

# Module Outline

<b>Professional Qualification:</b>	Certified Compliance Professional – General Compliance Stream (CCOP(GC))
<b>Programme Title:</b>	Professional Certificate in General Compliance for ECF on Compliance
<b>Module Title:</b>	Regulatory Compliance (Advanced) & Building a Sustainable Compliance Framework-General Compliance (M4)
<b>Credit:</b>	30 (21 contact hours, 3 examination hours and about 276 self-study hours)
<b>Teaching/Training Activities:</b>	Training Class
<b>Pre-requisite:</b>	N.A.
<b>Remarks:</b>	Benchmarked at QF Level 5

## Professional Qualification Objective

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 Qualification Intended Outcomes (PQIOs) for M4

Upon completion of the Professional Qualification, candidate should be able to:

PQIO 1:	Formulate or review compliance policies, procedures and internal standards for the AI
PQIO 2:	Plan the implementation of compliance monitoring programmes and execute these programmes
PQIO 3:	Evaluate compliance risk and devise appropriate response plans and mitigating measures
PQIO 4:	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
PQIO 5:	Design and deliver compliance related training to business units
PQIO 6:	Build and promote a strong compliance culture within the AI
PQIO 7:	Manage, report and investigate non-compliance issues of the AI and monitor the effectiveness of any remedial actions taken
PQIO 8:	Evaluate appropriate Regtech solutions for performing compliance and risk management functions

## 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 Institution in Hong Kong. Different compliance tools and handling of non-compliance incidents will be assessed and analyzed alongside the policy, procedures, people and process in response to the compliance function. The current trend of Regtech adoption is also examined.

## Module Intended Outcomes (MIOs) & Units of Competencies (UoCs)

Upon completion of the Module, candidate should be able to:

MIOs	Intended Outcome/Competence	Unit of Competencies (UoCs)
MIO 1:	Formulate or review compliance policies, procedures and internal standards for the AI	109319L5 109320L5
MIO 2:	Plan the implementation of compliance monitoring programmes and execute these programmes	109320L5 109603L5
MIO 3:	Evaluate compliance risk and devise appropriate response plans and mitigating measures	109321L5 109322L5/ 107389L5
MIO 4:	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	109322L5/ 107389L5
MIO 5	Design and deliver compliance related training to business units	109326L5/ 107390L5
MIO 6:	Build and promote a strong compliance culture within the AI	109326L5/ 107390L5
MIO 7:	Manage, report and investigate non-compliance issues of the AI and monitor the effectiveness of any remedial actions taken	109325L5 109334L5
MIO 8:	Evaluate appropriate Regtech solutions for performing compliance and risk management functions	109381L5/ 107443L5

## Assessment Activity

Type of Assessment Activity	PQIO/MIO	Weighting (%)
Examination	MIO 1 - 8	100%

## Examination Format and Duration

Time allowed: 3 hours

The examination consists of 40-50 Multiple Choice Questions and 2-3 Essay Type Questions

Pass mark: 60%

## QF-recognized CCOP(GC) Certification Requirement

- On top of the Core Level certification of ECF on Compliance, successful completion of Module 4 training and examination;
- 5 years of relevant work experience in the general compliance function accumulated within 10 years prior to the date of application for certification; and
- Currently a Relevant Practitioner

## Syllabus

<b>Chapter 1: A Sound Bank Culture</b>	
1	- Introduction
2	- The Duty of Banks to Employees
3	- The contractual Duty of Banks to Customers
4	- Implementation of Sound Bank Culture: Introduction of the “Three 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 Oversight 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 (Liquidity) Rules (Cap. 155Q)</li><li>• Supervisory Policy Manual, Guide to Authorization, 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	<ul style="list-style-type: none"> <li>- 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> </li> </ul>
3	- Keeping Updated 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 (Adopted 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 (Adopted from ECF-Fintech M11)</b>	
1	- What is Regtech 2.0
2	- Case Study: Regtech 2.0 as an Integral part of WealthTech Application / Robotrader
3	- Open Banking APIs, Open Banking Architecture – Regtech 2.0
<b>Chapter 7: Smart Banking, Smart Regtech (Adopted 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

## Recommended Readings

### Essential Readings

1. HKIB Study Guide – M4: ECF on Compliance (Regulatory Compliance (Advanced) & Building a Sustainable Compliance Framework – General Compliance) (2023)

### 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\\_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)
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-policies.html?keyword=it%20security%20policies&matchtype=e&network=g&adposition=&device=c&gclid=Cj0KCQjw\\_fiLBhDOARIsAF4khR21\\_6FWPXr3HwPkHuKyA02EjyG1Jok2VyoYSc-PjwH5yzULEU1vKYEaAkPfEALw\\_wcB](https://www.instantsecuritypolicy.com/it-security-policies.html?keyword=it%20security%20policies&matchtype=e&network=g&adposition=&device=c&gclid=Cj0KCQjw_fiLBhDOARIsAF4khR21_6FWPXr3HwPkHuKyA02EjyG1Jok2VyoYSc-PjwH5yzULEU1vKYEaAkPfEALw_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. Khachatrian, "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)