



HONG KONG MONETARY AUTHORITY
香港金融管理局

Our Ref: B1/15C
G16/1C

24 June 2014

The Chief Executive
All Registered Institutions

Dear Sir / Madam,

Enhanced Competency Framework for Private Wealth Management (“PWM”) Practitioners (“ECF”)

I am writing to encourage Registered Institutions which operate as private banks or have dedicated private banking units (collectively “private banks”) to adopt the ECF, which is being launched today as the benchmark for enhancing the level of core competence and on-going professional development of PWM practitioners.

The ECF sets out an enhanced level of core competence and on-going professional development for PWM practitioners who undertake customer-facing roles. The ECF is a non-statutory framework separate from the existing licensing or registration regime for the securities industry. It is an initiative that embraces efforts of the PWM industry and professional training institutes, with advice from the HKMA, to raise on an on-going basis the competence, ethics and compliance of PWM practitioners, and to develop and maintain a pool of professional talents for the PWM industry.

In its Supervisory Policy Manual module CG-6 “Competence and Ethical Behaviour”, the HKMA emphasises the responsibility of an authorized institution’s Board of Directors and senior management in ensuring staff competence and ethical behaviour, including the adoption of appropriate policies and procedures to assess the competence of newly recruited staff; monitor and review the knowledge, skills and performance of individual staff members; provide relevant and timely training to ensure continuing competence of staff members; and address any identified failings or gaps in a timely fashion.

Private banks should consider using the ECF as a benchmark in determining the level of competence required and in evaluating the actual competence of their Relevant Practitioners¹ when recruiting or deploying staff for PWM services. Private banks should also consider supporting their Relevant Practitioners to attend training and examinations that meet the ECF benchmark, and keeping proper records of the relevant training and examination results. In its supervisory process, the HKMA will take into account private banks' implementation of the ECF, in particular the number of Relevant Practitioners that have completed training programmes and examinations that meet the ECF benchmark, as one of the major factors for assessing private banks' fulfilment of their responsibility to ensure staff competence and on-going professional development, and accordingly this will affect the HKMA's allocation of supervisory resources and focus going forward.

The ECF is to be administered by the Private Wealth Management Association ("PWMA"), an industry association that provides a channel for the PWM industry to maintain ongoing dialogue with regulators. To ensure effective communication between the PWM industry and the regulators, and effective operation of the ECF, private banks are advised to join the PWMA and support the PWMA's administration of the ECF, including keeping and confirming relevant information of their Relevant Practitioners to support applications for grandfathering and certification as Certified Private Wealth Professional, and to demonstrate fulfilment of on-going professional training.

For details of the ECF, please refer to the enclosed document. If you have any questions on this circular, please contact Ms Sandi Cheung on 2878-8831, or Ms Florence To on 2878-1582.

Yours faithfully,

Meena Datwani

Executive Director (Banking Conduct)

Encl.

c.c. Securities and Futures Commission
(Attn: Mr James Shipton, Executive Director (Intermediaries))

¹ For the purposes of the ECF, "Relevant Practitioners" is defined as new entrants and existing PWM industry practitioners engaged by PWM institutions in customer-facing roles making personalized or customized solicitations or recommendations to customers in the provision of securities dealing and advisory service and / or portfolio management service.