

Consultation conclusions: competency framework for intermediaries and individual practitioners



On 18 June 2021, the Securities and Futures Commission (the "**SFC**") published the conclusions to its consultation (the "**Conclusions**") on the proposed enhancements to the competency framework for intermediaries and individual practitioners. Amendments have been proposed to amend the Guidelines on Competence (the "**Competence Guidelines**") and the Guidelines on Continuous Professional Training (the "**CPT Guidelines**"). The consultation was launched on 11 December 2020 (please refer to our [previous client alert](#)).

Respondents generally agreed with the SFC's proposals to enhance the competency framework. In light of the feedback received from the market, the SFC has set out further amendments to the competency framework in the Conclusions, which we have summarised below.

Further amendments to the Competence Guidelines

*Expanding the scope of recognised academic qualifications of Responsible Officers ("**ROs**") and Licensed Representatives ("**LRs**")*

Under Option A of assessing an individual's competence when applying to become an RO or LR, the SFC will recognise post-graduate diplomas or certificates in designated fields, provided that such diplomas and certificates are issued by a local or overseas university (or other similar tertiary institution), or recognised as Level 6 or above under the Qualifications Framework of Hong Kong¹.

Clarifying the scope of "management experience" of an RO applicant

Other than hands-on experience in supervising and managing essential regulated functions or projects in a business setting (e.g. managing individuals conducting regulated activities), the SFC confirmed that it will also accept management experience acquired in the financial industry, provided that such experience is not purely administrative (e.g. supervision of human resources or office administration staff).

*Clarifying the corporate finance experience required of ROs or executive officers ("**EOs**") who intend to advise on matters in relation to the Takeovers Code*

The SFC clarified that ROs and EOs who intend to advise on matters in relation to the Takeovers Code in a sole capacity ("**TCROs**") must have a minimum of 5 years of corporate finance experience acquired continuously and immediately preceding the date of his or her appointment as a TCRO.

Further amendments to the CPT Guidelines

Some respondents suggested that the SFC should include environmental, social and governance ("**ESG**") as a relevant topic for CPT purposes. The SFC shares this view and has included ESG issues in the financial market as a relevant topic for CPT purposes.

¹ Levels 6 and 7 under the Qualifications Framework of Hong Kong are considered as equivalent to a master's and doctoral degree, respectively. Please refer to the Hong Kong Qualifications Framework website (www.hkqf.gov.hk) for details.

Closing Remarks

The revised Competence Guidelines and CPT Guidelines have been gazetted on 25 June 2021 and will become effective on 1 January 2022. The SFC will, in the near future, arrange additional briefings and FAQs to help the industry establish a better understanding of the enhanced competency framework.

In light of the Conclusions, the Hong Kong Monetary Authority has also published a [circular](#) to authorised institutions regarding the above. Authorised institutions, EOs and relevant individuals are reminded to comply with the same guidelines as licensed corporations, ROs and LRAs respectively.

Please get in touch if you are interested in discussing any of the above.

Get in touch



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