

## **FREQUENTLY ASKED QUESTIONS**

### **Guidance Note on Continuous Professional Training (“GNCPT”)**

1. Do the Continuous Professional Training (“CPT”) requirements apply to exempt person and its staff?

The new requirements on CPT are only applicable to persons licensed under the Securities Ordinance, Commodities Trading Ordinance and Leveraged Foreign Exchange Trading Ordinance. The Hong Kong Monetary Authority (“HKMA”) however has in its circular of 21 March 2001 stated that authorised institutions which are exempt persons should comply with the Fit and Proper Criteria and the GNCPT.

2. As the GNCPT is only applicable to licensed persons, does it mean that staff of a bank (which is an exempt dealer) who are involved in securities dealing business are not expected to attend CPT courses whereas staff of the same bank who are licensed persons and work for, e.g., its subsidiary which is a licensed dealer, have to attend CPT courses?

Licensed persons are required to comply with the requirements set by the Commission whilst exempt dealers which are authorised institutions are required to comply with the requirements specified by the HKMA. The HKMA requires dealing staff of authorised institutions to comply with CPT requirement similar to the CPT requirement imposed by the Commission on licensed persons.

3. Is there any list of training courses recognised by the Commission for CPT purpose?

The Academic and Accreditation Advisory Committee (“AAAC”) has decided to recognise courses or seminars for CPT purposes if these are organised:

- by those institutions which provide the courses approved for competence requirements; and
- for the purposes of continuous professional development.

Currently, the institutions which provide recognised industry-based qualification for competence purpose are:

- Hong Kong Securities Institute (Hong Kong);
- The National Association of Securities Dealers, Inc (US);
- The Securities Institute of Australia (Australia);
- The Securities and Futures Authority (UK);
- Canadian Securities Institute (Canada); and
- Japanese Securities Dealers Association (Japan).

Generally, it is expected that the content of these courses will relate to the list of topics in paragraphs 22 and 23 of the GNCPT. The topics listed are examples only and by no means exhaustive. In addition, these courses when offered electronically on an interactive basis, will also be likely recognised by AAAC as being able to meet the CPT requirement.

The AAAC has also determined that seminars given by the Commission pertaining to regulatory updates and other relevant topics can be recognised for CPT purposes.

4. Will all the courses organised by Hong Kong Securities Institute (“HKSI”) be recognised for CPT purpose?

Generally, training courses organised by HKSI for continuous professional development and which are relevant to the performance of the licensee’s duties can be recognised for CPT purpose.

5. Paragraph 20 of the GNCPT states that the carrying out of industry research and publishing of papers will be counted as CPT hours. Does it mean that a research analyst will be able to fulfil his CPT requirements in the performance of his ordinary research duties?

The requirement for 5 hours of CPT is generally expected to be met by work conducted outside the ordinary everyday work as a registered person. In this regard, AAAC has determined that such requirements should be met by attending seminars and/or courses that meet the description outlined in paragraphs 22 and 23 of the GNCPT.

6. Will a licensee be regarded as having fulfilled the CPT requirement if he has only completed a single training course which lasts for more than 5 hours in a calendar year?

If the course meets the CPT requirement, then yes.

7. Will the CPT hours be counted with reference to the number of licences that a licensee possesses at the year end? For example: Does a representative holding both securities dealer’s representative and commodity dealer’s representative need to complete  $5 \times 2 = 10$  CPT hours a year?

Yes, as securities and futures are 2 different fields. However, if the licensee can show that a particular course is relevant to more than 1 licensed activity, he may claim it as CPT in respect of all the relevant licences.

8. Will the attendance of training courses prior to the CPT effective date (ie 1 April 2001) be recognised for CPT purpose? For example, if a licensee attends an 8 hours training course on 5 January 2001, has he already fulfilled all the CPT requirements of calendar year 2001?

Yes, but not those courses attended before 2001.

9. How should the licensees report the number of CPT hours undertaken during the year?

Corporate licensees are required to declare in the annual return that all its directors and representatives have undertaken the requisite CPT hours in the preceding calendar year.

Individual licensees are also required to report their number of CPT hours and the subject matter in their annual return.

10. Corporate licensees and individuals need to declare CPT compliance in annual returns. Will there be a special declaration form to complete?

Both corporate and individual are required to declare their CPT activities in their annual returns. The revised annual return forms will be mailed to the licensees one month prior to their anniversary dates. Blank copies will also be available for collection at the Licensing Counter of the Commission.

11. If a corporate licensee has a Common Anniversary Date on 1 October, when should it report CPT compliance and what is the first reporting period?

The licensee should report CPT compliance in October 2002 in respect of the period from 1 April 2001 to 31 December 2001.

12. If the licensee leaves his principal before the anniversary date, will his principal need to report his CPT compliance in its next annual return?

No.

13. Will viewing training video tapes and self-study of materials provided by the principal meet CPT requirement?

If the training video tapes and self-study materials meet the criteria stated in paragraphs 22 and 23 of the GNCPT, they will be recognized for CPT purposes.

14. Does corporate licensee need to submit all CPT attendance evidence to the Commission?

Not required. However, corporate licenses are expected to satisfy themselves of the CPT compliance and when necessary, able to produce record to evidence the CPT compliance.

15. How long should licensees keep their CPT compliance records?

The records should be kept for three years.

16. What CPT records will the Commission staff inspect during their field visit?

For corporate licensees, the Commission staff may inspect the relevant records. The Commission staff may also request individual licensees to provide documentary evidence supporting their attendance or completion of CPT activities. Example of documentary evidence includes certificate of attendance issued by the course providers, examination results ..etc.

17. Corporate licensees are obliged to arrange and sponsor training courses. Does the Commission expect the corporate licensees to pay for the training activities? Will the Commission take action against them for passing the training costs to the staff? Does the Commission have any channel to handle the complaints lodged by staff against their principals in this respect?

The corporate licensee is obliged to ensure that its staff meets the CPT requirement and to advise and organise such training as appropriate for their staff. As to who is to bear the costs of training, this will be a matter between the corporate and individual licensees.

18. Will study hours used in preparing for industry based qualification be counted for CPT hours?

Yes, provided that such study hours are accumulated after the grant of licence and a pass in the relevant examination is proven.

19. Will AAAC give endorsement to internal training organised by corporate licensees?

The AAAC will not endorse internal training organised by corporate licensees but corporate licensees are expected to notify the Commission prior to the holding of the training session. The Commission may sit in at such training session. Corporate licensees are required to keep proper attendance record at each training session for those staff who completed the training. Although pre-endorsement is not given by AAAC, it does not mean that internal training will not meet CPT.

20. Please advise on the organisations the AAAC will consider approving as “recognised institutions” for CPT purpose.

The AAAC will consider only application as “recognised institution” from professional bodies and tertiary institutions for CPT purpose. It will not entertain applications from external consultants or professional firms.

21. How will the AAAC view training organised by external consultants or professional firms?

Although the AAAC does not endorse training conducted by external consultants or professional firms, it does not mean that these training do not meet CPT. If these firms organise training for corporate licensee, the corporate licensee will be responsible to ensure that the training so arranged by the external consultants or professional firms are of appropriate relevance and standard for CPT.

22. What are the application procedures to become a “recognised institution”?

Submission should be made to the Secretary of the AAAC in the “Application Form for Professional Bodies and Tertiary Institutions for Approval as Recognised Institution”, which can be downloaded from the Commission’s web-site or obtained from our Licensing Counter.

23. “Course fees, training time and membership requirements are so different for training offered by different organisers. Can the Commission centralise training program and standardise course fees, training time and dispense with membership fee?”

The training offered by different organisers may have require different training time due to the complexity of the subject matter and how in depth the topic is covered in the session. The course fee is very often a reflection of such, and the amount charged is a commercial decision made by the organiser. This is not within the jurisdiction of the Commission. However the Commission does conduct regulatory updates for interested parties to attend, which can be counted towards CPT requirements. And the Commission will continue to organise such sessions when appropriate.