



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref.: B9/149C

24 April 2018

The Chief Executive and Directors of Board
All Locally-Incorporated Authorized Institutions

Dear Sir/Madam,

Knowledge Kit for Independent Non-Executive Directors

I am pleased to announce the publication of the Knowledge Kit for Independent Non-Executive Directors (INEDs). It is part of the On-boarding Programme for INEDs of locally incorporated authorized institutions (AIs) launched by the Hong Kong Monetary Authority (HKMA) in October 2017.

The Knowledge Kit is a comprehensive yet easy-to-read reference on essential banking and regulatory knowledge. It helps newly appointed INEDs to take up their role and responsibilities more effectively throughout the on-boarding process. Main areas covered by the Knowledge Kit are provided in the **Annex** to this letter.

The HKMA will arrange for distribution of the Knowledge Kit to all INEDs of AIs incorporated in Hong Kong. If you have any questions on this circular or the HKMA's director development initiatives, please feel free to contact Ms Denise Tai at 2878 1589.

Yours faithfully,

Daryl Ho
Executive Director (Banking Policy)

Encl.

c.c. The Hong Kong Association of Banks
The DTC Association
The Hong Kong Institute of Bankers

Knowledge Kit for Independent Non-Executive Directors

It covers six areas of essential knowledge in the following chapters:

1. **The Financial System** provides the history and background of the banking system with a special focus on the financial system and markets in Hong Kong. It also introduces various types of financial institutions and the functions of a central bank;
2. **Financial Market Infrastructure** gives an overview of financial infrastructure in Hong Kong, with particular highlight on the retail payment systems. It also introduces the role of financial infrastructure in supporting stability of the financial system and its oversight by supervisors;
3. **Banking Supervision** introduces the regulatory bodies relevant to banking in Hong Kong and summarises the regulatory and supervisory framework as well as the implementation of international banking standards;
4. **Risk Management** looks into risk concepts and management, their applications in banking and the structuring of risk management functions in banks;
5. **Governance and Ethics** examines concepts and issues arising from corporate governance and ethics and introduces banking culture reform and the Code of Banking Practice; and
6. **Banking Services and Operations** presents essential knowledge of banking services and operations typically covered by the industry, ranging from types of services offered in the front-office to back-office operations such as legal and accounting issues.