



HONG KONG MONETARY AUTHORITY

香港金融管理局

Our Ref: B1/15C
G16/1C

23 October 2015

The Chief Executive
All Registered Institutions

Dear Sir / Madam,

Implementation of Enhanced Competency Framework for Private Wealth Management (“PWM”) Practitioners (“ECF”)

Further to our circular of 24 June 2014, I am pleased to share with you the latest progress of implementing the ECF, and to highlight some related matters for the attention of Registered Institutions (“RIs”) which operate as private banks or have dedicated private banking units (collectively “private banks”).

Following the announcement of the launch of the ECF in June 2014, and with the concerted efforts of the Hong Kong Monetary Authority (“HKMA”), Private Wealth Management Association (“PWMA”), The Hong Kong Institute of Bankers, and Hong Kong Securities and Investment Institute, the initial training programmes and examinations for the ECF have commenced in phases since October 2014 and January 2015 respectively. To encourage private banks to plan ahead and to monitor the progress of their staff members in meeting the ECF benchmark, the HKMA has also commenced a half-yearly survey to collect information from private banks about their implementation progress and plans.

The survey results for the position as of end-June 2015 indicate that 42 private banks fall under the definition of PWM institutions for the purpose of the ECF, and they together employed around 3,000 Relevant Practitioners. According to the projection by private banks, about 90% of the existing Relevant Practitioners will meet the ECF benchmark by the end of 2016, and nearly all of them are expected to achieve so by end-2017. Planning ahead, and taking into account their own projected staff growth and turnover, these private banks estimate that around 4,000 Relevant Practitioners will meet the ECF benchmark by the end of 2019. We also note that so far over 1,100 Relevant Practitioners who have met the ECF benchmark and accumulated sufficient

relevant work experience have been granted the professional designation of Certified Private Wealth Professional (“CPWP”) by PWMA.

In addition to enhancement of core competence, the ECF also covers on-going professional development. Private banks are expected to take concrete measures to encourage all Relevant Practitioners (who are CPWPs or not) to complete not less than 10 hours of PWM-related on-going professional training in each calendar year, such as nominating staff to attend in-house or external training courses. In this connection, the scope of the next half-yearly survey for the position as of end-December 2015 will be expanded to cover on-going professional training of Relevant Practitioners.

We also provide guidance to PWMA on developing and finalising its policy and mechanism for accreditation of relevant in-house training programmes and examinations of PWM institutions. This initiative aims to provide an additional and credible avenue for enhancing the level of core competence of PWM practitioners. The overarching principle is that the ECF benchmark must be fully upheld, such that the syllabus of accredited in-house training fully matches that of the ECF, and with effective controls in place, including a robust and independent quality assurance mechanism for developing and updating in-house training and examination materials.

The HKMA will continue to monitor private banks' implementation of the ECF through communications and regular surveys for assessing private banks' commitment and efforts to enhance staff competence on an on-going basis, and for prioritising our supervisory resources and focus.

If you have any questions on this circular, please contact Ms Ada Au on 2878-8814, or Ms Florence To on 2878-1582.

Yours faithfully,

Carmen Chu
Executive Director (Banking Conduct)

c.c. SFC (Attn: Mr James Shipton, Executive Director (Intermediaries))