



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref: B9/166C

28 December 2017

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

**Enhanced Competency Framework on Retail Wealth Management**

I am writing to announce the launch of the Enhanced Competency Framework on Retail Wealth Management (ECF-RWM) on 2 January 2018.

The ECF-RWM is a collaborative effort of the HKMA, the Hong Kong Institute of Bankers (HKIB) and the banking sector in establishing a set of common and transparent competency standards for raising and maintaining the professional competence of relevant practitioners of the retail wealth management functions in authorized institutions (AIs). This framework enables talent development and facilitates the building of professional competencies and capabilities of those staff engaged in retail wealth management duties.

Details of the application of the ECF-RWM, including the scope of application, competency standards, qualification structure, certification and grandfathering arrangements, and continuing education requirements are set out in the Guide attached to this letter.

As the Supervisory Policy Manual module CG-6 “Competence and Ethical Behaviour” emphasises the importance of ensuring continuing competence of staff members, AIs are encouraged to adopt the ECF-RWM as a benchmark for enhancing the level of professional competence of retail wealth management practitioners. Apart from supporting their staff to attend training and examination that meet the ECF certification, AIs are also advised to keep records of the relevant training and qualification of their staff and to provide them with necessary assistance in relation to applications for grandfathering and certification, and fulfilment of continuing professional development (CPD) training under the ECF-RWM.

The HKMA will take into account the progress of implementation of the ECF-RWM by AIs and AIs' effort in enhancing staff competence and on-going development during its supervisory process.

The HKIB is the administrator of the ECF-RWM, whose major roles in this respect include handling certification and grandfathering applications, administering the examinations and CPD requirements and maintaining a public register of qualified certification holders. AIs may direct any enquiries regarding certification, grandfathering, training and other related arrangements to Dr Wai-hung Yeung on 2153 7886 or Ms Celia Leung on 2153 7853 of HKIB.

In the meantime, if you have any enquiries relating to this circular, please contact Mr Raymond Tsai on 2878 1060 or Miss Rita Kong on 2878 8303.

Yours faithfully,

Arthur Yuen  
Deputy Chief Executive

Encl

cc: FSTB (Attn: Ms Eureka Cheung)  
HKIB (Attn: Ms Carrie Leung)

**Guide to**  
**Enhanced Competency Framework**  
**on Retail Wealth Management**

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**Hong Kong Monetary Authority**

**December 2017**

## Contents

<b>1</b>	<b>Introduction.....</b>	<b>3</b>
<b>2</b>	<b>Objectives.....</b>	<b>4</b>
<b>3</b>	<b>Scope of application.....</b>	<b>5</b>
<b>4</b>	<b>Competency standards.....</b>	<b>6</b>
<b>5</b>	<b>Qualification standards and certification.....</b>	<b>7</b>
<b>6</b>	<b>Continuing professional development (“CPD”).....</b>	<b>9</b>
<b>7</b>	<b>Training programmes and examinations.....</b>	<b>11</b>
<b>8</b>	<b>Grandfathering.....</b>	<b>11</b>
<b>9</b>	<b>Maintenance of relevant records.....</b>	<b>12</b>
<b>10</b>	<b>Administration of the ECF-RWM.....</b>	<b>12</b>
<b>11</b>	<b>Accreditation.....</b>	<b>12</b>
	<b>Annex 1 - ECF-RWM: Key roles and tasks for Relevant Practitioners.....</b>	<b>14</b>
	<b>Annex 2 - ECF-RWM: Competency framework.....</b>	<b>15</b>
	<b>Annex 3 - ECF-RWM: Learning outcomes and topics.....</b>	<b>16</b>
	<b>Annex 4 – Accreditation mechanism for ECF-RWM.....</b>	<b>22</b>

## 1 Introduction

- 1.1 Hong Kong has a high potential demand in various investment or wealth management services at the retail level. As a proxy indicator, the population of retail investors was over 2.25 million people<sup>1</sup> underlined by the Gross Domestic Product per capita for 2016 at above HK\$339,000<sup>2</sup>. On the other hand, the growing business opportunities are met with heightened customer expectations on the quality of financial advising or investment services.
- 1.2 In order to support sustainable development of the retail wealth management business, there is a need to further instill the talent pool with the required professional knowledge, job skills and ethical behaviour by introduction of a banking industry-wide competency framework. The goal is to enable talent development and facilitate the building of professional competencies and capabilities for those already working in the retail wealth management stream and those preparing to join.
- 1.3 Against this background, the HKMA, together with the Hong Kong Institute of Bankers (HKIB), will launch a module on Retail Wealth Management under the Enhanced Competency Framework (ECF) for banking practitioners<sup>3</sup>. It aims to facilitate the practitioners to develop their relevant skills and professional competencies more effectively and apply learning in their work as retail wealth management professionals. In addition, it can allow practitioners to gain recognition of their professional experience and knowledge and get a stronger foothold in the banking sector. Authorized institutions (AIs) will also be able to benefit from the improvement of skill match and availability of a more productive retail wealth management workforce.

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<sup>1</sup> According to the Retail Investor Survey 2014 conducted by Hong Kong Exchanges and Clearing Limited (HKEX), it showed that 36.4% of the Hong Kong adult population (or 2,265,000 individuals) were retail investors in stock (i.e. securities market products) and/or derivative (i.e. futures and options) traded on HKEX <https://www.hkex.com.hk/eng/stat/research/Documents/RIS2014.pdf>

<sup>2</sup> Census and Statistics Department of HKSAR Government's Hong Kong in Figures - Gross Domestic Product for 2016 [http://www.statistics.gov.hk/hk\\_in\\_figures/nibp/nibp1e.xls](http://www.statistics.gov.hk/hk_in_figures/nibp/nibp1e.xls)

<sup>3</sup> In addition to the ECF on retail wealth management, there are six other modules introduced or to be introduced, including (i) private wealth management, (ii) anti-money laundering and counter-financing of terrorism, (iii) cybersecurity, (iv) treasury management, (v) credit risk management, and (vi) risk management and compliance.

## **2 Objectives**

2.1 The Enhanced Competency Framework on Retail Wealth Management (hereinafter referred to as “ECF-RWM”) is a non-statutory framework which sets out the common core competences required of retail wealth management practitioners in the Hong Kong banking industry. The objectives of the ECF-RWM are twofold:

- (a) to develop a sustainable talent pool of retail wealth management practitioners for the banking industry; and
- (b) to raise and maintain the professional competence of retail wealth management practitioners in the banking industry.

2.2 Although the ECF-RWM is not a mandatory licensing regime, AIs are encouraged to adopt it for the following purposes:

- (a) to serve as a benchmark to determine the level of competence required and assess the ongoing competence of individual employees;
- (b) to support relevant employees to attend training programmes and examinations that meet the ECF-RWM benchmark;
- (c) to support the continuing professional development of individual employees; and
- (d) to specify the ECF-RWM as an industry-recognised qualification including for recruitment purposes.

### 3 Scope of application

3.1 The ECF-RWM is aimed at ‘**Relevant Practitioners**’ (RPs), i.e. persons engaged by AIs performing the following job roles within the retail wealth management function:

	<b>Role 1 – Frontline Customer Relationship and Retail Wealth Management</b>	<b>Role 2 – Risk Management and Control</b> (Staff who assume frontline retail wealth management roles and additional risk management duties as supervisors)
Role descriptions  <i>(Please refer to the key tasks specified in Annex 1 for the detailed definition of each role)</i>	<ul style="list-style-type: none"> <li>• Promote insurance and financial products to retail customers</li> <li>• Deliver investment, insurance or wealth management services to retail customers, taking into account customers’ circumstances</li> </ul>	<ul style="list-style-type: none"> <li>• Oversee policies, procedures and controls for suitability assessments and selling practices</li> <li>• Supervise Know Your Customer (KYC)<sup>4</sup> processes and review customer risk profiling</li> </ul>

3.2 The definition of RPs recognizes differences in organization structure and job design among AIs in Hong Kong. To facilitate the determination of whether a staff member falls under the scope of RPs, the key tasks of different retail wealth management job roles are specified in Annex 1 as guidance.

3.3 The ECF-RWM applies to staff performing retail wealth management roles with key tasks specified in Annex 1. It is not intended to capture staff performing other job functions that are incidental to retail wealth management (e.g. staff responsible for sole promotion of deposit, MPF products or general insurance products<sup>5</sup> (e.g. home or travel insurance) to retail customers without engaging in other retail wealth management functions).

3.4 In addition, the following categories of staff do not fall within the definition of RPs of ECF-RWM:

- (a) Staff in retail wealth management functions performing solely clerical and administrative duties.

<sup>4</sup> Under the ECF-RWM, KYC processes refer to those aiming at understanding the risk profiles of customers and assessing the suitability of financial products rather than mitigating the risk of money laundering or financing of terrorism.

<sup>5</sup> For the purpose of this Guide, general insurance products refer to products involving insurance contracts that belong to any class(es) of general business as defined in the Insurance Ordinance and do not carry substantial savings component.

- (b) Staff who handle general customer enquiries or manage customer relationships (unrelated to wealth management or financial products).
- (c) Staff responsible for back office functions without customer-facing or advisory roles (e.g. risk and control, risk profiling, product design and management, sales quality review, legal and compliance, financial reporting and internal audit).
- (d) Staff responsible for pure execution of transactions relating to financial products without delivering retail wealth management services.

3.5 For avoidance of doubt, a staff member is not required to work full time in retail wealth management or perform all of the roles specified in Annex 1 in order to be classified as a RP. A principle-based approach can be adopted by AIs in determining whether a staff member with multiple job roles falls within the definition of RPs for the ECF-RWM, based on the significance and permanence of the retail wealth management role performed by the staff member. AIs should be able to justify decisions made in this regard.

#### **4 Competency standards**

4.1 Competency standards are set at two levels:

- Core level  
This level is applicable to entry-level staff responsible for carrying out frontline customer relationship and retail wealth management duties.
- Professional level  
This level is applicable to staff who can discharge frontline customer relationship and retail wealth management duties on their own and/or assume additional risk management and control duties as supervisors.

4.2 The competency framework for the ECF-RWM with details on the key tasks, qualifications required and continuing professional development requirement for each job role of a RP is included in Annex 2.

## 5 Qualification standards and certification

5.1 Qualifications are set in accordance with the following two competency standards:

(a) Core Level

This level of qualification can be met by completing Module 1 to Module 4 of the Certified Financial Management Planner (CFMP) or the ECF on RWM training programme<sup>6</sup>.

The following arrangements are allowed for RPs to obtain exemption from completing individual modules of the training programme:

RPs eligible for exemption	CFMP or ECF on RWM Training Programme		
	Module 1	Module 2	Module 4
(a) 1. RPs who are current Relevant Individuals (RIs) of specified regulated activities <sup>7</sup> and have met the academic / industry qualification and regulatory knowledge requirements by passing relevant LE <sup>8</sup> papers or obtaining exemption as set out in the Guidelines on Competence of the Securities and Futures Commission (SFC)	✓	✓	

<sup>6</sup> The HKIB is undergoing a process to develop a new ECF on RWM training programme. The training programme is expected to be launched in Q1 2018, subject to the accreditation by HKCAAVQ. Transition arrangement will be available for existing candidates studying towards the CFMP qualification after the launch of the new ECF on RWM training programme in 2018.

<sup>7</sup> Type 1 – Dealing in securities and/or Type 4 – Advising on securities as defined in the Securities and Futures Ordinance.

<sup>8</sup> LE refers to Licensing Examinations for Securities and Futures Intermediaries.

RPs eligible for exemption		CFMP or ECF on RWM Training Programme		
		Module 1	Module 2	Module 4
(a) 2. RPs who have fulfilled the competence requirements for registration of specified regulated activities by passing relevant LE papers, subject to a three-year threshold <sup>9</sup>	- LE Paper 1	✓		
	- LE Papers 7 & 8		✓	
(a) 3. RPs who are current Technical Representatives (TRs) of the Insurance Agents Registration Board after passing the relevant Insurance Intermediaries Qualifying Examination (IIQE) Papers or who have passed the IIQE Papers with valid examination results	- IIQE Papers I, II and III			✓
	- IIQE Papers I, III and V			✓

(b) Professional Level

This level of qualification can be met by completing Module 5 to Module 7 of the CFMP or ECF on RWM training programme on top of the Core Level qualification.

<sup>9</sup> The three-year threshold can be met by (i) being a RI and/or licensed with the SFC in respect of specified regulated activities either currently or within the three years immediately before applying for exemption from individual module of the training programme; or (ii) passing the relevant LE paper(s) within the three years immediately before applying for exemption from individual module of the training programme.

Details of proposed qualification requirements and the learning topics are set out in Annex 2 and Annex 3 respectively.

5.2 Upon attaining the above qualifications and fulfilling the minimum relevant work experience requirement (if applicable), RPs may apply to the ECF-RWM administrator, the HKIB, for certification as Associate Retail Wealth Professional (ARWP) or Certified Retail Wealth Professional (CRWP). The specific conditions for ECF-RWM certification are as follows:

(a) ARWP

Successful completion of the Core Level certification; or grandfathered pursuant to paragraph 8.1(a).

(b) CRWP

Successful completion of the Professional Level certification plus two-year relevant experience; or grandfathered pursuant to paragraph 8.1(b). The two-year relevant work experience<sup>10</sup> required for CRWP certification should be accumulated within the four years immediately prior to the date of application for certification, but does not need to be continuous.

5.3 The ECF-RWM certification is subject to annual renewal by the HKIB together with the renewal of the certificate holder's membership of the HKIB. A RP is required to:

(a) Complete the annual continuing professional development requirement; and

(b) Pay an annual certification fee to renew his/her ECF-RWM certificate.

5.4 The ECF-RWM is referenced to the Qualifications Framework ("QF"), with the CFMP and the ECF on RWM training programme mapped at QF Level 5 (i.e. equivalent to bachelor's degree level).

## **6 Continuing professional development ("CPD")**

6.1 For both the ARWP and CRWP certifications, a minimum of 10 CPD hours is required for each calendar year (ending 31 December). Any excess CPD hours accumulated within a particular year cannot be carried forward to the following year.

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<sup>10</sup> Generally, the ECF Administrator will consider whether the nature of work experience is substantially the same as those described in the retail wealth management roles 1 and 2 in Annex 1.

- 6.2 Activities that qualify for CPD include:
- (a) Attending seminars or courses provided by AIs, professional bodies, academic and training institutions, and the HKIB;
  - (b) Sitting professional examinations;
  - (c) Self-study through e-learning (with assessment);
  - (d) Delivering training and speeches; and
  - (e) Writing on wealth management or related disciplines for publication.
- 6.3 Out of the 10 CPD hours, at least 3 CPD hours must be earned from activities related to topics of compliance, code of conduct, professional ethics or risk management.
- 6.4 CPD training topics should be related to banking and finance or the job function:
- (a) compliance, code of conduct, professional ethics or risk management
  - (b) banking and financial knowledge
  - (c) economics
  - (d) accounting
  - (e) legal principles
  - (f) business and people management
  - (g) language and information technology
  - (h) subject areas covered in HKIB professional examinations
- 6.5 The annual CPD requirements are also applicable to RPs meeting the ECF-RWM benchmark through the grandfathering route.
- 6.6 The CPD requirements will be waived for the first calendar year (ending 31 December) of certification and grandfathering.
- 6.7 The lists of CPD activities and training topics are subject to HKIB's review from time to time. For details, please refer to the HKIB's website (<https://www.hkib.org/>).

## 7 Training programmes and examinations

7.1 RPs can meet the ECF-RWM benchmarks by undertaking:

- (a) CFMP or ECF on RWM training programme of HKIB or accredited training programmes; and
- (b) passing examinations accredited by HKIB.

## 8 Grandfathering

8.1 A RP may be grandfathered on a one-off basis based on the following grandfathering arrangements:

(a) Core Level:

- Passed the Certified Financial Planner (CFP) Certification Examination (Foundation Level) upon the cut-off time of the grandfathering application period;
- Employed by an AI at the time of application; and
- Possessing at least 1-year relevant work experience<sup>11</sup>

(b) Professional Level:

- Possess valid CFP Certification upon the cut-off time of the grandfathering application period;
- Employed by an AI at the time of application; and
- Possessing at least 3-year relevant work experience<sup>12</sup>

8.2 Existing RPs meeting the above criteria can submit their grandfathering applications to HKIB, administrator of the ECF-RWM, during 2 January 2018 to 31 December 2018. A one-off grandfathering fee will apply.

8.3 For other individuals performing the job roles outlined in paragraph 3.1 but not working in an AI or those staff of an AI as specified in paragraph 3.4(a) to (d) during the grandfathering application period, they may submit their applications to the HKIB for grandfathering within three months from the date of joining the retail wealth management functions of an AI and becoming a RP. However, they should have met all the applicable grandfathering criteria on or before 31 December 2018 as prescribed

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<sup>11</sup> Please see footnote 10.

<sup>12</sup> Please see footnote 10.

above.

- 8.4 Applications for grandfathering are handled and assessed by the HKIB. The HKIB may request the applicant to provide employment records or additional information to substantiate the application for grandfathering. Late application will not be accepted.
- 8.5 Upon grandfathering, obtaining ARWP or CRWP certification with the HKIB is optional.

## **9 Maintenance of relevant records**

- 9.1 AIs should keep proper training, examination, certification and CPD records of RPs for monitoring implementation of plan for developing staff competencies or for other talent management purpose. AIs are expected to support their staff to apply for grandfathering and certification. Regarding information related to a RP's previous employment(s), the current employer is encouraged to provide the necessary assistance to RPs in the latter's applications for grandfathering or ECF certification (e.g. confirming whether such information is consistent with the curriculum vitae provided by the RP at the time of job application).

## **10 Administration of the ECF-RWM**

- 10.1 The HKIB is the administrator of the ECF-RWM and will be tasked with handling applications for certification and grandfathering under the ECF-RWM. The HKIB will also administer the CPD requirements as set out under the ECF-RWM. For details, please refer to the HKIB's website (<https://www.hkib.org/>).

## **11 Accreditation**

- 11.1 The ECF accreditation mechanism is established for interested AIs or education and training operators to have their learning programmes accredited as meeting the ECF standards (including but not limited to the Qualifications Framework (QF) Standards) of this ECF module.
- 11.2 The general criteria for ECF accreditation are as follows:
- (a) The learning programme meeting the required standards of individual ECF modules including programme objectives and learning outcomes, programme

content and structure, and trainer qualifications and learning mode;

- (b) Accreditation of the learning programme at corresponding QF Levels; and
- (c) Endorsement by the ECF Steering Committee.

11.3 In order to satisfy criteria 11.2 (a) and (b) outlined above,

- (a) For self-accrediting institutions (e.g. institutions funded by the University Grants Committee, including their continuing education arms) / institutions with Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) Programme Area Accreditation (PAA) status in related programme areas, they are required to: (i) complete internal quality assurance processes for meeting the relevant ECF standards and the corresponding QF Level and (ii) be assessed by HKCAAVQ as fulfilling the ECF training objectives
- (b) For other institutions, they are required to complete the accreditation by HKCAAVQ to confirm that their learning programmes can meet the ECF training objectives and the corresponding QF Level

11.4 HKCAAVQ will accept applications for ECF accreditation starting 2 January 2018.

11.5 Based on the relevant accreditation or assessment report submitted by the applicant, the ECF Steering Committee will confirm whether the training programme is or is not successful to qualify as an ECF accredited programme. The route for ECF accreditation mechanism is illustrated at Annex 4.

## Annex 1 - ECF-RWM: Key roles and tasks for Relevant Practitioners

	<b>Role 1 – Frontline Customer Relationship and Retail Wealth Management</b>	<b>Role 2 – Risk Management and Control</b> (Staff who assume frontline retail wealth management roles and additional risk management and control duties as supervisors.)
	<b>Core Level</b>	
Examples of functional title	Banking Services Officer / General Banking Officer / Personal Banking Officer / Sales and Services Officer	--
Key tasks	<ol style="list-style-type: none"> <li>1. Promote insurance and financial products to customers and explain product features to retail customers</li> <li>2. Assist Relationship Managers in providing professional investment, insurance or wealth planning services to retail customers</li> <li>3. Handle customer enquiries in relation to insurance, investment and wealth management services</li> <li>4. Dealing in and advising on securities</li> </ol>	--
	<b>Professional Level</b>	
Examples of functional title	Relationship Manager / Wealth Manager / Investment Advisor / Portfolio Manager	Relationship Manager / Wealth Manager / Investment Advisor / Portfolio Manager / Branch Manager/ Assistant Branch Manager/ Branch Operations Manager/ Wealth Management Product Specialist
Key tasks	<ol style="list-style-type: none"> <li>1. Perform “Know Your Customer” (KYC) procedures for client on-boarding and regular profile update</li> <li>2. Perform product suitability analysis and recommend suitable products to retail customers</li> <li>3. Explain key features, structures and risks of insurance, investment and wealth management products /solutions to retail customers</li> <li>4. Manage customer relationships in accordance with the bank’s service</li> <li>5. Act ethically and ensure compliance with regulatory requirements and internal policies and procedures</li> <li>6. Work closely with relevant parties to ensure timely and accurate execution of transactions, and conduct regular review of the performance of customers’ asset portfolios</li> <li>7. Keep abreast of the development of retail wealth management industry and economic conditions and product knowledge for meeting ongoing job requirements</li> <li>8. Dealing in and advising on securities</li> </ol>	<ol style="list-style-type: none"> <li>1. Monitor and review KYC processes and customer risk profiling mechanism</li> <li>2. Oversee product suitability assessments, front line selling practices, and specific policies, procedures and controls to ensure front line staff recommend insurance, investment products and wealth management solutions that are suitable for their customers, having regard to customers’ individual circumstances</li> <li>3. Perform continuous review of the risk ratings assigned to customers, make revisions to the risk ratings as appropriate and alert customers to such changes in a timely manner</li> <li>4. Ensure ethical behaviors and compliance with regulatory requirements and internal policies and procedures</li> <li>5. Manage customer relationships including handling of escalated complaint cases in relation to retail wealth management business</li> <li>6. Ensure frontline staff are equipped with sufficient and relevant training on products and compliance</li> </ol>

## Annex 2 - ECF-RWM: Competency framework

	<b>Role 1 – Frontline Customer Relationship and Retail Wealth Management</b>	<b>Role 2 – Risk Management and Control</b> (Staff who assume frontline retail wealth management roles and additional risk management and control duties as supervisors.)
<b>Core Level</b>		
Role description <i>(Please refer to the key tasks set out in Annex 1 for the detailed definition of each role)</i>	<ul style="list-style-type: none"> <li>• Promote insurance and financial products to retail customers and handle related customer enquiries</li> <li>• Assist Relationship Managers in providing professional investment, insurance or wealth planning services to retail customers</li> </ul>	--
Qualification	<ul style="list-style-type: none"> <li>• Completion of Module 1 to Module 4 of the CFMP or the ECF on RWM training programme<sup>13</sup></li> </ul>	--
Certification	<ul style="list-style-type: none"> <li>• Associate Retail Wealth Professional (ARWP)</li> </ul>	--
CPD requirements	<ul style="list-style-type: none"> <li>• Minimum 10 CPD hours in 1 year                             <ul style="list-style-type: none"> <li>- qualified CPD activities include attending seminars or courses provided by AIs, professional bodies and academic and training institutions, and HKIB; attending e-learning; and delivering training and speeches</li> <li>- at least 3 CPD hours must be earned from activities related to topics of compliance, code of conduct, professional ethics or risk management</li> </ul> </li> </ul>	--
<b>Professional Level</b>		
Role description <i>(Please refer to the key tasks set out in Annex 1 for the detailed definition of each role)</i>	<ul style="list-style-type: none"> <li>• Deliver investment or wealth management services to retail customers, taking into account customers' circumstances</li> </ul>	<ul style="list-style-type: none"> <li>• Oversee policies, procedures and controls for suitability assessments and selling practices</li> <li>• Supervise KYC processes and review customer risk profiling</li> </ul>
Qualification and experience	<ul style="list-style-type: none"> <li>• Completion of Module 1 to Module 7 of the CFMP or the ECF on RWM training programme; and</li> <li>• Having at least 2 years of relevant work experience or</li> <li>• Completion of Module 5 to Module 7 of the CFMP or the ECF on RWM training programme by designation holder of ARWP / practitioner grandfathered for ECF-RWM Core Level; and</li> <li>• Having at least 2 years of relevant work experience</li> </ul>	
Certification	<ul style="list-style-type: none"> <li>• Certified Retail Wealth Professional (CRWP)</li> </ul>	
CPD requirements	<ul style="list-style-type: none"> <li>• Minimum 10 CPD hours in 1 year                             <ul style="list-style-type: none"> <li>- qualified CPD activities include attending seminars or courses provided by AIs, professional bodies and academic and training institutions, and HKIB; attending e-learning; and delivering training and speeches</li> <li>- at least 3 CPD hours must be earned from activities related to topics of compliance, code of conduct, professional ethics or risk management</li> </ul> </li> </ul>	

<sup>13</sup> Refer to paragraph 5.1(a) above for detailed information on exemption arrangements.

**Annex 3 - ECF-RWM: Learning outcomes and topics**  
**(Benchmarked at QF Level 5)**

**I. Core Level**

1. Learning Outcomes

The training programme is expected to achieve the following outcomes:

- 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;
- Understand the key regulatory requirements applicable to investment and insurance business of authorized institutions and their compliance;
- Understand the global and Hong Kong financial systems and markets;
- Demonstrate comprehensive knowledge of investment products and markets;
- Examine the techniques of securities analysis and investment;
- Understand the basic concept of portfolio theory;
- Evaluate the principle and features of different insurance products in order to customize the financial plan and retirement plan according to the needs of customers;
- Understand the banking products and services;
- Examine in greater detail how various banking products and services assist financial planners to provide “one-stop solution” to customers;
- Understand the Code of Conduct<sup>14</sup> for investment services and the Code of Banking Practice for banking services and the professional ethics of a practitioner;
- Acquire thorough understanding of the essence of financial planning services; and
- Demonstrate the essential skills for insurance and retirement planning.

2. Learning Topics

**2.1 Essentials of banking**

- Global financial and banking systems
  - The roles of financial system, money and banking system
- Overview of banking services
  - Personal banking services
  - Commercial banking services

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<sup>14</sup> The Code of Conduct for Persons Licensed by or Registered with the SFC.

- Treasury services
- Investment banking services
- Private banking services
- Introduction to risk management, risk governance and risk culture in banking

## **2.2 Investment planning**

- Overview of the global and the Hong Kong financial markets
- Securities investments in the global market and national markets
- Hong Kong financial markets and instruments (equity, debt, foreign exchange, and derivatives)
- Securities investment
  - Overview of the global and Hong Kong securities markets
  - The stock exchange of Hong Kong
  - Securities investment and participants in the Hong Kong securities markets
- Securities analysis (fundamental and technical analysis)

## **2.3 Ethics and compliance**

- Regulatory framework of the financial services industry in Hong Kong
  - Legal principles of Hong Kong law
  - Legal and regulatory regime
  - Regulatory bodies and ordinances administered by them
- Regulation of the banking industry
  - Fundamentals of Banking Ordinance
  - HKMA Supervisory Policy Manuals
- Regulation of securities and markets and business operations / practices
  - Fundamentals of the Securities and Futures Ordinance (SFO)
  - Licensing regime
  - Regulated activities under SFO
  - Management and supervision
  - Market misconduct and improper trading practices
  - SFC authorised investment products and services
  - HKMA Guidelines on sale of investment products

- Regulation of insurance and Mandatory Provident Fund (MPF)
- Other relevant legislations
  - Prevention of money laundering
  - Protection of customer data
- Code of banking practices and banking services
  - Product suitability assessment
  - Risk disclosure
  - Enhanced investor protection measures
  - Treat Customers Fairly Charter
- Ethics and code of conduct of a banker
- Code of conduct under SFC

## **2.4 Insurance and retirement planning**

- Insurance and risk management
- Functions and benefits of insurance
- Principles of insurance
- Practice of insurance
  - Structure of an insurance company organisation and an insurance policy
- Structure of the insurance market
  - Participants of the insurance market and their roles
  - Structure of the insurance market in Hong Kong and Mainland China
- Types of insurance products
  - General insurance
  - Individual life insurance (term life insurance, life insurance with cash value, endowment plan, universal life plan, supplemental benefits, annuities, and application for life insurance)
  - Investment-linked long term insurance
- Retirement plans and MPF
  - Needs for retirement planning
  - Features of the social safety net for retirement in Hong Kong
  - Combination of a MPF plan
- Insurance as protection planning solutions and personal risk management

## II. Professional Level

### 1. Learning Outcomes

The training programme is expected to achieve the following outcomes:

- Conduct financial planning in accordance with prescribed steps, such as financial needs analysis and risk assessment;
- Acquire comprehensive knowledge in the various banking services and practices and explain the special features of different investment products as well as fundamental principles in investments;
- Apply the suitability obligation to the sale of specific types of investment and insurance products;
- Evaluate different techniques and principles related to fund and asset management in order to propose suitable strategies to customers;
- Construct financial plans based on analysis on the needs of customers;
- Employ appropriate communication skills to make presentation to customers based on analysis on preference and styles of customers;
- Demonstrate awareness of the key features of Hong Kong's financial dispute resolution scheme;
- Explain the duties of a practitioner to disclose and report knowledge or suspicion of illegal or improper activities;
- Enhance working knowledge in alternative investment and real estate investment for application in investment planning;
- Demonstrate knowledge in wealth planning services for structuring financial and wealth planning solution; and
- Formulate wealth planning solutions and financial planning for clients with total understanding of wealth planning products and services, taxation system and tax planning and estate planning solutions.

### 2. Learning Topics

#### **2.1 Investment and asset management**

- Asset management products and services
  - Fixed income investments
  - Equity securities investments

- Foreign exchange
- Derivatives
- Structured products
- Investment funds and unit trusts
- Alternative investment
  - Overview of alternative investment
  - Hedge funds
  - Commodities
  - Private equity
- Real estate investment
- Leverage, loans and liquidity management
  - Application of leverage in investment
  - Collateralised lending in wealth management
- Portfolio management theory and practice
  - Portfolio theory
  - Capital asset pricing model
  - Portfolio management process
- Asset allocation of investment funds portfolio
  - Client investment objectives and fund investment objectives
  - Asset allocation strategies

## **2.2 Tax planning and estate planning**

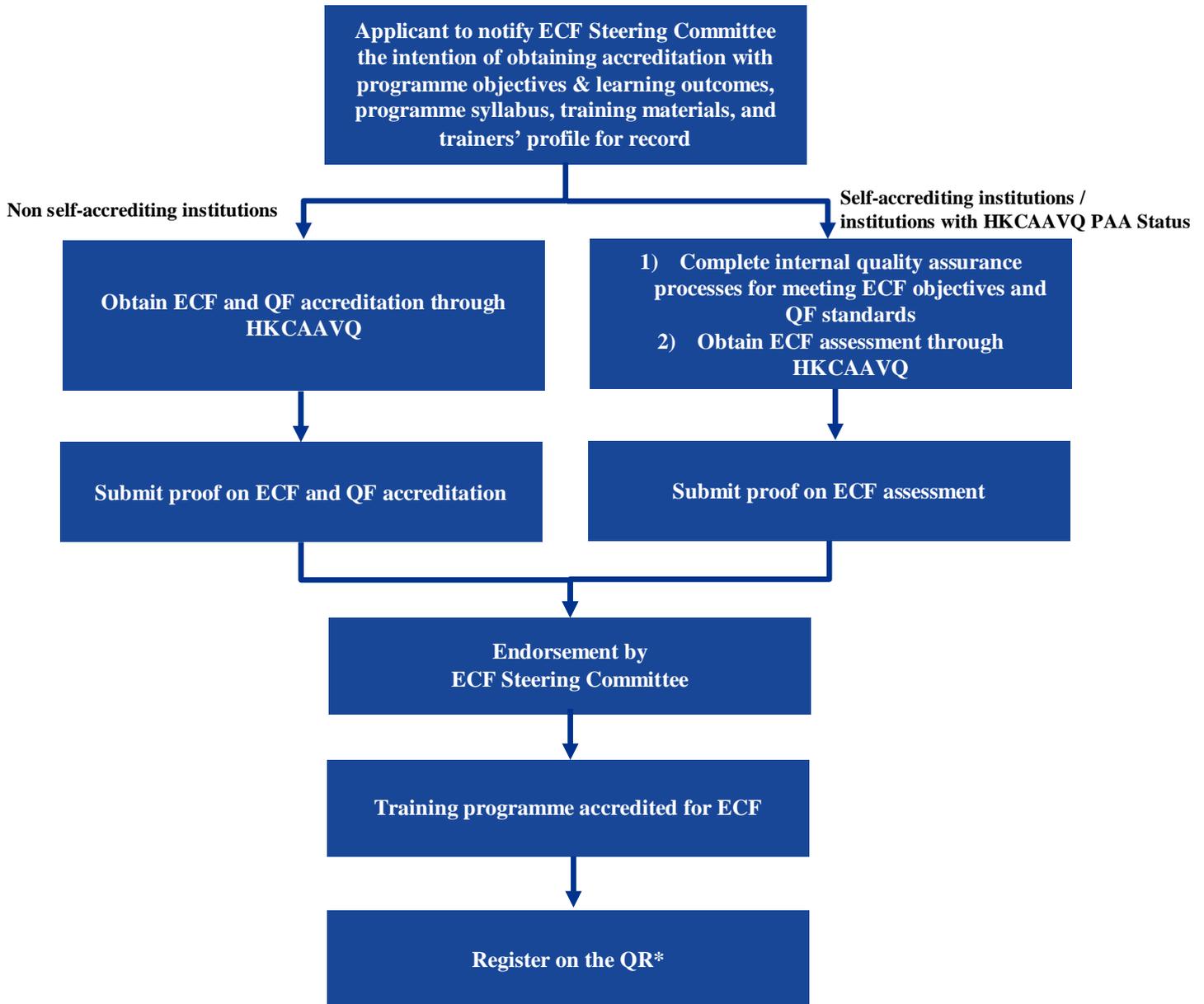
- Overview of the taxation system
- Principles of tax planning
- Principles of estate planning

## **2.3 Financial planning and wealth management**

- Overview of the wealth management industry and asset management industry
  - Wealth management business models and industry outlook
  - Clients and stakeholders
  - Investment management services for high net-worth individuals
  - Private wealth management services

- Fundamentals of financial planning
  - Financial planning process
  - Financial management
- Managing client relationship management
- Upholding professional ethics and avoiding conflicts of interest
- Case studies in financial planning
  - Investment planning
  - Life cycle financial planning

## Annex 4 – Accreditation mechanism for ECF-RWM



\*Subject to re-accreditation/re-assessment by HKCAAVQ