Annex 3

Application of the Guidance Notes to exempt AIs

1. *Guidance Note on Competence*

Paragraph 28

(a) The HKMA would accept and allow a 6-month transitional period for a staff who has yet to pass the local regulatory framework paper but has otherwise satisfied the initial competence test.

(b) Management has the responsibility to:

- ensure such securities dealing staff have met all other requirements under the SFC Fit and Proper Criteria;
- keep proper records which indicate such staff are subject to the 6-month transitional period; and
- ensure the aforesaid records are under regular and independent review and prompt action is taken to remove the staff from the list of securities dealing staff accordingly, if the staff cannot obtain a pass in the local regulatory framework paper by the end of the 6-month transitional period.

2. *Guidance Note on Continuous Professional Training*

Paragraph 18

Exempt AIs have the responsibility to require their securities dealing staff to continuously update their knowledge and skills through CPT in order to maintain their professional competence and to remain fit and proper. The HKMA would review the fitness and propriety of exempt AIs' securities dealing staff in on-site examination and off-site review, and may impose higher requirement on CPT hours if considered necessary.