

**Guide to
Enhanced Competency Framework
on Treasury Management**

Hong Kong Monetary Authority

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Table of Contents

1	Introduction	3
2	Objectives	4
3	Scope of application.....	5
4	Competency standards	8
5	Qualification standards and certification	8
6	Continuing professional development (“CPD”).....	9
7	Training programmes and examinations	11
8	Grandfathering	11
9	Maintenance of relevant records.....	12
10	Administration of the ECF-TM.....	12
11	Accreditation.....	12
	Annex 1 – ECF-TM: Key roles and tasks for Relevant Practitioners	14
	Annex 2 – ECF-TM: Competency framework	17
	Annex 3 – ECF-TM: Learning outcomes and topics.....	19
	Annex 4 – Accreditation mechanism for ECF-TM.....	25

1 Introduction

- 1.1 In the Hong Kong banking industry, new opportunities and challenges are faced by the treasury management function, driven by multiple key trends in the operating environment, including the growing outward investment from the Mainland China¹, the divergent monetary policies across economies, and the evolving regulatory changes in the financial industry sector.
- 1.2 In order to keep up with the changing business landscape, treasury management practitioners are challenged with higher expectations for competencies at work. One example is the capability to manage liquidity under the diverging monetary policies of the major economies. Another challenge comes from the continuous international development of banking regulations, which results in reforms in compliance and customer due diligence requirements, in particular following the introduction of BASEL III where banks are required to meet new requirements on capital management, liquidity management and credit risk management.
- 1.3 As a global trend, the role of treasury management has also evolved from centering on middle-office and control-related activities into more strategic and business focused responsibilities. For example, the tasks of developing new treasury products which can address business strategy and client needs, and serving as an internal advisor on treasury products and services to other business units are now commonly recognized as one of the roles of treasury management. It is therefore necessary to develop and empower treasury practitioners of authorized institutions (AIs) through an all-rounded competency framework – one which is able to address expectations on their professional knowledge, technical skills and ethical behaviours.
- 1.4 Against this background, the Hong Kong Monetary Authority (HKMA), together with the Treasury Markets Association (TMA), will launch a module on Treasury Management under the Enhanced Competency Framework (ECF)² on 2 January 2018. The goal is to introduce a banking industry-wide competency framework that enables talent development and facilitates the building of professional competencies and capabilities for the practitioners working in Treasury Management. The competency framework aims to serve

¹ In 2016, Mainland China's outward direct investment (ODI) exceeded inbound foreign direct investment (FDI) and reached a record high of US\$196 billion. Source: Ministry of Commerce, National Bureau of Statistics and State Administration of Foreign Exchange. "Joint Statement" Publication date: 30 September 2017. <http://fec.mofcom.gov.cn/article/tjsj/tjgb/201709/20170902653690.shtml>

² In addition to the ECF on treasury management, there are five other modules introduced or to be introduced, including (i) anti-money laundering and counter-financing of terrorism ("AML/CFT"), (ii) cybersecurity, (iii) retail wealth management, (iv) credit risk management, and (v) risk management and compliance.

as a clear guide to facilitate Treasury Management practitioners in upgrading their professional knowledge, technical skills and workplace behaviours along different stages of their banking career. Also, AIs will benefit from the availability of a clear framework on the competencies to pursue when acquiring, developing and managing their workforce on Treasury Management.

2 Objectives

2.1 The Enhanced Competency Framework on Treasury Management (hereinafter referred to as “ECF-TM”) is a non-statutory framework which features the common core competences required of Treasury Management practitioners in the Hong Kong banking industry. The objectives of the ECF-TM are twofold:

- (a) to develop a sustainable talent pool of Treasury Management practitioners for the banking industry; and
- (b) to raise and maintain the professional competence of Treasury Management practitioners in the banking industry.

2.2 Although the ECF-TM is not a mandatory licensing regime, AIs are encouraged to adopt the ECF for the following purposes:

- (a) to serve as a benchmark to determine the level of competence required and assess the ongoing competence of individual employees;
- (b) to support relevant employees to attend training programmes and examinations that meet the ECF-TM benchmark;
- (c) to support the continuing professional development of individual employees; and
- (d) to specify the ECF-TM as an industry-recognised qualification, including for recruitment purposes.

3 Scope of application

3.1 The ECF-TM is aimed at **‘Relevant Practitioners’**, i.e. persons engaged by AIs in undertaking business activities, market and/or liquidity risk management, and product control within the Treasury Management functions. For the purpose of this ECF-TM, Treasury Management refers to:

- Selling and marketing of financial products and services to institutional and corporate customers
- Dealing and investment of financial products and services, including counterparty trading
- Treasury operations, asset and liability management, and risk management and control (including but not limited to market or liquidity risk management)
- Product development and control for new product sign-off or launch

The term “financial products and services” is intended to capture common financial products sold and traded by institutional and corporate sales desks of AIs in Hong Kong. As an illustration, types of financial products under the ECF-TM will include, but not limited to, the financial products enlisted on the Code of Conduct and Practice of the TMA. Equity securities, equity-related futures, equity lending and secondary loan trading generally do not fall within the definition of “financial products and services” for the purpose of the ECF-TM. However, structured products such as equity linked instruments are covered by the Code of Conduct and Practice of the TMA and should be regarded as “financial products and services” for the purpose of the ECF-TM.

3.2 Specifically, the definition of “Relevant Practitioners” for the ECF-TM includes the following job roles:

	Role 1 – Dealing, Selling and Investment	Role 2 – Risk Management and Control	Role 3 – Product Development and Control
Role Descriptions of Relevant Practitioners at Core Level (Please refer to the key tasks specified in Annex 1 for the detailed definition of each role)	Supporting trading activities, conducting simple financial market activities and supporting the sales of financial products to institutional or corporate customers	Supporting treasury-related risk management control (including but not limited to market and/or liquidity risk management) and reporting	Not applicable
Role Descriptions of Relevant Practitioners at Professional Levels I and II (Please refer to the key tasks specified in Annex 1 for the detailed definition of each role)	Conducting financial market and Treasury Management activities, selling financial products to institutional and corporate customers, and formulating Treasury Management strategies	Monitoring performance of investments carried out by deals and investment operational departments, enforcing and reviewing risk limits and exceptions (including but not limited to market and/or liquidity risk management)	Identifying and developing new financial products, performing due diligence on new products, seeking sign-off from other control functions in the AI

3.3 The definition of ‘Relevant Practitioners’ recognises differences among AIs in how the Treasury Management practitioners are allocated within their organisational structure (e.g. as a unit within the AI’s treasury department or as part of the commercial banking). To facilitate the determination of whether a staff member falls under the scope of “Relevant Practitioners”, the key tasks of different job roles are specified in Annex 1 as guidance.

3.4 It is intended that the ECF-TM applies to staff performing Treasury Management roles with key tasks specified in Annex 1 and it is not intended to capture staff performing other job functions that are incidental to Treasury Management (e.g. legal counsels, general risk compliance officers, financial reporting, internal auditors and ancillary staff responsible for administrative functions in the treasury / risk function).

3.5 In addition, the following categories of staff do not fall within the definition of ‘Relevant Practitioners’:

- (a) Staff in the Treasury Management functions performing solely clerical and administrative duties.
- (b) Staff responsible for back office functions (e.g. confirmation or settlement of trade).
- (c) Staff responsible for general risk management, reporting and compliance of the entire organisation rather than Treasury Management, or providing support to Treasury Management on an ad hoc rather than an ongoing basis.
- (d) Staff responsible for tasks operating outside Hong Kong, e.g. staff providing financial products and services executed or conducted outside Hong Kong.

3.6 For avoidance of doubt, a staff member is not required to work full time in Treasury Management or perform all of the roles specified in Annex 1 in order to be classified as a Relevant Practitioner. A principle-based approach can be adopted by AIs in determining whether a staff member with multiple job roles falls within the definition of Relevant Practitioners for the ECF-TM, based on the significance and permanence of the Treasury Management role performed by the staff member. AIs should be able to justify decisions made in this regard.

3.7 If the Treasury Management functions of an AI are outsourced, AIs should ensure that the outsourced functions are performed by competent personnel who possess the ECF-TM or other comparable qualifications.

4 Competency standards

4.1 Competency standards are set at three levels:

a) Core level

This level will be applicable to entry-level staff in Treasury Management

b) Professional level I

This level will be applicable to staff who are specialising in Treasury Management

c) Professional level II

This level will be applicable to staff who are taking charge of middle to senior management roles in Treasury Management

4.2 The competency framework for the ECF-TM, detailing the key tasks, qualifications and continuing professional development requirements for each key role, is included in Annex 2.

5 Qualification standards and certification

5.1 Qualifications are set at three levels in accordance with the three competency standards (i.e. Core Level qualification, Professional Level I qualification and Professional Level II qualification).

5.2 Relevant Practitioners shall be eligible for qualification under the ECF-TM given satisfactory certification of one or more of the qualification requirements as specified under the ECF-TM. Details of the qualification requirements and the learning topics are set out in Annex 2 and Annex 3 respectively.

5.3 Upon attaining the qualifications and fulfilling the minimum work experience requirements, Relevant Practitioners may apply to the ECF-TM administrator, TMA, for certification as Associate Treasury Management Professional (ATMP), Certified Treasury Management Professional (CTMP), or Certified Senior Treasury Management Professional (CSTMP) under the ECF-TM. The specific conditions for ECF-TM certification are as follows:

- a) ATMP:
Successful completion of the Core Level certification (no minimum work experience is required)
- b) CTMP:
Successful completion of the Professional Level I certification plus at least 3 years of relevant work experience
- c) CSTMP:
Successful completion of the Professional Level II certification plus at least 5 years of relevant work experience

5.4 A Relevant Practitioner may also apply to the TMA for certification as ATMP and CSTMP through the grandfathering path, where applicable. The grandfathering arrangements are set out in section 8.

5.5 The ECF-TM certificate is subject to annual renewal by TMA together with the renewal of the certificate holder's membership of TMA. A Relevant Practitioner is required to:

- a) Complete the annual continuing professional development requirement; and
- b) Pay an annual membership fee to renew his/her ECF-TM certificate and TMA membership.

5.6 The ECF-TM is referenced to the Qualifications Framework ("QF"), with the Core Level being pitched at QF Level 4 (i.e. equivalent to associate degree or higher diploma level) and the Professional Level at QF Level 6 (i.e. equivalent to postgraduate certificate level).

6 Continuing professional development ("CPD")

6.1 Holders of ECF-TM certification are required to undertake the following minimum CPD requirements:

- Core level - a minimum of 10 CPD hours in each calendar year.
- Professional level - a minimum of 20 CPD hours in each calendar year.

The CPD hours for Core and Professional levels are recommended with reference to similar continuous development requirements in respect of investment or risk management professional qualifications offered by international institutions.

6.2 CPD activities should be of significant intellectual and practical contents which involve interaction with other individuals or fulfilment of assignments and examinations. Activities that qualify for CPD include:

- a) Attending seminars or courses provided by AIs, recognised professional bodies and academic and training institutions, and TMA;
- b) Attending overseas training;
- c) Attending professional examinations;
- d) E-learning (maximum 2 hours for Core level; maximum 5 hours for Professional level);
- e) Self-study activities (maximum 2 hours for Core level; maximum 5 hours for Professional level)
- f) Luncheon talks; and
- g) Delivering training and speeches.

6.3 CPD training topics should be related to financial markets or the job functions:

- a) Product knowledge
- b) Legal and compliance
- c) Risk management
- d) Economic and quantitative analysis
- e) Business and accounting analysis & management
- f) Supervisory & management skills

6.4 The annual CPD requirements are also applicable to Relevant Practitioners meeting the ECF-TM benchmark through the grandfathering route.

6.5 The CPD requirements will be waived for the first calendar year (ending 31 December) of certification and grandfathering.

- 6.6 The lists of CPD activities and training topics are subject to TMA's review from time to time. For details, please refer to the TMA's website (<https://www.tma.org.hk/>).

7 Training programmes and examinations

- 7.1 Relevant Practitioners can meet the ECF-TM benchmark by undertaking:
- a) TMA Level 1 or Level 2 training programmes or accredited training programmes; and
 - b) passing examinations accredited by TMA.

8 Grandfathering

- 8.1 A Relevant Practitioner may be grandfathered on a one-off basis based on the following grandfathering arrangements:

- a) ECF-TM Core Level may be granted where the applicant is:
 - Existing TMA Associate Member; and
 - Employed by an AI at the time of application
- b) ECF-TM Professional Level may be granted where the applicant is:
 - Existing TMA Full Member or Fellow Member; and
 - Employed by an AI at the time of application

- 8.2 Existing Relevant Practitioners meeting the above criteria can submit their grandfathering applications to the TMA, administrator of the ECF-TM, on or before the deadline of 31 December 2018. Those who are working in an AI but not a current TMA member could apply for grandfathering during 2 January 2018 to 31 December 2018 if they are admitted as a TMA Associate or Full Member according to TMA's prevailing membership policies.

- 8.3 Any other individuals performing the job roles outlined in paragraph 3.2 but not working in an AI or those specified in paragraph 3.5(a) to (d) of an AI during the grandfathering application period may submit their applications to the TMA for grandfathering within three months from the date of joining the Treasury Management functions of an AI and becoming a Relevant

Practitioner. However, they should have met all the applicable grandfathering criteria on or before 31 December 2018 as prescribed by the TMA.

- 8.4 Applications for grandfathering are handled by the TMA subject to the prevailing TMA annual membership fee. If required, the TMA may request the applicant to provide employment records or additional information to substantiate the application for grandfathering. Late application will not be accepted.

9 Maintenance of relevant records

- 9.1 AIs should keep proper training, examination, certification and CPD records of Relevant Practitioners for monitoring implementation of plan for developing staff competencies or for other talent management purpose. AIs are expected to support their staff to apply for grandfathering and certification. Regarding information related to a Relevant Practitioner's previous employment(s), the current employer is encouraged to provide the necessary assistance to Relevant Practitioners in the latter's applications for grandfathering or ECF certification (e.g. confirming whether such information is consistent with the curriculum vitae provided by the Relevant Practitioner at the time of job application).

10 Administration of the ECF-TM

- 10.1 The TMA is the administrator of the ECF-TM and will be tasked with handling applications for certification and grandfathering under the ECF-TM. The TMA will also administer the CPD requirements as set out under the ECF-TM. For details, please refer to the TMA's website (<https://www.tma.org.hk/>).

11 Accreditation

- 11.1 The ECF accreditation mechanism is established for interested AIs or education and training operators to have their learning programmes accredited as meeting the ECF standards (including but not limited to the Qualifications Framework (QF) Standards) of this ECF module.

11.2 The general criteria for ECF accreditation are as follows:

- (a) The training programme meeting the required standards of individual ECF modules including programme objectives and learning outcomes, programme content and structure, and trainer qualifications and learning mode;
- (b) Accreditation of the training programme at corresponding QF Levels; and
- (c) Endorsement by the ECF Steering Committee.

11.3 In order to satisfy criteria 11.2 (a) and (b) outlined above,

- (a) For self-accrediting institutions (e.g. institutions funded by the University Grants Committee, including their continuing education arms) / institutions with Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) Programme Area Accreditation (PAA) status, they are required to: (i) complete internal quality assurance processes to ensure the training programmes are meeting the relevant ECF standards and the corresponding QF Level and (ii) be assessed by HKCAAVQ as fulfilling the ECF training objectives
- (b) For other institutions, they are required to be accredited by HKCAAVQ as fulfilling the ECF training objectives and meeting the corresponding QF Level

11.4 HKCAAVQ will accept applications for ECF accreditation starting 2 January 2018.

11.5 Based on the relevant accreditation or assessment report submitted by the applicant, the ECF Steering Committee will confirm whether the training programme is or is not successful to qualify as an ECF accredited programme. The route for ECF accreditation mechanism is illustrated at Annex 4.

Annex 1 – ECF-TM: Key roles and tasks for Relevant Practitioners

	Role 1 – Dealing, Selling and Investment	Role 2 – Risk Management and Control
	Core Level Suitable for entry-level staff in Treasury Management	
Examples of functional title	Junior Dealer, Dealer, Treasury Sales Officer, Treasury Operations Assistant	Assistant Market Risk Analyst, Assistant Market Risk & Product Manager
Key tasks	1. Assist with financial markets activities - Support order executions and daily routines on the trading floor, including conducting simple financial market transactions, ensuring the transactions are properly authorised, compliant with relevant risk limits and properly recorded in the AI's systems - Track trades and market fluctuations on investments or specific products 2. Help maintain relationships with corporate clients and institutional investors and support selling of financial products to clients to ensure appropriate matching to client needs and conformity with appropriate standards from the AI and regulators 3. Coordinate with research, sales and restructuring departments to: - Provide comprehensive client coverage, including fulfilling client requests for market updates and executing client orders - Handle queries from middle and back office 4. Participate in the creation or maintenance of core tools for the AI's treasury activities - Manage dedicated tools to ease pricing and automate the responses to clients - Work on different risk analysis tools - Maintain and improve existing spreadsheets used by the desk 5. Support treasury team on daily routines, such as preparation of business analysis, monthly profit and loss reporting and structured product documentations	1. Support risk monitoring and reporting - Validate market data of trading processes - Monitor daily and intraday limits 2. Support organisation on regulation, regulatory requirement related to treasury functions - Track and provide insights on recent regulatory developments/requirements 3. Assist the development of risk mitigation strategies

Annex 1 – ECF-TM: Key roles and tasks for Relevant Practitioners

	Role 1 – Dealing, Selling and Investment	Role 2 – Risk Management and Control	Role 3 – Product Development and Control
	Professional Level For staff taking up middle and senior positions in Treasury Management		
Examples of functional title	Senior Dealer, Treasury Sales Manager, Head of Treasury, Head of Treasury Products/Treasury Marketing	Senior Market Risk Analyst, Market Risk & Product Control Manager, Head of Market Risk & Product Control	Treasury Product Development Manager, Treasury Product Control Manager, Head of Treasury Product Development/Control
Key tasks	<u>A. Professional Level I:</u> 1. Perform financial market activities - Identify appropriate counterparties and trading venues - Conduct more sophisticated transactions in financial instruments 2. Implement procedures and practices for asset-liability management - Manage and analyse daily reports relating to cash management and forecasting, foreign exchange reporting and liquidity positioning and forecasting - Optimise AI's capital structure and modify asset/liability mix - Manage AI's balance sheet in a manner consistent with the AI's approved strategy 3. Selling of financial products to corporate clients and institutional investors to ensure appropriate matching to client needs and conformity with appropriate standards from the AI and regulators <u>B. Professional Level II:</u> 1. Formulate strategies, organisation and processes of Treasury Management - Formulate trading and risk management strategies covering products, markets, risk types etc. - Set internal deal policies to govern external market access and internal risk transfer - Set basis for deriving benchmark level of all other process elements - Manage and modify policies and procedures related to treasury and treasury operations - Perform strategic planning - Assist with program developments, approve policies and procedures, and develop strategic directions and goals	<u>A. Professional Level I:</u> 1. Advise organisation on regulation and compliance related to treasury functions - Comply with applicable supervisory and/or regulatory requirements - Collaborate with other market participants, for example through industry associations 2. Facilitate proper risk management of asset and liability activities - Ensure that the AI complies with relevant prudential capital and liquidity management standards 3. Manage market risks and ensure trades are executed within risk limits - Validate market data of trading processes - Able to independently develop, review and/or refine valuation models for financial products for financial reporting process - Conduct daily independent market-to-market and market-to-model revaluation of all trading products and outstanding investments - Perform risk calculations, evaluations and reporting - Escalate all breaches and other extraordinary events to senior management <u>B. Professional Level II:</u> 1. Oversee and monitor funding strategies - Ensure funding requirements and liquidity risk appetite guide the issuance activities of AI's liability products - Measure possible funding risk and manage potential liquidity exposures - Implement and monitor funding limits and volumes to restrict risk exposures and ensure AI remains liquid under the most severe stress scenario 2. Quantify and measure various types of treasury risk - Develop and validate pricing and risk models - Manage market and counter-party	<u>A. Professional Level I:</u> 1. Identify opportunities for new financial product development, based on the AI's business strategy and risk appetite, customer needs and market trends 2. Facilitate due diligence on new products 3. Execute strategies and implementation plans regarding new financial products development and market launch <u>B. Professional Level II:</u> 1. Review and approve new financial products from both business and risk management perspectives, and seek sign off from other control functions within the AI 2. Serving as subject matter expert, advise management and business partners on financial product development / launch strategies and relevant product knowledge 3. Provide oversight of the roll out of new financial products and related controls to ensure competent execution 4. Identify and drive strategies and implementation plans regarding new financial products development and market launch approach

	- Supervise the activities of treasury dealers within the AI 2. Develop and formulate funding strategies - Maintain lines of credit to ensure the AI has access to sufficient funding including short- and long-term credit facilities - Optimise and adjust AI's funding mix to meet AI's designated targets 3. Provide oversight over execution of trading and risk management strategy to ensure competent execution 4. Primary reporting duty to senior management or the board of directors 5. Selling of financial products to corporate clients and institutional investors to ensure appropriate matching to client needs and conformity with appropriate standards from the AI and regulators	limit system effectively and comprehensively - Review new financial products and coordinate new market approval process - Conduct regular portfolio and sensitivity analysis, and stress testing 3. Develop risk mitigation strategies 4. Provide oversight over execution of funding and risk mitigation strategies to ensure competent execution 5. Reporting duty to senior management or the board of directors	
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Annex 2 – ECF-TM: Competency framework

	Role 1 – Dealing, Selling and Investment	Role 2 – Risk Management and Control
	Core Level Suitable for entry-level staff in Treasury Management	
Role description (Please refer to the key tasks set out in Annex 1 for the detailed definitions of each role)	Supporting trading activities, conducting simple financial market activities and supporting the sales of financial products to institutional or corporate customers	Supporting treasury-related risk management control (including but not limited to market and/or liquidity risk management) and reporting
Qualification	• Bachelor’s or higher degree with major in areas of Economics, Finance, Corporate Finance, Risk Management, Investment Management, Asset Management, Quantitative Finance, Financial Engineering and Accounting: Passing the Elementary Level examination on TMA Code of Conduct and Practice (TMA CCP); or • Others: Passing TMA Level 1 – Professional Certificate in Treasury Markets (QF Level 4)	
Certification	• Associate Treasury Management Professional	
TMA Membership	• TMA Associate Member with Core Competency	
CPD requirements	• Minimum 10 CPD hours in each calendar year - recognised CPD activities include attending seminars or courses provided by AIs, recognised professional bodies and academic and training institutions, and TMA; attending professional examinations, e-learning (maximum 2 hours), luncheon talks; and delivering training and speeches - a maximum of 2 hours’ self-study activities • CPD training topics should be related to financial markets or the job functions: product knowledge, legal and compliance, risk management, economic and quantitative analysis, business and accounting analysis & management, and supervisory & management skills	

Annex 2 – ECF-TM: Competency framework

	Role 1 – Dealing, Selling and Investment	Role 2 – Risk Management and Control	Role 3 – Product Development and Control
	Professional Level For staff taking up middle and senior positions in Treasury Management		
Role description (Please refer to the key tasks set out in Annex 1 for the detailed definitions of each role)	Conducting financial market and Treasury Management activities, selling financial products to institutional and corporate customers, and formulating Treasury Management strategies	Monitoring performance of investments carried out by deals and investment operational departments, enforcing and reviewing risk limits and exceptions (including but not limited to market and/or liquidity risk management)	Identifying and developing new financial products, performing due diligence on new products, seeking sign-off from other control functions in the AI
Qualification and experience (<u>Professional Level I</u> – Relevant practitioners who are specialising in respective function)	• Passing TMA Level 2: Postgraduate Certificate in Banking and Corporate Treasury Management (QF Level 6) - M1 Banking and Corporate Treasury Management; and - M2 Treasury Products and Financial Risk Management; and • Having at least 3 years’ relevant experience	• Passing TMA Level 2: Postgraduate Certificate in Banking and Corporate Treasury Management (QF Level 6) - M2 Treasury Products and Financial Risk Management; and - M3 Treasury Risk Management and Compliance; and • Having at least 3 years’ relevant experience	
Qualification and experience (<u>Professional Level II</u> – Relevant practitioners who are taking charge of middle to senior management roles of the respective function)	• Passing TMA Level 2: all three modules of the Postgraduate Certificate in Banking and Corporate Treasury Management (QF Level 6); and • Having at least 5 years’ relevant experience		
Certification	• Professional Level I: Certified Treasury Management Professional • Professional Level II: Certified Senior Treasury Management Professional		
TMA Membership	• Professional Level I: TMA Associate Member with Professional I Competency • Professional Level II: TMA Full Member with Professional II Competency		
CPD requirements	• Minimum 20 CPD hours in each calendar year - recognised CPD activities include attending seminars or courses provided by AIs, recognised professional bodies and academic and training institutions, and TMA; attending professional examinations, e-learning (maximum 5 hours), luncheon talks; and delivering training and speeches - a maximum of 5 hours’ self-study activities • CPD training topics should be related to financial markets or the job functions: product knowledge, legal and compliance, risk management, economic and quantitative analysis, business and accounting analysis & management, and supervisory & management skills		

Annex 3 – ECF-TM: Learning outcomes and topics

I. Core Level (Benchmarked at QF Level 4)

1. Learning Outcomes

The training programme is expected to achieve the following outcomes:

- Apply macroeconomic theories in explaining how the financial system works;
- Understand the key aspects of regulatory framework in treasury markets;
- Differentiate and analyze different treasury markets and financial products;
- Explain the key concepts of prudent risk management; and
- Apply the code of conduct and practice in work environment.

2. Learning Topics

2.1 Financial markets and systems

- Features and functions of financial markets and market participants
- Types of financial instruments, exchange-traded and over-the-counter markets
- Money demand and supply, equilibrium interest rate and economic indicators
- General market practices and dealing room operations
- Objectives and functions of a central authority, monetary policy and the policy implications on the economy

2.2 Forex and money markets

- Characteristics of forex and forex dealing
- Exchange rate systems
- Importance of forex market, market size, and major forex trading centres and participants
- Spot and forward forex markets
- Forex dealing at spot market
- Characteristics and functions of the money market
- Money market and forex market
- Participants in the money market

2.3 Interest rate and the economy

- Borrowing and lending maturities
- Factors affecting interest rates determination
- Short-term money market instruments

2.4 Debt and capital markets

- Basic features of a bond (coupon, principal, maturity, price, yield and credit quality)
- Bond issuing and investing (issuers, investors, indexes, pricing and investment risks)
- Types of bonds (classification by properties and characteristics and by issuers)
- Bond markets (primary and secondary markets) and development of RMB bonds
- Types of equity securities and the Hong Kong Stock Exchange

2.5 Derivatives and commodities markets

- Futures and forwards
 - Characteristics and differences
 - Types of forward and futures transactions and market participants
 - Settlement and delivery procedures
 - Over-the-counter markets
 - Hedging
- Types of swaps (interest rate, cross-currency and credit default)
- Options
 - Factors affecting an option's value
 - Delivery and settlement
 - Credit options, options in other financial markets and exotic options
- Structured products
- Precious metals and other commodities markets (market features, participants and pricing fundamentals)

2.6 Operations and risk management

- Introduction to risk management
- Operational risk
 - Internal and external fraud
 - Employment and business practices

- Business disruption, system failure and contingency
- Basel Committee's ten principles for managing operational risks

2.7 Ethics and compliance

- Code of Conduct and Practice of TMA (Elementary Level)
- Overview of legal and regulatory framework in Hong Kong

II. Professional Level (Benchmarked at QF Level 6)

1. Learning Outcomes

The training programme is expected to achieve the following outcomes:

- Comprehend the international payments and banking systems, working capital management, liquidity management, alternative funding solutions and global treasury management issues;
- Critically analyze the practices of dealing and structuring of corporate treasury products in global financial markets, the regulatory governance and treasury security, controls and audit which are relevant to practitioners in Hong Kong and Mainland China;
- Critically assess and apply financial principles and analytical tools of corporate financial management, foreign exchange risk management and interest rate risk management in global financial markets;
- Evaluate the principles and strategies of treasury risk management;
- Apply different techniques to qualify and measure risks and pricing and valuation methods for treasury products;
- Critically evaluate the impacts of global code of conduct and financial compliance in treasury management in Hong Kong and Mainland China; and
- Critically analyze various strategies of market risk management, liquidity risk management and RMB risk management in Hong Kong and Mainland China.

2. Learning topics

2.1 Overview of the global financial markets

- Key international financial systems development
- Evolvment of Hong Kong and Mainland China Treasury markets
- Foreign exchange, interest rate and commodity markets
- International payment and banking system

- Current development of RMB market

2.2 Banking treasury management

- Treasury roles and banking treasury organisational structure
- Treasury policies and performance measurement
- Bank asset and liability management
- Balance sheet management, foreign exchange exposure and portfolio management
- Liquidity management in global treasury market operations and strategies for managing Liquidity Coverage Ratio and Net Stable Fund Ratio
- Capital requirements in banking funding and lending
- Cash pooling application
- Internal fund pricing implementation

2.3 Corporate treasury management

- Corporate asset and liability management
- Cashflow management and cash management
- Global financial and credit management
- Corporate treasury policies and governance
- Cross-border lending for multinational corporations
- Tax Regime development and tax treaty network in Hong Kong
- RMB cross-border cash management
- Financial accounting tools applications
- Hedge accounting treatment and applications
- Treatments in central clearing counterparty, credit value adjustment and fair value adjustment

2.4 Treasury products

- Money market products
- Foreign exchange products
- Equity products
- Structured products
- Dealing and structuring of treasury products
- Bond market development of Hong Kong and Mainland China

2.5 Interest rate securities and derivatives

- Short-term and long-term debt instruments
- Mortgage-backed securities, asset-backed securities, convertible bonds, hybrid securities
- Bond futures, forward rate agreements, interest rate swaps, credit default swaps
- RMB offshore products
- Yield curve and term structure of interest rates
- Default risk, credit spread risk, and interest rate risk
- Dispersion trade
- Role of rating agencies

2.6 Hedging and trading strategies

- Pricing and valuation models of derivatives
- Multi-currency debt management
- Risk factors involved in using treasury products
- Managing market risk through hedging
- Currency hedging and trading simulation
- Application of interest rate swap trading
- RMB risk management

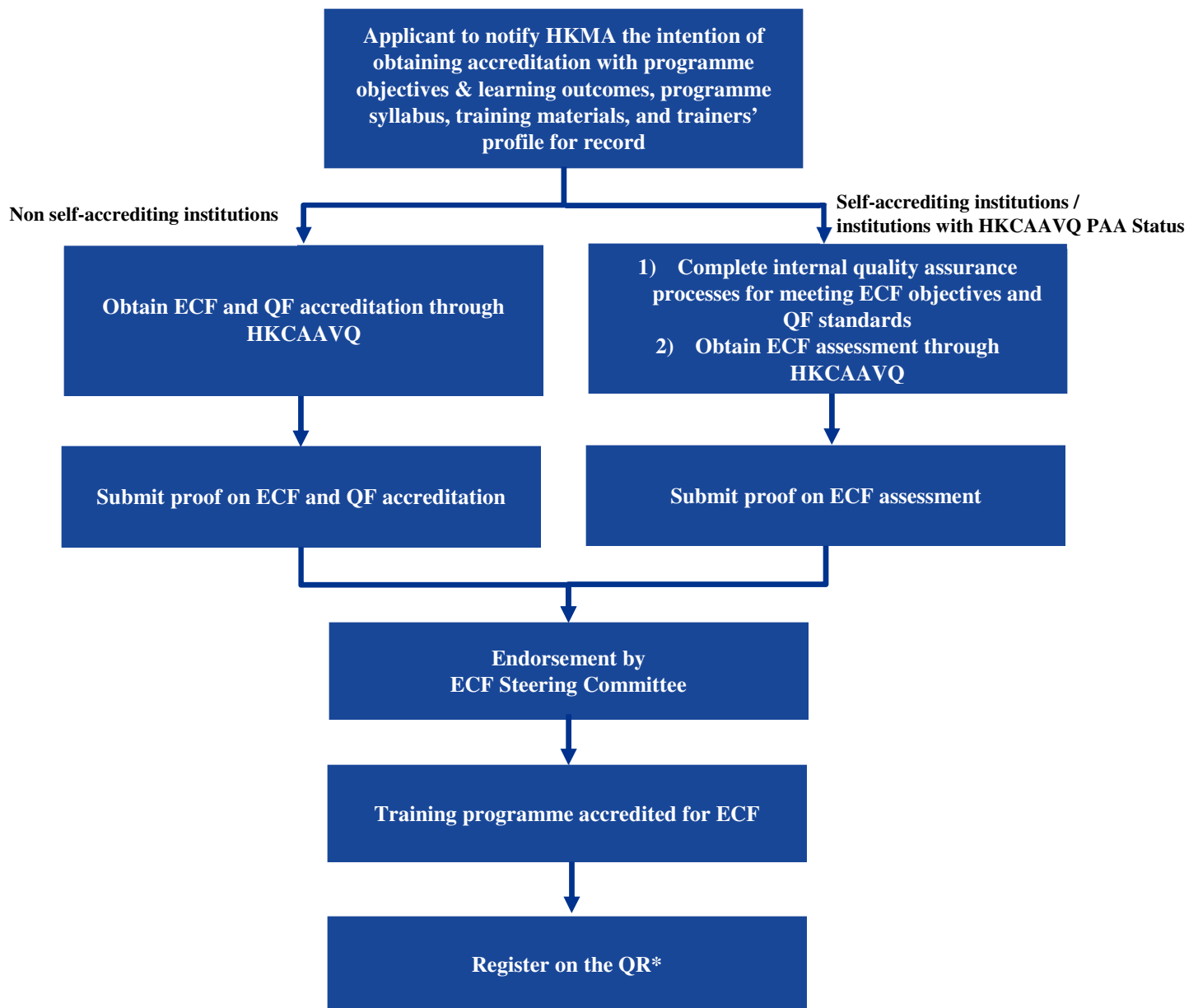
2.7 Treasury risk management and practices

- Principles of treasury risk management
- Effective risk management framework
- Essential practices for risk management
- Types of treasury risk
- Counterparty risk management
- Balance sheet risk management
- Credit risk management
- Scenario analysis, back testing and stress testing
- Asset and Liability Management Committee (ALCO) governance model
- Emerging best practices risk governance

2.8 Financial regulations and compliance

- Regulatory framework for treasury market activities
- Basel III capital and liquidity rules
- Rules and guidelines relevant to treasury operations in Hong Kong and Mainland China
- Disclosure standards and compliance
- Code of Conduct and Practice of TMA (Advanced Level)
- BIS foreign exchange global code
- Anti-money laundering and counter financing of terrorism related requirements and other current issues of treasury compliance in Hong Kong

Annex 4 – Accreditation mechanism for ECF-TM



*Subject to re-accreditation/re-assessment by HKCAAVQ