should be on training topics related to banking and finance or the job function. Examples of appropriate training topics include:

- a) Compliance, code of conduct, professional ethics or risk management (including AML/CFT and other regulatory related topics);
- b) Banking and financial knowledge;
- c) Economics;
- d) Accounting;
- e) Legal principles;
- f) Business and people management;
- g) Language and information technology; and
- h) Subject areas covered in HKIB's professional examinations.

PQ holders are required to renew their certification registration annually by 31 December. Renewal email will be sent to members before renewal deadline. PQ holders who do not pay the certification renewal fee on or before 31 January of each calendar year are treated as Default Members.

### 9.3 Certification Fee, Certification Renewal Fee and Payment

- ✚ The application fee for certification in various categories are as follows: (Valid until 31 December 2026)

<b>Certification</b>	First year certification <ul style="list-style-type: none"> <li>- Non-HKIB Member: HKD2,230</li> <li>- Current HKIB Ordinary Member (a) Complimentary: HKD2,230 / 970*</li> <li>- Current HKIB Professional Member: Waived</li> </ul>
<b>Certification Renewal</b>	Annual Certification Renewal <ul style="list-style-type: none"> <li>- Current HKIB Professional Member: HKD2,230</li> <li>- Reinstatement fee for default member: HKD2,000</li> </ul>

\* Members who have paid the HKD1,260 Ordinary Membership fee for the current membership year are required to pay only the difference of HKD970 to complete their certification application.

- ✚ Applicants should pay the Certification Fee and Certification Renewal Fee as follows:
- (a) By Employer.
  - (b) By credit card. Please provide your credit card information on the application form.
  - (c) By FPS payment. Please provide your FPS payment receipt.
- ✚ Application forms without payment instruction are **NOT** processed.
- ✚ **NO** fees are refunded or transferred under any circumstances.
- ✚ Applicants are advised to keep a record of their payment.
- ✚ HKIB reserves the right to adjust the certification, certification renewal and / or administration surcharge fees (if applicable), at any time.

### 9.4 Certification and HKIB Membership Regulations

It is mandatory for all individuals to maintain a valid membership status with HKIB if the applicants want to apply for and maintain certification and be subject to HKIB membership governance. Once an application is processed, the membership subscription and registration fees are non-refundable and non-transferable.

The name of the member to be entered on HKIB's records is that on the certification application form. This name, and the order and spelling in which it is presented are used subsequently on all transcripts, pass lists, diplomas, and certificates except where a member has notified HKIB of any change. Such notification must be accompanied by a certified true copy<sup>1</sup>

<sup>1</sup> Submitted copies of documents to HKIB must be certified as true copies of the originals by:

- HKIB designated staff; or
- HR / authorized staff of current employer (Authorized Institution); or
- A recognised certified public accountant / lawyer / banker / notary public; or

of documentary confirmation, e.g. Hong Kong Identity Card, birth certificate, statutory declaration, etc.

PQ holders are bound by the prevailing rules and regulations of HKIB. They are abided by HKIB's rules and regulations in HKIB Members' Handbook. PQ holders are required to notify HKIB of any material changes to any information provided and responses made in certification application, including their contact details. HKIB may investigate the statements holders made with respect to applications, and applicants may be subject to disciplinary actions for any misrepresentation (whether fraudulent and otherwise) in their applications.

### 9.5 *Membership Reinstatement*

Professional Members who have not paid the certification renewal fee when due shall be considered as default members and are not entitled to use any HKIB Professional Qualification and neither may call themselves members of the Institute.

Default members who reinstate their membership with HKIB are required to pay the current year's certification renewal fee plus a reinstatement fee. Once the membership is reinstated, the member's examination record, if any, is reactivated

- 
- Hong Kong Institute of Chartered Secretaries (HKICS) member.
  - The certifier must **sign** and **date** the copy document (printing his/her **name** clearly in capital letters underneath) and clearly indicate his/her **position** on it. The certifier must state that it is a true copy of the original (or words to similar effect).

## 10. Exemption Application and Regulations

### 10.1 Modular Exemption Requirements



Exemption for modules of the “Associated Compliance Professional (ACOP)” will be granted for practitioners who have passed any of the following training / professional programme(s):








Module	Training Programme	Programme Provider
<b>Module 1</b>	Certified Professional Risk Manager	Asia Risk Management Institute
	Certification in Risk Management Assurance	Institute of Internal Auditors
	International Diploma in Governance, Risk and Compliance	International Compliance Association
	Professional Ethics and Compliance module under the Advanced Diploma for Certified Banker (Stage I)	The Hong Kong Institute of Bankers
	Bachelor's or higher degree in law	Universities in Hong Kong or overseas
	OR	
	A candidate who is the holder of the following professional qualification(s) is eligible to apply for exemption on Module 1 of the ECF-Compliance Core Level training programme:	
	<ul style="list-style-type: none"> <li>- Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (HKICPA); or</li> <li>- Full member of Association of Chartered Certified Accountants (ACCA); or</li> <li>- Member of overseas accountancy bodies which are eligible for full exemption from the qualification programme for membership admission at the HKICPA under the HKICPA's reciprocal membership and mutual recognition agreements (as listed on its website).</li> </ul>	
	OR	
	Successfully completed the training and examination of M1 of ECF on Operational Risk Management	The Hong Kong Institute of Bankers



Module	Training Programme	Programme Provider
<b>Module 2</b>	Successfully completed the training and examination of M2 of ECF on Operational Risk Management	The Hong Kong Institute of Bankers

## 10.2 Modular Exemption Application

-  Candidate with relevant qualifications may apply for modular exemption on the above-mentioned Modules of the ECF-Compliance Core Level.
-  Exemption application should be made on an exemption form together with the following documents/items; failing to do so delays assessment:
  - i. Appropriate fees (application fee and exemption fees)
  - ii. Copies of transcript and certificate, if applicable

*Note: Candidates are required to submit the exemption form ONLY if they attended the training and completed the examination offered by HKIB.*
-  Documents submitted will not be returned regardless of the application result.
-  Unless otherwise specified, exemption application based on partially attained qualification is not accepted.
-  Exemption claims granted to student members are only registered in HKIB's record upon the student members' graduation.
-  Exemption results are normally given in writing within 60 days after receipt of application and supporting documents. If further assessment is needed due to unexpected circumstances, separate notifications are given. The decision of the Institute is final and cannot be appealed.
-  Candidate attempting but failing in a module may subsequently claim exemption from that module if they obtain a new/further qualification recognised for exemption purposes.
-  An exemption confirmation letter is issued to candidate whose exemption application is granted.
-  Candidate exempted from a module subsequently attempting that module by examination, have their exemption status overridden.

## 11. General Information

### 11.1 Bad Weather Arrangements

In the event of bad weather on the training class/examination day, learners/candidates should pay attention to announcement made by the Hong Kong Observatory about weather conditions. They could also visit [HKIB website](#) for its announcements. For the respective individuals, they will be notified by SMS message about the latest arrangements.

**Bad weather** – Typhoon signal No. 8 or above, or the black rainstorm signal, or “extreme conditions” is hoisted.

#### For On-site Training

Signal in force	Bad Weather Arrangement
At or after 7am	Session <u>starts from 9:00am to 2:00pm</u> will be switched to virtual training class/event whenever possible.
At or after 12:00noon	Session <u>starts from 2:00pm to 6:00pm</u> will be switched to virtual training class/event whenever possible.
At or after 4:00pm	Session <u>starts from 6:00pm to 10:00pm</u> will be switched to virtual training class/event whenever possible.

#### For On-site Examination

Signal in force	Bad Weather Arrangement
At or after 7am	Session <u>starts from 9:00am to 2:00pm</u> will be rescheduled.
At or after 12:00noon	Session <u>starts from 2:00pm to 6:00pm</u> will be rescheduled.
At or after 4:00pm	Session <u>starts from 6:00pm to 10:00pm</u> will be rescheduled.

#### For Virtual Training / Remote Examination

Signal in force	Bad Weather Arrangement
At or after 7am	Session <u>starts from 9:00am to 2:00pm</u> will be continued as per schedule whenever possible.
At or after 12:00noon	Session <u>starts from 2:00pm to 6:00pm</u> will be continued as per schedule whenever possible.
At or after 4:00pm	Session <u>starts from 6:00pm to 10:00pm</u> will be continued as per schedule whenever possible.

### **11.2 Privacy Policy Statement**

Personal data provided by the candidate are used for administrative and communicative purposes relating to training and examination. Failure to provide complete and accurate information may affect the provision of administrative services to the candidate. The Institute keeps the personal data provided confidential but may need to disclose it to appropriate personnel in the Institute and other relevant parties engaging in the provision of examination services to the Institute. Candidates have the right to request access to and correction of their personal data in writing to HKIB by using HKIB's email address of [cs@hkib.org](mailto:cs@hkib.org).

Candidates are advised to read the [Privacy Policy Statement](#) at HKIB website to understand their rights and obligations in respect of the supply of personal data to HKIB and the ways in which HKIB may handle such data.

### **11.3 Addendums and Changes**

HKIB reserves the right to make changes and additions to membership, training and examination regulations, enrolment/application procedures, information in this handbook and any related policies without prior notice. HKIB shall bear no responsibility for any loss to candidates caused by any change or addition made to the aforementioned items.

## 12. Contact Information

### HKIB Head Office Address

3/F Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong



### General Enquiries / Feedback

Tel.: (852) 2153 7800

Email: [cs@hkib.org](mailto:cs@hkib.org)

### Office Service Hours

Monday – Friday: 09:00 - 18:00 (except public holidays)