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## **1. Introduction**

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1.1 The financial industry is character

## **2. Application and Interpretation**

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2.1 These Guidelines are applicable to the following persons carrying on any

### **3. Objectives of CPT**

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- 3.1 CPT is the systematic maintenance, improvement and broadening of knowledge and skills to enable individuals carrying on regulated activities to perform their duties competently and professionally. The objectives of the CPT program are:
- (a) to maintain and enhance their technical knowledge and professional expertise;
  - (b) to provide reasonable assurance to investors at large that they have the technical knowledge, professional skills and ethical standards required to perform the regulated activities efficiently, effectively and fairly; and
  - (c) to maintain and enhance Hong Kong's international reputation for high professional standards.
- 3.2 The SFC believes that the objectives of CPT could not be achieved solely through work experience or "on the job" training. The SFC believes that it will generally be necessary for individuals to undertake CPT if they are to remain fit and proper.
- 3.3 The requirements for CPT will vary according to the size and nature of the business and the nature of the responsibilities to be undertaken by an individual. Rather than

#### **4. CPT Requirements**

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4.1 The obligations to conduct and maintain CPT will be imposed upon all corporations and individuals.

##### **4.2 *Obligations of Corporations***

4.2.1 Corporations are held primarily responsible for designing and implementing a continuous education program best suited to the training needs of the individuals they engaged and which will enhance their industry knowledge, skills and professionalism. The apportioning of training costs will be a matter between the corporations and the individuals they engaged.

4.2.2 Corporations should at least annually evaluate their training programs and make commensurate adjustments to cater for the training needs of the individuals they engaged.

4.2.3 In developing the training programs, consideration should be given to the corporation's size, organizational structure, risk management system, scope of business activities as well as the prevailing regulatory framework and market development.

4.2.4 The training programs can be provided internally or the corporations can make use of appropriate external sources. In selecting training courses for the individuals they engaged, corporations should satisfy themselves on the quality of the trainers and the standard of the training programs. They should also ensure that the contents of such courses are appropriately structured and of benefit to the individuals in performing their functions. Subjects relevant to the individuals' functions and which may help to enhance the performance of their functions would meet the CPT purpose.

4.2.5 The Academic and Accreditation Advisory Committee ("AAAC") of the SFC does not endorse any training courses whether provided internally or externally. Corporations should keep the details of the training conducted, the attendance records, and materials provided for individuals who have completed the training, etc.



- 4.3.4 If an individual can show that a particular course is relevant to more than one competence group, he may claim it as CPT in respect of all the relevant regulated activities.
- 4.3.5 Individuals are also required to retain appropriate records of all CPT activities completed in a calendar year. Documentary evidence sufficient to support their attendance or completion of the CPT activities such as certificates of attendance issued by the course providers and examination results should be kept by the individuals for a minimum of 3 years. The SFC may request representatives and responsible officers of licensed corporations, and the HKMA may request relevant individuals and executive officers of registered institutions, to produce such documentary evidence as and when required.
- 4.3.6 The SFC or the HKMA (as the case may be) may impose a higher



## **6. Activities Relevant for CPT Purposes**

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- 6.1 CPT hours are time spent by individuals in undertaking CPT activities. The CPT activities should be of relevance to the functions to be performed by them and of significant intellectual and practical contents which involve interaction with other individuals.

## **7. Topics Relevant for CPT Purposes**

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- 7.1 Individuals are required to remain fit and proper to perform their functions at a professional level. Relevant topics for individuals at the representative or relevant individual level include, amongst others:
- (a) applicable compliance, legislative and regulatory standards;
  - (b) business conduct and ethical standards;
  - (c) new financial products in the industry and the associated risk management systems;
  - (d) business communication skills and trade practices;
  - (e) general law principles;
  - (f) computer knowledge;
  - (g) basic accounting theories; and
  - (h) fundamental economic analysis.
- 7.2 Relevant topics for responsible officers or executive officers of registered institutions who play a crucial role in ensuring effective corporate governance and control may, in addition to the above topics, include the following:
- (a) business management;
  - (b) risk management and control strategy;
  - (c) general management and supervisory skills;
  - (d) macro and micro economic analysis; and
  - (e) financial reporting and quantitative analysis.
- 7.3 The SFC would like to stress that the above topics are examples only and they are by no means exhaustive.
- 7.4 Generally speaking, language courses cannot be counted as CPT whereas management training can be counted towards CPT if the training assists in enhancing the person's ability to carry out the regulated activities.

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## **8. Consequences of Non-Compliance**

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- 8.1 Failure by a corporation to have in place appropriate CPT program or maintain records thereof, including those in respect of the CPT compliance of the individuals they engaged will cast doubt on its fitness and properness to remain licensed or registered. Similarly, failure by an individual to comply with the minimum CPT requirements or to keep appropriate records on the CPT activities undertaken will raise doubt on his fitness and properness. These failures may lead to disciplinary action by the SFC or the HKMA<sup>3</sup>.
- 8.2 Breaches of any of the requirements of these Guidelines will, in the absence of extenuating circumstances, reflect adversely on the fitness and properness of the individuals and corporations. Nevertheless, the SFC or the HKMA will adopt a pragmatic approach taking into account the circumstances and the facts of the case before taking any action.

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<sup>3</sup> The HKMA may take disciplinary action on a relevant individual or an executive officer of a registered institution.

## **9. Role of the Academic and Accreditation Advisory Committee**

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- 9.1 The AAAC of the SFC is comprised of representatives from the SFC, the industry and academic institutions. It will consider applications as recognized institutions for CPT purposes from professional bodies and tertiary institutions only. Applications should be made to the Secretary of the AAAC in the ***“Application Form for Professional Bodies and Tertiary Institutions for Approval as Recognized Institution”***, which can be downloaded from the SFC’s website at [www.hksfc.org.hk](http://www.hksfc.org.hk) or obtained from the SFC Licensing Counter.
- 9.2 The criteria for approval as a recognized institution for providing CPT include the following:
- (a) How long has it been established;
  - (b) Track record of at least 3 years in training;
  - (c) Has and will develop training related to regulated activities;
  - (d) Has set up independent committee which is represented by industry participants to develop and ensure quality of training;
  - (e) There is ongoing evaluation of training programs;
  - (f) The trainers are professionally qualified and with relevant industry experience;
  - (g) The training is interactive (self-study without assignments or examinations are not acceptable); and
  - (h) There is attendance control in place, attendance certificates will be issued and attendance records will be kept for at least 3 years.
- 9.3 The AAAC has endorsed a list of recognized institutions for providing CPT. Institutions that provide recognized industry qualifications for competence purpose can also provide CPT courses. A full list is attached as Appendix. The list will be updated and posted on the SFC’s website as and when changes occur.
- 9.4 The AAAC will not pre-endorse each individual course. Generally, it is expected that the contents of these courses will relate to the lists of topics given in paragraphs 7.1 and 7.2 of these Guidelines.
- 9.5 The AAAC will regularly review the CPT requirements to ensure that they meet general market needs and international standards.

**List of Approved CPT Providers**

Tertiary institutions and professional bodies that have been approved by the AAAC as recognized institutions for providing CPT are as follows:

- (1) Hong Kong Institute of Bankers
- (2) The Financial Services Development Centre of the Vocational Training Council
- (3) Hong Kong Stockbrokers Association Limited
- (4) The Hong Kong Society of Financial Analysts Limited
- (5) The Institute of Securities Dealers Limited
- (6) The School of Professional and Continuing Education (“SPACE”) of the University of Hong Kong
- (7) Hong Kong Exchanges and Clearing Limited
- (8) The Hong Kong Institute of Company Secretaries
- (9) Hong Kong Investment Funds Association
- (10) Department of Accountancy of the Hong Kong Polytechnic University
- (11) School of Professional Education and Executive Development (“SPEED”) of the Hong Kong Polytechnic University
- (12) School of Continuing Education of the Hong Kong Baptist University

Institutions that provide recognized industry qualifications for competence purpose can also provide CPT courses. These are:

- (1) Hong Kong Securities Institute (Hong Kong)
- (2) The National Association of Securities Dealers, Inc. (US)
- (3) The Association for Investment Management and Research (US)
- (4) The Securities Institute of Australia (Australia)
- (5) The Securities Institute (UK)
- (6) Canadian Securities Institute (Canada)
- (7) Japan Securities Dealers Association (Japan)

*Note: Only training programs relevant to the regulated activities for which an individual engaged in would serve the CPT purpose. Individuals are advised to select topics that are related to their regulated activities and will enhance their professionalism to satisfy the CPT requirements.*