



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref.: B9/149C

9 September 2016

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

Dear Sir/Madam,

Development Programme for Independent Non-Executive Directors

I am writing to announce the launch of a new Development Programme for Independent Non-Executive Directors (INEDs) of locally incorporated authorized institutions (AIs).

Given the increasingly important roles played by INEDs in cultivating the appropriate governance and culture of banks, the HKMA considers it appropriate to organise the Development Programme, which is designed to better equip and empower INEDs in performing their functions.

The Programme comprises three main components:

- (i) experience and insight sharing conference: this is an annual event that would provide a useful platform for INEDs and the HKMA to share their past experience and insights, as well as to prepare for the challenges in the next year and beyond;
- (ii) thematic seminars: topical issues that are relevant to the work of INEDs will be covered in these seminars, which will be held from time to time; and
- (iii) on-boarding sessions: these sessions will be held to help newly appointed INEDs familiarise themselves with the evolving landscape of the banking industry and of the regulatory environment.

Details of these components are set out in the **Annex**.

As the Development Programme is highly relevant and beneficial to INEDs, we expect their active participation in activities under the Programme, which should assist them to continue fulfil the fit and proper requirement as Directors of AIs. The Management of AIs should offer the necessary support to facilitate their INEDs' participation in the Programme. The first event under this Programme is a thematic seminar on "Account Opening, KYC Information Collection and Financial Inclusion", which will be held on 26 September 2016. We have separately written to INEDs inviting their enrolment.

In addition, the HKMA has developed an electronic notification system to strengthen our communication, through the AIs, with INEDs. Through this system, the HKMA will notify INEDs and the Management of AIs of the activities under the Development Programme and provide information, such as newsletters and briefing notes, which is useful to INEDs. The Management of AIs should ensure that all INEDs will be able to receive, in a timely manner, the information disseminated through the system.

Should you have any questions on this circular or the HKMA's Development Programme, please feel free to contact Ms Tess Leung at 2878 8280 or Ms Denise Tai at 2878 1589.

Yours faithfully,

Norman T.L. Chan
Chief Executive

Encl.

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

Development Programme for INEDs

Experience and Insight Sharing Conference

The HKMA is mindful of the need of INEDs to stay well-informed on banking sector developments and regulatory policy landscape. A full-day annual conference hosted by senior executives of the HKMA exclusively for INEDs will be held each year, usually in the first quarter, for this purpose. The HKMA will invite expert speakers to update INEDs on the latest developments. This annual conference also provides a useful platform for INEDs and HKMA senior executives to share their experience and insights on their past work and future challenges.

Thematic Seminars

In these seminars, which are held from time to time, senior officials from the HKMA and market professionals will be invited to share knowledge and insights on topical banking issues, highlighting their implications on banking operations. The seminars will also make use of case studies and interactive discussions to facilitate understanding of the themes and issues under deliberation.

On-boarding Sessions

These are small group briefings tailored for newly appointed INEDs who are not too familiar with the banking scene. The sessions will cover key risk areas of banking businesses and their related control framework. Special emphasis will be given to the regulatory philosophy and approach of the HKMA as well as the roles to be played by INEDs in safeguarding good governance and appropriate culture and values of banks.