

Module Outline

ECF on Retail Wealth Management (RWM)

Module 1 “Regulatory Environment for Banking and Financial Planning”

Benchmarked HKQF Level:	4
No. of Credits:	20
Total Notional Learning Hours:	200
a) Class contact hours:	15 hours (3-hour per session x 5)
b) Self-study hours:	182.5 hours
c) Assessment hours:	2.5 hours
Pre-requisite:	NA

Module Objective

The module aims to provide candidates with the fundamental knowledge of the laws and regulations governing the financial services industry of Hong Kong. It provides the understanding of the legal and regulatory framework that financial institutions operate their businesses and the practitioners exercising their professional conduct.

Module Intended Outcomes (MIOs) and Units of Competencies (UoCs)

Upon completion of the Module 1, candidates should be able to:

MIOs	Intended Outcomes / Competence	*Unit of Competencies (UoCs)
MIO-1	Describe the legal and regulatory framework governing banking and financial services in Hong Kong for Securities and Futures, and identify regulations applicable to financial planning.	107295L4 107547L4 109615L4 107398L3 107399L3
MIO-2	Describe the key regulatory requirements applicable to investment business of authorized institutions and their compliance.	
MIO-3	Interpret Code of Conduct for investment services and the professional ethics of a practitioner.	

**Note: For the details of the UoCs, please refer to the Specification of Competency Standards (SCS) of [Retail Banking](#) and [Corporate & Commercial Banking](#) which were developed by HKCAAVQ.*

Assessment

Examination duration:	2.5 hours
Examination format:	Multiple Choice Questions (MCQ) with 80 questions
Pass mark:	70%

Syllabus

Chapter 1: Regulatory framework of the financial services industry in Hong Kong	
1.1	Legal principles of Hong Kong law
1.1.1	- Background of the legal system in Hong Kong
1.1.2	- Legislative Council
1.1.3	- Primary and subsidiary legislation
1.2	Legal and Regulatory Regime
1.2.1	- Regulatory environment in Hong Kong
1.2.2	- Supervision of the banking industry in Hong Kong
1.2.3	- Securities and Futures Commission (SFC)
1.2.4	- Regulation of the securities and futures markets in Hong Kong
1.2.5	- Supervision of the insurance industry in Hong Kong
1.3	Ordinance and Regulatory Bodies
1.3.1	- Banking Ordinance
1.3.2	- Insurance Ordinance (IO)
1.3.3	- Mandatory Provident Fund Schemes Ordinance (MPFSO)
1.3.4	- Securities and Futures Ordinance (SFO)
1.3.5	- Companies Ordinance
1.3.6	- Employment Ordinance
1.3.7	- Inland Revenue Ordinance
1.3.8	- Trustee Ordinance
1.3.9	- Misrepresentation Ordinance
Chapter 2: Regulation of securities and futures markets	
2.1	Fundamentals of Securities and Futures Ordinance
2.1.1	- Key provisions of the SFO relevant to the banking industry

2.1.2	- Registration of Authorized Institutions and Relevant Individuals, and appointment of Executive Officers
2.1.3	- Authorization of offers of investments
2.1.4	- Client assets, documents to customers, and record-keeping requirements
2.1.5	- Business Conduct
2.1.6	- Supervision, investigations and disciplinary actions by the SFC
2.1.7	- Supervisory obligations of responsible officers and executive officers
2.1.8	- Supervision of regulated activities of registered institutions
2.2	Licensing Regime
2.2.1	- Single licensing regime
2.2.2	- Licenses
2.2.3	- Persons involved in carrying on regulated activities
2.2.4	- Fit and Proper Criteria
2.3	Regulated Activities under SFO
2.3.1	- Type 1 regulated activity – Dealing in Securities
2.3.2	- Type 2 regulated activity – Dealing in futures contracts
2.3.3	- Type 3 regulated activity – Leveraged foreign exchange trading
2.3.4	- Type 4 regulated activity – Advising on securities
2.3.5	- Type 5 regulated activity – Advising on futures contracts
2.3.6	- Type 6 regulated activity – Advising on corporate finance
2.3.7	- Type 7 regulated activity – Providing automated trading services
2.3.8	- Type 8 regulated activity – Securities margin financing
2.3.9	- Type 9 regulated activities – Asset management
2.3.10	- Type 10 regulated activity – Providing credit rating services
2.3.11	- Type 11 regulated activity – Dealing in OTC derivative products or advising on OTC derivative products
2.3.12	- Type 12 regulated activity – Providing client clearing services for OTC derivative transactions
2.3.13	- Type 13 regulated activity – Providing depositary services for relevant CISs
2.4	Management and Supervision
2.4.1	- Non-statutory in nature
2.4.2	- Management, supervision and internal control
2.5	Market Misconduct and Improper Trading Practices

2.5.1	- Types of market misconduct
2.5.2	- Types of improper trading practices
2.6	SFC Authorized Investment Products and Services
2.6.1	- Authorization of collective investment scheme (CIS)
2.6.2	- Authorization of structured products
2.6.3	- Authorization of MPF Products and the Code
2.7	HKMA Guidelines on Sale of Investment Products
2.7.1	- Sale of Investment Products
2.7.2	- Sale of Currency-Linked Instruments and Interest Rate-Linked (ILCL) Instruments
2.7.3	- Sale of Investment Products to Private Banking Customers
2.8	Major Subsidiary Legislation Under the SFO
2.8.1	- Securities and Futures (Financial Resources) Rules
2.8.2	- Securities and Futures (Client Securities) Rules
2.8.3	- Securities and Futures (Client Money) Rules
2.8.4	- Securities and Futures (Keeping of Records) Rules
2.8.5	- Securities and Futures (Contract Notes, Statements of Account and Receipts) Rules
2.8.6	- Securities and Futures (Accounts and Audit) Rules
2.8.7	- Securities and Futures (Insurance) Rule and other relevant rules
Chapter 3: Business operations and trading practices in securities and futures industry	
3.1	Dealing in securities, futures and options
3.2	Rules issued by the HKEx
3.2.1	- Main Board Listing Rules
3.2.2	- GEM Listing Rules
3.2.3	- Rules of the Exchange (SEHK)
3.2.4	- Rules, regulations and procedures of the Futures Exchange (HKFE)
3.2.5	- Options trading rules of the Stock Exchange
3.2.6	- HKATS trading procedures
3.3	Market misconduct
3.3.1	- Fraud and deception (misconduct)
3.3.2	- Insider dealing

3.4	Improper trading practices
3.5	Enforcement action and compliance issues
Chapter 4: Code of Conduct under SFC	
4.1	Code of Conduct for Persons Licensed by/Registered with SFC
4.2	Fund Manager Code of Conduct
4.3	Corporate Finance Advisor Code of Conduct
4.4	Code of Conduct for Persons providing Credit Rating Services
4.5	Code of Conduct for Share Registrars

Recommended Readings

Essential Readings:

1. HKIB Study Guide of ECF-RWM: Module 1 Regulatory Environment for Banking and Financial Planning. (2025).

Supplementary Readings

1. Banking Ordinance, Cap 155, Law of Hong Kong (2024).
2. Companies Ordinance, Cap 622, Law of Hong Kong (2024).
3. Employment Ordinance, Cap 57, Law of Hong Kong (2024).
4. Hong Kong e-Legislation, <https://www.elegislation.gov.hk/>
5. Hong Kong Exchanges and Clearing Limited, <https://www.hkex.com.hk>
6. Hong Kong Securities and Futures Commissions, <https://www.sfc.hk>
7. Inland Revenue Ordinance, Cap 112, Law of Hong Kong (2024).
8. Insurance Authority, <https://www.ia.org.hk/en/index.html>
9. Insurance Ordinance, Cap 41, Law of Hong Kong (2024).
10. Mandatory Provident Fund Schemes Authority, <https://www.mpfa.org.hk/>
11. Mandatory Provident Fund Schemes Ordinance, Cap 485, Law of Hong Kong (2024).
12. Misrepresentation Ordinance, Cap 284, Law of Hong Kong (2024).
13. Securities and Futures Ordinance, Cap 571, Law of Hong Kong (2024).
14. Trustee Ordinance, Cap 29, Law of Hong Kong (2017).

Further Readings

1. Bamford, C. (2020). *Principles of international financial law* (3rd Ed.). Oxford University Press, USA.
2. HKMA Supervisory Policy Manual, <https://www.hkma.gov.hk/eng/regulatory-resources/regulatory-guides/supervisory-policy-manual/>
3. Hong Kong Monetary Authority. (2017, February 23). *Important Facts Statement (IFS) for Currency-Linked Instruments and Interest Rate-Linked Instruments Issued by Authorized Institutions (AIs) ("ILCL instruments")*. <https://www.hkma.gov.hk/media/eng/doc/key-information/guidelines-and-circular/2011/20110418e1.pdf>
4. Private Wealth Management Association. (2021, August). *Code of Ethics and Conduct*. https://www.pwma.org.hk/wp-content/uploads/2021/08/PWMA-Code-of-Ethics-and-Conduct_English_-version-August-2021.pdf
5. Treasury Markets Association. (2023, November 20). *Code of Conduct and Practice*. <https://www.tma.org.hk/PubFile/tmacode.pdf>