

FAQs (Updated on Jun 29, 2015)

General

1. What is the Enhanced Competency Framework?

The Enhanced Competency Framework (ECF) sets out an enhanced level of core competence and on-going professional development of private wealth management (PWM) practitioners who undertake customer-facing roles. It is a non-statutory framework separate from the existing licensing or registration regime for the securities industry.

The ECF is PWM-oriented, covers knowledge of Asia Pacific markets and practical application of PWM-related knowledge, with strong emphasis on ethics and compliance.

2. Is it mandatory for private wealth management practitioners to obtain ECF certification?

The ECF is a non-statutory framework separate from the existing licensing or registration regime for the securities industry. It is to be adopted voluntarily by PWM practitioners. For the avoidance of doubt, individuals are still required to meet the licensing or registration requirements under the Securities and Futures Ordinance.

3. Which organization is considered a PWM institution? Does PWMA has a list of such institution?

A private bank or authorized institution with dedicated private banking unit(s), and a corporation licensed with the Securities and Futures Commission that provides dealing, advisory, or asset/portfolio management services to clients who fall under the definition of private banking customers* is considered a PWM institution for the purpose of ECF. PWM institutions include, but are not limited to, member institutions of PWMA.

* A “private banking customer” refers to a customer who maintains a personalized relationship with the PWM institution and receives personalized banking services, dealing, advisory or asset / portfolio management services from the PWM institution, and has:

- a) at least USD3 million or its equivalent in any other currency in investable assets; or
- b) at least USD1 million or its equivalent in any other currency in investable assets under the PWM institution’s management.

Investable assets comprise securities, deposits and certificates of deposits. The amount may be calculated on a relationship basis covering (i) individual accounts; (ii) joint accounts with associates; and (iii) personal investment companies wholly-owned by the individual or jointly owned with associates. Associate means the spouse or any child of that individual.

Relevant Practitioners

4. To whom is the ECF applied to?

The ECF applies to new entrants and existing PWM industry practitioners (Relevant 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.

For the purpose of the ECF, PWM institutions refer to the following:

- (a) Private banks or authorized institutions with dedicated unit(s) which maintain a personalized relationship with private banking customers*, and provide personalized banking services, dealing, advisory or portfolio management services to these customers; and
- (b) Corporations licensed with the SFC that provide dealing, advisory, or asset / portfolio management services to clients who fall under the definition of private banking customers*.

* A “private banking customer” refers to a customer who maintains a personalized relationship with the PWM institution and receives personalized banking services, dealing, advisory or asset / portfolio management services from the PWM institution, and has:

- a. at least USD3 million or its equivalent in any other currency in investable assets;
or
- b. at least USD1 million or its equivalent in any other currency in investable assets under the PWM institution’s management.

Investable assets comprise securities, deposits and certificates of deposits. The amount may be calculated on a relationship basis covering (i) individual accounts; (ii) joint accounts with associates; and (iii) personal investment companies wholly-owned by the individual or jointly owned with associates. Associate means the spouse or any child of that individual.

5. How does one determine whether the individual is considered as a Relevant Practitioner for the purpose of ECF?

PWM institutions can make reference to the “**Definition of Relevant Practitioners**” for examples of functional titles, and key roles and required competence in determining whether a customer-facing staff is a Relevant Practitioner for the purposes of ECF.

If the staff performs substantially all of the roles described in the “Definition of Relevant Practitioners”, he or she should be classified as a Relevant Practitioner.

An individual with functional title such as Relationship Manager and Investment Advisor is likely to be classified as a Relevant Practitioner if that individual in practice performs substantially all of the prescribed roles listed in the “**Definition of Relevant Practitioners**”. An individual that holds other functional titles such as Dealer or Product Specialist would not typically be classified as a Relevant Practitioner if that individual does not perform substantially all of the prescribed roles including the provision of investment ideas or recommendations to customers directly.

6. Will the ECF apply to individuals who work on temporary basis in Hong Kong?

The ECF is to be adopted voluntarily by PWM industry practitioners. It will be up to the PWM institutions to decide whether it is necessary for individuals who work on a

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temporary basis in Hong Kong to meet the ECF standards. In general it may not be practical to apply ECF if individuals work on a one-off basis for only several months in Hong Kong.

7. Is wealth advisor / trust specialist covered under ECF?

They are considered product specialists selling trust structure / solution to client instead of investment products, hence, they are not covered by ECF.

One-off Exemption (Grandfathering)

8. What is this one-off exemption?

The ECF provides for a one-off exemption to those Relevant Practitioners who have at least 10 years of relevant work experience. Please refer to “**Guidelines for Grandfathering**” for full details. The 10 years of work experience must be met on or before December 31, 2014.

Relevant Practitioners who have been granted this one-off exemption will be exempted from the Module 1 (Technical, Industry and Product Knowledge) requirements, but still need to fulfil the Module 2 (Ethics and Compliance) requirements.

9. What relevant experience would be counted in the 10 years?

For those Relevant Practitioners who have at least 10 years of relevant customer-facing work experience described below, they may be eligible for grandfathering.

Recent PWM customer-facing functions (i.e. x = at least 5 years)		Other customer-facing functions in the financial services industry (i.e. y = (10 years minus x), and multiplied by 2 [if x is not greater than 10 years])
5 years	AND	10 years
6 years		8 years
7 years		6 years
8 years		4 years
9 years		2 years
>= 10 years		0 year

The counting of years of relevant experience is calculated up to the nearest month, with days less than one month rounded up to the nearest month.

For example, an applicant employed in a PWM institution with customer-facing functions from 20 January 2006 to 2 October 2013, he/she would have 7 years and 10 months relevant working experiences, he/she would need to have an additional 4 years and 4 months relevant working experiences of other customer facing functions in other financial services industry in order to meet the 10 years relevant working experiences requirement.

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10. What is the coverage of other customer-facing functions in the financial service industry?

Customer facing functions refers to those Relationship Manager or Investment Advisor type of roles making customized solicitations or recommendations to clients in the provision of securities dealing and advisory services and/or portfolio management services. Please refer to the definition of Relevant Practitioners for the detail of the key roles.

Financial services industry refers to investment banking, corporate banking, retail banking, asset management companies, brokerage firms, hedge funds, private equity funds etc.

Credit card companies, credit unions, insurance companies, consumer finance companies, and firms providing audit, consulting, financial advisory, tax or related services to financial institutions will not be considered as financial services industry for the purpose of grandfathering application.

11. How does the Relevant Practitioner know if he / she is eligible for exemption?

The application for Grandfathering requires Human Resources or other relevant department of the concerned PWM institution(s) to endorse the employment history of your relevant experiences based upon respective verification and / or by self-declaration. The endorsement by your current employer has indicated that the Relevant Practitioner has met the eligibility criteria on relevant experiences before it is passed to PWMA for processing.

12. How does one complete the Module 2 requirement?

Upon confirmation from the PWMA that a one-off exemption has been granted, the Relevant Practitioner may either complete accredited training programme on Module 2 or pass accredited examination on Module 2 by 30 June 2016. Provider for the initial programme and examination for Module 2 will be The Hong Kong Institute of Bankers.

13. When will the courses and examinations be available for the “grandfathered” Relevant Practitioners?

The Hong Kong Institute of Bankers (HKIB) provides the initial Module 2 programmes and examinations and has started its first run of training programmes in November 2014. Please go to the HKIB website (<http://www.hkib.org/indexen.asp>) for details of the training and examination schedule.

14. Is leave counted for grandfathering if the employee continues to work in the institution?

The ECF provides for a one-off exemption to those Relevant Practitioners who have at least 10 years of relevant experience. The 10 years of relevant experience must be met on or before December 31, 2014. Leave of any type is counted for grandfathering while the employee remains working in the institution.

15. If an applicant has 10 years relevant experience but had left the industry, is he/she eligible for grandfathering?

Currently, the grandfathering is only applicable for Relevant Practitioners who are currently employed at a PWMA member institution.

16. Is there any application fee?

There is a non-refundable HKD1,000 application fee for application of grandfathering and CPWP certification.

17. Is there a cut-off date for applying for the grandfathering eligibility?

The 10 years of relevant experience must be met on or before December 31, 2014.

For those Relevant Practitioners who are currently employed by PWMA member institutions, the deadline to apply for the grandfathering exemption will be on or before 30 January 2015. They need to have the Module 2 completed, either by passing the examination or taking the course, on or before 30 June 2016.

Those Relevant Practitioners who are currently employed by non-PWMA member institutions may apply for grandfathering within 3 months of becoming Relevant Practitioners of the PWMA member institutions provided that the eligibility for grandfathering has been met. They need to complete the Module 2, either by passing the examination or taking the course, within 12 months after a one-off exemption has been granted.

18. Would overseas work experience be recognized for grandfathering application?

In general, relevant overseas work experience in established financial centres / wealth management centres is recognized for the purpose of grandfathering application. These countries include France, Germany, Japan, Singapore, Switzerland, United Arab Emirates (Dubai), United Kingdom and United States. Work experience in other countries will be considered by the Accreditation & Exemption Committee on case by case basis.

19. Does PWMA accept batch submission of the application forms from its members?

A member institution may deliver the application forms of its relevant practitioners in batch together with one single payment for the application fee. Please provide the details of a representative as key contact person regarding the applications in a cover letter.

20. What is the use of self-declaration form for grandfathering application?

The purpose of self-declaration form is for indicating the key responsibilities of your previous work experience.

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Self-declaration forms are considered as supporting documents about the key roles and responsibilities of previous employment history of applicants. You are advised to enclose them together when submitting the applications.

21. Where can we obtain the self-declaration form?

You should contact the corresponding personnel or co-ordinator of your firm designated for grandfathering applications to obtain a copy of the self-declaration form. We would consider posting the form later in the website.

22. How to fill in the details of employment history on the application form for Grandfathering if self-declaration forms are used?

You should list all your relevant work experience in the Employment History section on the application form for Grandfathering, no matter you use self-declaration forms or not.

Nonetheless, when filling in the Employment History section for the previous work experience with self-declarations, you should:

- a) tick “Self-Declared” under “Roles Verified By”; and
- b) indicate “please refer to the self-declaration form enclosed”, or a remark with similar wordings, under “Key Responsibilities”.

CPWP Certification

23. What are the criteria for applying for CPWP certification under the examination route?

There are two conditions that must be met before applying for CPWP certification:

- (a) Minimum 3 years’ experience as a Relevant Practitioner within private wealth management institution(s) out of most recent 5 years; and
- (b) Passed all examination papers for both Module 1 and Module 2 of ECF. The result of each examination paper is valid for 5 years (counting from the date of the examination) for the purpose of applying for CPWP certification.

A relevant practitioner who has met both conditions for certification is eligible to apply for certification, but such application should be received by PWMA not later than 3 months from the end of the validity period of the examination result.

Below are some illustrations in relation to the validity period of examination results for applying CPWP certification.

Illustration A:

- Assuming the candidate continues to work as a Relevant Practitioner (“RP”).

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	Example 1	Example 2	Example 3
	Current Job as RP: e.g. Relationship Manager (“RM”)/ Investment Consultant (“IC”)	Current Job as RP: e.g. RM/IC	Current Job as RP: e.g. RM/IC
Exam date of Module 1 Paper 1	1 Apr 2015	1 Sep 2022	1 Apr 2015
Exam date of Module 1 Paper 2	1 Jun 2016	1 Jun 2016	1 Oct 2023
Exam date of Module 2	1 Sep 2018	1 Sep 2018	1 Sep 2018
Exam results are valid for the purpose of applying for CPWP certification?	Yes Period when both conditions for certification are met: After receiving the result of exam taken on 1 Sep 2018, and up to 31 Mar 2020 (5 years’ validity counting from 1 Apr 2015). Application for certification should be received by PWMA no later than 3 months from 31 Mar 2020.	No The candidate needs to re-take and pass Module 1 Paper 2 Exam. Period when both conditions for certification are met: After receiving the result of exam taken on 1 Sep 2022, and up to 31 Aug 2023 (5 years’ validity counting from 1 Sep 2018). Application for certification should be received by PWMA no later than 3 months	No The candidate needs to re-take and pass Module 1 Paper 1 and Module 2 Exams. Period when both conditions for certification are met: After receiving the result of exam taken on 1 Oct 2023, and up to 30 Sep 2028 (5 years’ validity counting from 1 Oct 2023). Application for certification should be received by PWMA no later than 3 months

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		from 31 Aug 2023.	from 30 Sep 2028.
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Illustration B:

- Assuming the candidate is not working as a Relevant Practitioner (“RP”) when he / she starts to take the examination but later on works as a RP.

	Example 1	Example 2	Example 3
	Current Job as non-RP: e.g. Assistant Staff	Current Job as non-RP: e.g. Assistant Staff	Current Job as non-RP: e.g. Assistant Staff
Exam date of Module 1 Paper 1	1 Apr 2015	1 Apr 2015	1 Apr 2021
Exam date of Module 1 Paper 2	1 Jun 2016	1 Jun 2016	1 Jun 2016
Exam date of Module 2	1 Sep 2018	1 Sep 2018	1 Sep 2018
Start date of working as a RP	1 Jan 2017	1 Oct 2018	1 Nov 2020
3 years’ RP experience met	31 Dec 2019	30 Sep 2021	31 Oct 2023
Exam results are valid for the purpose of applying for CPWP certification?	Yes Period when both conditions for certification are met: From 31 Dec 2019, and up to 31 Mar 2020 (5 years’ validity counting from 1 Apr 2015). Application for certification should be received by	No The candidate needs to re-take and pass Module 1 Paper 1 & Paper 2 Exams because these exams were passed more than 5 years ago when the 3 years’ RP experience is met. Period when both conditions for certification are met: From 30 Sep 2021,	No The candidate needs to re-take and pass Module 1 Paper 2 Exam & Module 2 Exam, because these exams were passed more than 5 years ago when the 3 years’ RP experience is met. Period when both conditions for certification are met: From 31 Oct 2023, and

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	PWMA no later than 3 months from 31 Mar 2020.	and up to 31 Aug 2023 (5 years' validity counting from 1 Sep 2018). Application for certification should be received by PWMA no later than 3 months from 31 Aug 2023.	up to 31 Mar 2026 (5 years' validity counting from 1 Apr 2021). Application for certification should be received by PWMA no later than 3 months from 31 Mar 2026.
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24. How does one get the CPWP certification?

The PWMA has pursuant to the ECF developed a professional qualification Certified Private Wealth Professional (CPWP). PWMA will administer the CPWP certification and On-going Professional Training for its PWM member institutions. Relevant Practitioners may apply for the CPWP certification when they have successfully completed the programme and examination requirements under the ECF and have the prerequisite work experience.

25. Is the CPWP certification available to all Relevant Practitioners in the market?

No, CPWP certification will be administered for Relevant Practitioners of PWMA member institutions only at the current stage. The PWMA will consider to administer the certification for non-member institutions in a longer term.

26. What are the prerequisite work experience?

For those Relevant Practitioners with less than 10 years of relevant customer-facing work experience described above, they must have at least 3 years of relevant work experience performing the prescribed functions and roles of a Relevant Practitioner with PWM institutions within the last 5 years. Please refer to the “**Definition of Relevant Practitioner**” for examples of the prescribed functions and roles listed under “key roles and required competence”.

An individual with functional title such as Relationship Manager and Investment Advisor are likely to be classified as a Relevant Practitioner if that individual in practice performs substantially all of the prescribed roles listed in the “**Definition of Relevant Practitioners**”. An individual that holds other functional titles such as Dealer or Product Specialist would not typically be classified as a Relevant Practitioner if that individual does not perform substantially all of the prescribed roles including the provision of investment ideas or recommendations to customers directly.

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27. If I previously worked overseas, will these working experiences be considered relevant?

In general, relevant overseas work experience in established financial centres / wealth management centres is recognized for the purpose of CPWP certification application. These countries include France, Germany, Japan, Singapore, Switzerland, United Arab Emirates (Dubai), United Kingdom and United States. Work experience in other countries will be considered by the Accreditation & Exemption Committee on case by case basis.

28. Is there any application fee?

There is a non-refundable HKD1,000 application fee for application of CPWP certification.

29. If a relevant practitioner only has one year of relevant experience, can he/she sit for the Module Exams?

Relevant Practitioners with less than 3 years of relevant experience can sit for the Modules 1 and 2 examinations. However, as the requirement of minimum 3 years PWM working experience is not met, he/she is not yet eligible to apply for CPWP certification.

For the purpose of applying for CPWP certification, the result of each examination paper is valid for 5 years counting from the date of the examination.

Application for certification can be made when both conditions (related to work experience and examination pass) are met. For details, please refer to Question 23 under “CPWP Certification” section.

On-going Professional Training (OPT)

30. What are the OPT requirements?

Relevant Practitioners who have been certified as CPWP are required to complete 10 hours of PWM-related OPT every calendar year starting with the year after certification. There is an annual renewal requirement for the CPWP certification which comprise a 10 hours of OPT, of which may include 5 hours of continuous professional training recognized by the SFC. Out of the 10 hours of PWM-related training, a minimum of 2 hours should be on ethics and compliance.

31. What if I fail to meet the annual OPT requirements?

Failure to meet the annual OPT requirements may result in the revocation of the CPWP certification.

Should there be any exceptional reason to justify for the failure, for example, to go for an extended sick leave, PWMA will consider to reinstate the relevant practitioner’s CPWP certification on a case by case basis.

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32. When a qualified practitioner changes job and moves to a non-PWMA institution after being certified, would the individual be able to maintain his/her CPWP status after expiry?

PWMA would allow qualified practitioner of a non-member institution to apply for CPWP renewal as long as his/her employer is willing to sign and confirm that the OPT requirement has been fulfilled. The application fee for CPWP renewal for non-member will be announced later.

33. What are the types of activities that will qualify for the OPT?

OPT courses need not be accredited and may be organized by relevant professional bodies, training institutes or PWM institutions.

The means of attaining OPT shall follow the approach allowed for the continuous professional training recognized by the SFC, such as:

- Attending classroom training
- Attending seminars
- Conducting industry research
- Giving lectures

34. If I work for another company within a calendar year, what should I do with the OPT hours I have previously earned?

Relevant Practitioners may combine the OPT hours earned at different PWM institutions.

35. Is OPT hours cumulative?

No, any OPT hours accumulated in any calendar year in excess of the minimum 10 hours cannot be carried forward to the next calendar year.

36. Are there any fees for annual renewal of CPWP certification?

There is a non-refundable HKD1,000 fee for annual renewal of CPWP certification.

37. How long does it take to process the application for the CPWP Certification Renewal?

It takes approximate 60 days to process upon receipt of application form.

38. Does OPT requirement for the CPWP Certificate Renewal run on calendar year?

Yes, OPT requirement runs on a calendar year basis.

39. Is it mandatory to attach documents when submitting Application for CPWP Certification Renewal?

No, it is not necessary to submit documents when submitting application for CPWP Certification Renewal, PWMA will review the verification by the Human Resources and /or respective relevant department of the PWM institution(s).

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40. If there is a change of job or industry, and/or personal information, shall I inform PWMA?

Applicant should notify change of job or industry, and / or personal information upon submission of Application for CPWP Certification Renewal annually.

41. Is there any deadline for CPWP Certification renewal?

Applicant should submit the Application for CPWP Certification Renewal to the PWMA within 1 month following the preceding calendar year-end.

42. Does OPT requirement needs to be met on an anniversary basis?

No, the OPT requirement only needs to be met on calendar year basis. For avoidance of doubt, there is no OPT requirement for the year the CPWP certification was obtained. The OPT requirement only starts in the succeeding calendar year.

Training Programmes and Examinations

43. What are the requirements of the ECF?

Relevant Practitioners can meet the ECF by undertaking self-study and/or taking accredited training programmes, and passing examinations. Those who have been granted grandfathering exemption will only need to meet Module 2 requirement.

The training programmes and examinations consist of two modules: Module 1 on technical, industry and product knowledge; and Module 2 on ethics and compliance. Please refer to the **“Detailed Syllabus”** for additional information on the syllabus.

44. Where are the training programmes and examinations available?

The Hong Kong Securities and Investment Institute (HKSI) and The Hong Kong Institute of Bankers (HKIB) are the initial providers for Module 1 and Module 2, respectively.

Relevant Practitioners may also take the programmes and examinations at their own PWM institutions if the programmes and examinations have been accredited by the PWMA.

45. Where can we find the training schedule and examination schedule for both Module 1 and Module 2?

The training schedule and examination schedule of Module 1 and 2 can be found in the following websites respectively.

- <http://www.hksi.org/hksi/> for Module 1
- <http://www.hkib.org/indexen.asp> for Module 2

46. How much are the programmes and examinations charged by the HKSI and HKIB, respectively?

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For details of the programmes and examinations fees charged by HKSI and HKIB, please refer to the websites of HKSI (<http://www.hksi.org/hksi/>) and HKIB (<http://www.hkib.org/indexen.asp>) accordingly.

47. How many times can one take the examinations?

There is no limit on the number of times one can take the examinations.

48. Could a Relevant Practitioner take the accredited examinations directly without attending the programmes?

Yes, a Relevant Practitioner may take the examinations without attending programmes. Study manuals are available for Modules 1 and 2 for self-study.

49. When is the Chinese version of the ECF modules available?

Initially, the ECF is not offered in Chinese.

Administration of the ECF

50. What is the role of the Private Wealth Management Association in the ECF?

The Association takes up the administration of the ECF, including accreditation and exemption. The PWMA has, pursuant to the ECF, developed the CPWP professional qualification. The PWMA will administer the CPWP certification and on-going professional training for its member institutions.

51. Will the Relevant Practitioner receive any document to certify that he/she is CPWP certified by the PWMA?

The PWMA will send the Relevant Practitioner a letter informing he/she has been awarded as CPWP upon his/her completion of all the requirements, and as well a letter to the Relevant Practitioner that the CPWP status still remains in effect upon his/her fulfilling of the annual OPT requirement.

52. Is the ECF a duplication of my existing qualifications?

The ECF is specifically tailored to strengthen the competence level of the private wealth management industry that covers knowledge of Asia Pacific markets and practical application of PWM-related knowledge, with strong emphasis on ethics and compliance, and hence it is not a duplication of any existing qualification.

53. If I am holding certain professional qualification (e.g. CFA, FRM, CGA, CPA, CIWM, etc.), would the professional qualification be eligible for exemption?

PWMA does not currently offer any exemption on professional qualifications.