



Supervisory Policy Manual

CG-6

Competence and Ethical Behaviour

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This module should be read in conjunction with the [Introduction](#) and with the [Glossary](#), which contains an explanation of abbreviations and other terms used in this Manual. If reading on line, click on blue underlined headings to activate hyperlinks to the relevant module.

Purpose

To reiterate the importance of the competence and ethical behaviour of staff at all levels within an AI's organisational structure and to provide guidance on measures AIs are expected to adopt in monitoring and maintaining the competence levels and ethical behaviour of their staff

Classification

A non-statutory guideline issued by the MA as a guidance note

Previous guidelines superseded

CG-6 "Competence and Ethical Behaviour" (V.1) dated 11.7.2011; ~~(V.2) dated (updated 23.01.2013)~~; ~~(V.3) dated 8.12.2017.~~

Application

To all AIs

Structure

1. Introduction
2. Responsibility to ensure staff competence
3. Assessing competence

¹ ~~Update reflecting that (i) "Hong Kong Securities Institute" has been renamed "Hong Kong Securities and Investment Institute" and (ii) the "Code of Conduct and Practice" was issued by the Treasury Markets Association in July 2011.~~



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香港金融管理局

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4. Maintaining competence
 - 4.1 Monitoring competence
 - 4.2 Developing and strengthening competence
5. Ethical behaviour

~~Annex A: Professional qualifications of the TMA~~

~~Annex B: Professional qualifications of the HKIB~~

~~Annex C: Professional qualification of the PWMA~~



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1. Introduction

- 1.1 Authorized Institutions (AIs) should engage and deploy personnel with sufficient skills, knowledge, experience and soundness of judgement for the discharge of the particular duties and responsibilities allocated to them. As financial products and markets can evolve quickly, there is a need for AIs to ensure that the skills of their staff keep pace with the ongoing changes and that their staff are adequately equipped to assess and address the risks to which the institutions are exposed and to undertake and fulfil their duties and responsibilities properly.
- 1.2 The propriety and integrity of individuals employed by AIs are also of fundamental importance. AIs differ from other types of institutions in that most of the funds used in the conduct of their business belong to third parties including, particularly, their depositors. Trust and reputation are therefore critical elements in the conduct of banking business and ethical banking practices are essential for safeguarding depositors' interests and maintaining the stability of the banking system.
- 1.3 Section 7(2) of the Banking Ordinance, which sets out the "Functions of the Monetary Authority", provides for the Monetary Authority (MA) to take all reasonable steps to ensure that any business of an AI is carried on with integrity, prudence, and the appropriate degree of professional competence and in a manner which is not detrimental to the interests of depositors or potential depositors. These requirements are also reflected in paragraph 12 of the Seventh Schedule to the Banking Ordinance which provides that, for an AI to become and remain authorized under the Ordinance, the MA must be satisfied that the AI's business is carried on with integrity, prudence and the appropriate degree of professional competence and in a manner not detrimental, or likely to be detrimental, to the interests of depositors or potential depositors.
- 1.4 Ensuring satisfactory levels of competence and ethical behaviour is key to achieving the MA's functions as described in subsection 1.3 above. More broadly, standards of competence and a reputation for integrity and probity are also key to the successful development of Hong Kong as an international financial centre.



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- 1.5 The requirements regarding competence and ethical behaviour extend to personnel at all levels within an AI's organisational structure, from senior management to junior members of staff. They are not confined to those persons, such as directors, chief executives or executive officers, whose appointments are subject to the MA's consent under the Banking Ordinance. Nor are they confined to "managers"² or to "relevant individuals"³ carrying out regulated functions under the Securities and Futures Ordinance, in respect of whom [CG-2](#) "Systems of Control for the Appointment of Managers" and the Fit and Proper Guidelines, the Guidelines on Competence and the Guidelines on Continuous Professional Training issued by the Securities and Futures Commission (SFC) are applicable respectively.
- 1.6 This guidance sets out the HKMA's supervisory expectations for AIs in ensuring the competence, probity and integrity of their staff. This guidance should be read in conjunction with any other applicable modules as well as guidance issued and updated by the HKMA from time to time. AIs are expected to establish and implement policies and procedures for monitoring, developing and maintaining the competence levels and ethical behaviour of their staff with due regard to the principles set out in this module. In so doing, AIs may adopt a proportionate approach, such that their policies and procedures are appropriate for and commensurate with the size, scope, nature and complexity of their business.

² Under section 2 of the Banking Ordinance, a "manager" means any individual (other than (i) a director or chief executive for a locally incorporated AI, or (ii) a chief executive for an AI incorporated overseas) appointed by the AI, or by a person acting for or on behalf of or by arrangement with the AI, to be principally responsible, either alone or with others, for the conduct of any one or more of its affairs or business specified in the Fourteenth Schedule of the Ordinance.

³ Under section 20(10) of the Banking Ordinance, a "relevant individual" means an individual who carries out any regulated function in one or more regulated activities for or on behalf of a registered institution. AIs that are registered institutions under the Securities and Futures Ordinance should ensure that their relevant individuals meet the initial competence requirements in the Securities and Futures Commission's Guidelines on Competence, which include, among other things, acquiring a recognized industry qualification, or possessing a degree in a designated field, and passing a local regulatory framework examination paper (see para. 4.2.4 of [SB-1](#) "Supervision of Regulated Activities of SFC-Registered Authorized Institutions").



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2. Responsibility to ensure staff competence

2.1 The Board of Directors (the Board) of an AI is ultimately responsible for ensuring that the AI's business is conducted with integrity, prudence and the appropriate degree of professional competence.

2.2 The Board should act to ensure that a culture of competence and ethical behaviour is embedded within the AI at both the firm and individual staff levels. Staff recruitment and performance appraisal systems should be designed so as to include professional competence and integrity as key assessment factors. Commitment to staff training and development should be expressed in policies promulgated by the Board.

2.3 The business developments of AIs should be supported by (i) sufficient manpower in terms of headcounts and skill-sets; and (ii) adequate financial resources for training their staff and nurturing prospective practitioners. AIs should have a clear and robust process to map out manpower planning that corresponds to their business plans, and put in place effective action plans with measurable targets to fill any talent gaps.

2.4 More specifically, as part of the overall strategic planning for the AI, the Board should set a clear direction for manpower development to support business priorities. Along this direction, the senior management should formulate future manpower projections and draw up effective strategies and action plans for addressing the talent needs for approval by the Board. The action plans should include measurable targets and clear parameters, and there should be a sound mechanism for the Board to track and review the effectiveness of the action plans at least on an annual basis. To ensure effective implementation, the action plans should be communicated properly within the institution and adequate financial resources should be committed.

2.32.5 ~~As a fundamental step, the~~ The senior management of an AI should ensure that appropriate policies and procedures are in place:

- to assess the competence of newly recruited staff members, or incumbent staff members being transferred (permanently or on a temporary basis) between posts



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within the AI, for the duties and responsibilities being allocated to them;

- to ~~assess~~ monitor and review whether the knowledge, skills and experience of staff members remain appropriate and adequate for their roles;
- to provide adequate levels of supervision to staff;
- to provide relevant and timely training to staff to maintain and enhance their competencies; and
- to address any identified competence failings or gaps in a timely fashion.

2.42.6 Developing and maintaining staff competence should not be regarded merely as a compliance exercise but should be integrated into an AI's operational risk agenda and reflective of the AI's corporate values and standards.

2.7 To support talent development and raise the professional competence of banking staff in Hong Kong, the HKMA embarked on developing the Enhanced Competency Framework (ECF) in collaboration with the banking industry and relevant professional bodies.⁴ When developing policies and training plans to ensure staff competence, AIs are strongly encouraged to make reference to the ECF, where applicable, as a benchmark for assessing and enhancing the core competence of their staff, and support them to attain the relevant ECF certifications~~refer to the ECF, where applicable and available as a benchmark~~. For areas other than those covered under the ECF, AIs may make reference to other benchmarks as they deem appropriate, such as the Qualification Framework (QF) established by the Government of the Hong Kong Special Administrative Region.⁵

⁴ ~~The ECF generally covers areas that are central to the safety and soundness of the banking sector. Currently the following areas have been identified: Anti-Money Laundering and Counter-Financing of Terrorism; Cybersecurity; Credit Risk Management; Private Wealth Management; Retail Wealth Management; Risk Management and Compliance; and Treasury Management. Individual modules are rolled out on a gradual basis. The ECF is a set of common and transparent competency standards for different professional areas which are central to the safety and soundness of AIs and where talent shortages are more apparent. AIs can refer to the webpage of the ECF for details: <https://www.hkma.gov.hk/eng/key-functions/international-financial-centre/soft-infrastructure/enhanced-competency-framework/>.~~

⁵ The QF is a seven-level hierarchy covering qualifications in the academic, vocational and continuing education sectors in Hong Kong. Under the QF, a set of Specification of Competency Standards (SCS)



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2.52.8 AIs are also strongly encouraged to take part in industry-wide initiatives on promoting the banking industry and collaborate with industry institutes and universities in order to nurture and attract more talent to the banking industry, thereby expanding the overall talent pool.

2.62.9 If any part of an AI's business or operations is outsourced to external service providers, the AI should satisfy itself that competence levels within the service providers are such that they can meet the target service level stipulated in the outsourcing arrangements and the AI should monitor the performance of its service providers on an ongoing basis. The AI should also assign staff with appropriate expertise to undertake such monitoring (see [SA-2](#) "Outsourcing").

3. Assessing competence

3.1 AIs should implement a control process to assess the competence of their staff. Where applicable, AIs are strongly encouraged to adopt the ECF as a benchmark for this purpose. An initial assessment should be made upon the staff member assuming a particular post (whether following initial recruitment or internal transfer) in the light of both the role to be performed and the level of supervision and support to be provided to the individual concerned. The initial assessment process is likely to vary depending upon the seniority of the employees concerned and the job functions or activities proposed to be allocated to them. Thereafter, the competence of employees should be monitored on an ongoing basis (see subsection 4.1 below).

3.2 AIs should draw up job specifications for the various posts within their organisational structure, with due regard to the nature of the tasks, duties and expected results associated with the relevant posts. AIs should also develop and document corresponding competence criteria covering the skills, knowledge, professional qualifications and experience required for individual posts within the AI. Both the job specifications and

in respect of key functional areas of banking and other selected industries are being developed, maintained and updated. The SCS sets out the skills and knowledge required of the practitioners to perform various job functions in the industries effectively. Please refer to the QF website for further details: <https://www.hkqf.gov.hk>.



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the corresponding competence criteria should be communicated to the staff concerned and regularly reviewed and updated in the light of changing circumstances.

- 3.3 On recruiting a new member of staff, or assigning an existing member of staff to a new job function or activity, AIs should assess the degree to which the staff member has already met the requisite level of competence for the role, or ~~would~~should be able to meet the same after receiving ~~given the~~ appropriate training and supervision, ~~the requisite level of competence for the role~~.
- 3.4 AIs are expected to provide induction courses for new members of staff to cover a range of issues (including non-job specific issues), including for example the AI's code of conduct, the AI's staff performance appraisal system, key provisions in the AI's staff manual and the AI's corporate values and standards.
- 3.5 Where an individual employee has not yet attained the requisite level of competence for an assigned function or activity, he should not be permitted to substantively undertake such function or activity without close supervision until such time as he can demonstrate the requisite level of competence. Appropriate arrangements (e.g. adequate "on-the-job" training, coaching, classroom training or e-learning) should be provided to the employee concerned so that he can acquire the necessary experience, knowledge and/or skills to independently undertake the relevant function or activity. Supervisors should not regard their role as confined solely to the monitoring of performance but should endeavour to guide and coach their supervisees as required. Simple ex post review of work output is unlikely to amount, in itself, to adequate supervision. Once an employee has been assessed as competent, the level of supervision will likely be considerably less intense than in the initial assessment period.
- 3.6 When assigning a member of staff to cover the duties of a particular post on a temporary basis as a replacement for the usual incumbent, care should be taken to ensure that the temporary transferee is competent for the role and has the appropriate skills and experience to perform the duties and responsibilities of the post.



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- 3.7 In setting competence criteria, AIs should endeavour to cover at least the following factors:

Knowledge of products, markets and regulatory requirements

- 3.7.1 AIs' staff members should have a sufficiently detailed knowledge of the products with which they deal, and of the market sectors in which they are engaged, to enable them to undertake their duties in a professional and responsible manner.⁶ Frontline customer-facing staff should also be equipped with the communication skills and tools to provide necessary explanations to customers in order to avoid potentially misleading messages being conveyed to those customers.
- 3.7.2 When conducting business activities, AIs must take steps to ensure their staff members comply with the applicable regulatory guidelines issued by the relevant authorities. However, AIs should beware of, and avoid any gravitation towards, a box-ticking mechanical compliance approach when it comes to assessing staff competence. In light of the increasing complexity in financial products, AIs should emphasise on the need for staff to keep up-to-date with market developments.
- 3.7.3 Staff members should have sufficient information on, and understanding of, the regulatory requirements applicable to the business activities in which they are engaged. In addition to legal risk, the potential risk to reputation could be significantly increased if staff actions or activities ~~attract~~raise public ~~sanction~~concerns.
- 3.7.4 AIs should not launch new products or engage in new business activities unless they are satisfied that their staff have adequate knowledge of the relevant products, markets and associated regulatory requirements.
- 3.7.5 Where relevant to their activities, staff members (e.g. loan officers, dealers and traders) should also

⁶ For example, staff who are relevant individuals undertaking regulated activities for AIs are subject to the SFC's Fit and Proper Guidelines, Guidelines on Competence and Guidelines on Continuous Professional Training.



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understand the AI's strategic direction, business development policies and goals, risk appetite and risk limits.

Professional Qualification

3.7.6 Whilst AIs should not neglect “soft skills” such as accumulated on-the-job experience, it is perhaps to some degree inevitable that with the increasing sophistication and complexity of banking activities and the commensurately higher risk management requirements, emphasis and importance will be placed upon individuals obtaining professional qualifications relevant to the roles that they are performing and thereafter, where required, maintaining these qualifications through continuous professional training.

3.7.7 Professional qualifications serve as an objective measure of an individual's technical knowledge in a given area. Qualifications that are founded or based on competency occupational standards with a practical focus are particularly useful in demonstrating a body of skills and understanding.

3.7.8 AIs should give due recognition to professional qualifications attained from reputable training institutes or professional bodies. Where certain professional qualifications are required or preferred, AIs are strongly encouraged to make this clear to potential candidates in job advertisements. For example Examples include, but not limited to the ECF certifications awarded by the Hong Kong Institute of Bankers (HKIB), the Treasury Markets Association (TMA) and the Private Wealth Management Association (PWMA). AIs can contact these organisations or visit their websites for the most up-to-date information on the ~~The~~ qualifications awarded by them~~these organisations are described in Annexes A, B and C respectively.~~

~~3.7.7~~3.7.9 In assessing the technical competence of staff engaged in treasury market activities⁷, AIs should take

⁷ For the purposes of this SPM module, “treasury market activities” include



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into account ~~any~~ relevant qualifications obtained by the staff under the ~~professional qualification framework of ECF on Treasury Management~~ the TMA, having regard to the specific duties and responsibilities assigned to them.⁸

~~3.7.83.7.10~~ 3.7.10 Staff who are responsible for carrying out activities regulated by the SFC are required to obtain the requisite qualifications under the licensing regime introduced by the Securities and Futures Ordinance. For this purpose, the HKSI provides the Licensing Examination for Securities and Futures Intermediaries. Similarly, the HKSI provides the Mandatory Provident Fund (MPF) Intermediaries Examination which enables relevant staff to meet the examination requirements to act as an MPF intermediary.⁹

~~3.7.93.7.11~~ 3.7.11 In addition to the training programmes mentioned above, Als ~~may~~ should also consider relevant training and qualification programmes offered by reputable training institutes or professional bodies, including but not limited to the HKIB (such as the Certified Banker qualification) as a means to sustain and augment the competence and professionalism of their staff

- managing the liquidity and funding of an AI and the trading of foreign currencies, securities or other financial instruments (including such activities if they are undertaken by the front or middle / back office); or
- selling treasury products to institutional and corporate customers; or
- recommending what kind of investment / wealth management products can be distributed to retail investors or providing training to staff who are authorized to sell investment / wealth management products to retail customers.

⁸ Staff members who undertake treasury market activities may also be relevant individuals carrying out regulated activities under the Securities and Futures Ordinance. If the relevant individual during the course of carrying out his or her employment duties solely undertakes regulated activities under the Securities and Futures Ordinance, then the qualifications he or she has obtained pursuant to the licensing requirements of the Securities and Futures Ordinance may be regarded as sufficient without the need for obtaining additional professional qualifications. However, if the relevant individual also undertakes activities involving treasury products which are not regulated under the Securities and Futures Ordinance (e.g. currency and interest rate linked deposits and derivatives), Als should follow the guidance in para. 3.7.~~89~~.

⁹ Please refer to HKSI's website for details of its latest available training programmes: <http://www.hksi.org/hksi/>.



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members.¹⁰ Als should consider the extent to which their personnel engaged in the relevant areas have obtained or should obtain these qualifications, or comparable qualifications of other professional bodies, taking into account their previous experience, other qualifications they may hold and the specific duties and responsibilities assigned to them.

~~3.7.10~~3.7.12 More broadly, there is a wide range of well-recognised professional qualifications and training provided by various international professional bodies covering areas such as accounting, financial analysis and risk management. These qualifications may also be relevant to staff engaged in the relevant areas of an AI's activities.

~~3.7.11~~3.7.13 As noted above however, Als should not focus on professional qualifications to the exclusion of all other criteria. Individual staff members' accumulated experience will also be a factor in assessing competence to perform a particular role.

Practical experience

~~3.7.12~~3.7.14 An AI's staff members should possess a sufficient degree of practical experience to supplement their technical proficiency and professional qualifications and to enable them to handle their duties and responsibilities independently. In the case of ECF-related areas, Als may refer to the applicable work experience for the attainment of professional certification.

4. Maintaining competence

4.1 Monitoring competence

4.1.1 Als should maintain adequate systems of control to monitor and review regularly and frequently the competence of their staff so as to ensure that their staff

¹⁰ Please refer to HKIB's website for details of its latest available training and qualification programmes: <https://www.hkib.org>.



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members remain competent for their role, taking into account changing circumstances including market developments, product innovation and changes in the regulatory landscape.

- 4.1.2 Staff competence should be monitored during the course of an employee's work and should be reviewed in the regular performance appraisal. There should be clearly defined procedures for investigating any apparent breaches by staff of internal guidelines or regulatory requirements and any customer complaints suggestive of failures of competence on the part of staff members. The performance appraisal should take into account any competence failings identified in internal audit reports or compliance reports or from the investigation of customer satisfaction ratings, or customer complaints or otherwise.
- 4.1.3 Where competence gaps are identified, AIs should take appropriate remedial action. This could range from arranging suitable training; increasing the level of supervision; or, in extreme cases, suspending staff from the performance of their duties or posting staff to more suitable positions. In serious cases, where incidents of incompetence of an AI's staff have caused significant losses to the AI or are likely to result in significant adverse publicity with consequent reputation risks for the AI, the AI should notify the HKMA on a timely basis and discuss the remedial actions which the AI proposes to take to avoid recurrence of similar incidents in the future.
- 4.1.4 Staff members with supervisory responsibilities should clearly communicate and provide constructive feedback on competence issues to staff members under their supervision, with a view to motivating them to maintain or improve their competence levels.
- 4.1.5 An AI's policies and procedures for staff performance appraisal should ensure that staff are aware that their competence will be assessed as an integral part of their performance measurement and will be taken into account in the determination of any performance



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related variable remuneration which may be payable to them.

4.2 Developing and strengthening competence

4.2.1 To ensure that staff members remain competent to perform their roles effectively amidst changes in business activities, operating environments and regulatory requirements, Als should put in place appropriate arrangements to equip their staff with up-to-date skills and knowledge that can help them fulfil their duties and responsibilities properly in their existing job roles. Als should determine the training upskilling needs of their staff members at regular intervals and ensure that suitable, relevant and timely training is provided to themstaff members. The upskilling needs should cover both qualitative (e.g. training scope) and quantitative (e.g. minimum training hours per year) considerations. Als should also promote a conducive learning environment and culture, including but not limited to providing appropriate recognition and financial support, to motivate and facilitate their staff in enhancing their competence levels.

4.2.14.2.2 Where there are changes in the duties undertaken by staff members, Als should specifically consider whether further training should be provided to them. In particular, Als should assess the impact of technological advancement and changes in customer behaviour or expectations on the transformation of tasks in different job roles. Als should formulate a long-term reskilling plan with effective reskilling strategies to facilitate relevant staff to learn new skills and knowledge for new or emerging job roles while leveraging on the useful experience acquired in their previous roles. There should be measurable targets in the reskilling plan for approval by the Board, and the reskilling plan should be reviewed regularly in response to the changing trends and risks.



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4.2.3 When formulating the reskilling plan, AIs should distinguish routine job rotations from reskilling needs arising from technological or business changes, which may render an employee's original job skills obsolete in the near to medium term and necessitate the need for the employee to take on a position in a different functional area.¹¹ AIs should also maintain dialogue with the affected staff during the process. To facilitate smooth transition to new job roles, AIs should provide suitable arrangements, such as job conversion training courses and coaching, and other requisite support to the affected staff.

4.2.24.2.4 AIs should allocate sufficient resources, both in terms of human and financial capital to staff training, in a manner commensurate with the size, scope, nature and complexity of their business.

4.2.34.2.5 Training may be delivered in a variety of ways both in-house and externally. In each case, AIs should review at regular intervals the quality and effectiveness of such training and satisfy themselves that the staff or entities providing the training are suitably qualified to do so. An AI's training programme should be kept under regular review to ensure that it keeps pace with an AI's changing circumstances.

4.2.44.2.6 AIs should ensure that the skill-sets of their staff keep pace with the developing and increasingly complex nature of the products with which they deal and the activities they are required to perform. AIs should provide targeted and structured training of specific relevance to the staff concerned. As mentioned above, for example, the HKIB provides a range of training programmes ~~including covering different streams of business activity. It offers both~~ certification and continuing professional development programmes that cover various topics to cater for the development needs of different levels of staff. Similarly, the TMA offers a range of training courses designed for treasury

¹¹ An example is a teller being reskilled to be a relationship manager or a data analyst due to the digitalisation of the teller function.



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market practitioners in Hong Kong, which can usefully support, complement and form an integral part of AIs' training programmes.

4.2.54.2.7[In addition to supporting their staff to attain relevant professional qualifications,](#) AIs are expected to facilitate the undertaking by relevant staff of the continuous professional training activities required under the ECF or by other professional bodies. The holders of certain qualifications may be required to participate in specified modules or specified amounts of continuous professional training to maintain and update their knowledge in their respective areas of expertise. Through these continuous professional training or continuous professional development programmes, the relevant staff of AIs can enhance their technical skills and professionalism in their specialist areas. AIs are therefore expected to encourage their professional staff members to participate in such training.

5. Ethical behaviour

- 5.1 Employees' respect for, and commitment to, high standards of business conduct and integrity are fundamental in maintaining an AI's reputation. Reputation in turn is key to an AI's future sustainability. A good reputation can however be swiftly tarnished by instances of unethical behaviour or misconduct on the part of an AI's employees.
- 5.2 Good ethical behaviour should be required of all levels of staff within an AI. Staff members of an AI should act with integrity, due skill, care and diligence in carrying out their role and responsibilities. They should also behave in a way consistent with the AI's corporate values and standards. AIs should take steps to ensure that employees fully recognise their personal accountability in this respect. For example, the Board and senior management should serve as role models in demonstrating the types of behaviour to be pursued by the AI, which could be reinforced by regular communication between senior management and staff members. With a view to address and correct behaviour which may be inappropriate or inconsistent



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with their corporate values, AIs should also have a well communicated policy setting out procedures for their staff to communicate, in confidence and without the risk of reprisal, ~~material and bona fide~~ concerns or observations of any violations. Communication should be allowed to be channelled to the Board – directly or indirectly (e.g. through an independent audit or compliance process) – independent of the internal “chain of command”.

- 5.3 AIs should ensure that integrity and professional ethics are integrated into their corporate values and standards set by the Board. AIs are expected to include training on professional ethics (including guidance on the types of behaviour that are acceptable and not acceptable to the AI) as part of the induction course provided for all newly recruited staff members and as part of the ongoing training courses provided for the incumbent staff. Furthermore, certain professional qualifications, including but not limited to those awarded by the HKIB and the TMA, incorporate training programmes on ethical values and professional conduct which are applicable to personnel at all levels within an AI or staff dealing with particular business functions.
- 5.4 AIs should ensure that staff members are aware of the management actions that may be taken in cases of unacceptable behaviour or transgression. Such management actions may include escalation procedures to higher levels of management, notification to the board and even disciplinary action for staff.
- 5.5 The adherence by staff to acceptable ethical standards of behaviour should be monitored during the course of their work and should be reviewed in the regular performance appraisal. There should be clearly defined procedures for investigating any apparent instances of unethical behaviour on the part of employees, whether the subject of customer complaints or otherwise. An AI’s policies and procedures for staff performance appraisal should ensure that staff are aware that their standards of ethical behaviour will be assessed as an integral part of their performance measurement and will be taken into account in the determination of any performance related variable remuneration which may be payable to them.



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- 5.6 Staff members of an AI should observe the code of conduct issued by the AI (see [CG-3](#) “Code of Conduct”). They should also abide by applicable standards published from time to time by relevant regulatory authorities (such as the SFC’s “Code of Conduct for Persons Licensed by or Registered with the SFC” for securities activities), and where applicable (and where not inconsistent with the AI’s code of conduct or any applicable regulation, rule or regulatory standard) any codes of conduct or standards issued by professional bodies or industry associations of which they are members or associates (such as the Code of Conduct and Practice issued by the TMA¹², and the Code of Ethics and Conduct issued by the Private Wealth Management Association¹³). To this end, AIs should maintain adequate systems of control to ensure that their staff engaged in relevant activities observe and abide to the applicable standards.
- 5.7 To reinforce staff members’ level of awareness of the legal, regulatory and ethical issues that may arise during their day-to-day activities, AIs should regularly communicate to their staff members the standards and requirements of their own code of conduct and other codes issued by the regulatory authorities. Staff members of AIs should also keep themselves abreast of the standards and requirements of the codes issued by the professional bodies or industry associations, of which they are members or associates.
- 5.8 In the event of non-compliance by any staff member with the applicable codes, the AI concerned should promptly review the situation leading to the breach and assess if this is reflective of any deficiencies in its risk management or control systems that necessitate remedial action.

¹² This document is endorsed by the HKMA and sets out the standards of ethical behaviour and best practice applicable to treasury markets in Hong Kong.

¹³ This document sets out general principles and expectations of business conduct in the private wealth management industry.



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Annex A

Professional qualifications of the TMA¹⁴

Programme	Designation
Professional Certificate in Treasury Markets	Associate Treasury Management Professional
Postgraduate Certificate in Banking and Corporate Treasury Management: Module 1—Banking and Corporate Treasury Management; and Module 2—Treasury Products and Financial Risk Management OR Module 2—Treasury Products and Financial Risk Management; and Module 3—Treasury Risk Management and Compliance	Certified Treasury Management Professional (with 3 years of relevant experience)
Postgraduate Certificate in Banking and Corporate Treasury Management: Module 1—Banking and Corporate Treasury Management; and Module 2—Treasury Products and Financial Risk Management; and Module 3—Treasury Risk Management and Compliance	Certified Senior Treasury Management Professional (with 5 years of relevant experience)

¹⁴ As of the date of issue of this module. Details of the training programmes can be found at <http://www.tma.org.hk>, and may be updated by the TMA from time to time.



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Annex B

Professional qualifications of the HKIB⁴⁵

Programme	Designation
Certified Banker	
— Advanced Diploma for Certified Banker	Certified Banker (Stage I) (with 1 year banking or finance related working experience)
— Professional Diploma for Certified Banker	Certified Banker (Stage II) (with 2 years banking or finance related working experience)
— Postgraduate Diploma for Certified Banker	Certified Banker (with 3 years banking or finance related working experience)
Certified Financial Management Planner	
— Stage 1	Advanced Diploma in Financial Planning
— Stage 2	Professional Diploma in Financial Planning and Management
— Stage 3	Certified Financial Management Planner (with 2 years banking or finance related working experience)
Enhanced Competency Framework on Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT)	
— Core Level	Associate AML Professional
— Professional level⁴⁶	Certified AML Professional (with 3 years of work experience in AML/CFT compliance)

⁴⁵As of the date of issue of this module. Details of the training programmes and examinations can be found at <http://www.hkib.org>, and may be updated by the HKIB from time to time.

⁴⁶Under development at the date of issue of this module.



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Annex C

Professional qualification of the PWMA

Programme	Designation
Enhanced Competency Framework on Private Wealth Management¹⁷	
Module 1 (Technical, Industry and Product Knowledge) Module 2 (Ethics and Compliance)	Certified Private Wealth Professional¹⁸ (with 3 years of relevant work experience)

¹⁷ This ECF consists of two modules: Module 1 is provided by HKSI and Module 2 is provided by HKIB. Please refer to the websites of HKSI (<http://www.hksi.org/hksi>) and HKIB (<http://www.hkib.org>) for details of the respective training programmes and examinations, which may be updated by the providers from time to time.

¹⁸ The certification is awarded by the PWMA. Details can be found at <http://pwma.org.hk/>, and may be updated by the PWMA from time to time.