



Hong Kong

July 2021

## SFC TO UPGRADE COMPETENCY STANDARDS FOR LICENSED INTERMEDIARIES AND INDIVIDUALS FROM 1 JANUARY 2022

On 18 June 2021, the Securities and Futures Commission of Hong Kong (**SFC**) published its Consultation Conclusions on Proposed Enhancements to the Competency Framework for Intermediaries and Individual Practitioners<sup>1</sup> (**Consultation Conclusions**). The Consultation Conclusions are made in response to the proposals made in the SFC's December 2020 consultation paper<sup>2</sup> (**Consultation Paper**) to update the entry requirements for licence applicants and the ongoing competency standards for individual practitioners. The changes apply to responsible officers and licensed representatives of SFC-licensed corporations and to executive officers and relevant individuals of authorised institutions registered by the Hong Kong Monetary Authority (**HKMA**). For a detailed summary of the Consultation Paper, please see our newsletter "SFC consults on Changes to the Competency Requirements for Licensed Intermediaries and Individuals".<sup>3</sup>

The new requirements will come into effect on 1 January 2022. The revised Guidelines on Competence and Guidelines on Continuous Professional Training (**CPT Guidelines**) are set out in the Consultation Conclusions at Appendix B and Appendix C, respectively.

The key changes to the competency requirements include:

- Raising the minimum academic qualification requirements for individual licence applicants and recognising a broader range of academic qualifications;
- Providing applicants with more flexibility for meeting the industry qualification and regulatory examination requirements;
- Exempting temporary licence applicants from obtaining recognised industry qualifications;
- Elaborating on the relevant industry experience requirements;
- Clarifying the management experience requirements for responsible officers;

1 SFC. Consultation Conclusions on Proposed Enhancements to the Competency Framework for Intermediaries and Individual Practitioners. 18 June 2021. Available at: <https://apps.sfc.hk/edistributionWeb/api/consultation/conclusion?lang=EN&refNo=20CP8>

2 SFC. Consultation Paper on Proposed Enhancements to the Competency Framework For Intermediaries and Individual Practitioners. 11 December 2020. Available at: <https://apps.sfc.hk/edistributionWeb/api/consultation/openFile?lang=EN&refNo=20CP8>

3 Charltons. SFC consults on Changes to the Competency Requirements for Licensed Intermediaries and Individuals. 19 January 2021. Available at: <https://www.charltonslaw.com/sfc-consults-on-changes-to-competency-requirements-for-licensed-intermediaries-and-individuals/>

- Upgrading the competence requirements for individuals who advise on Hong Kong Takeovers Code matters under new Takeovers Code Adviser Guidelines to be set out in Appendix B to the Guidelines on Competence;
- Simplifying the basis of the Continuous Professional Training (CPT) requirements from number of “RA competence groups” to “per individual”;
- Requiring licensed representatives and relevant individuals to complete 10 CPT hours per calendar year and responsible officers and executive officers to complete 12 CPT hours per calendar year including 2 CPT hours on regulatory compliance;
- Requiring individual practitioners to attend at least five CPT hours on topics directly relevant to the regulated activities in which he or she engages in each calendar year. Those engaging in sponsor work will be required to undertake 2.5 hours of sponsor-related CPT and those engaging in Takeovers Code transactions will be required to take 2.5 hours of Takeovers Code-related CPT in each calendar year;
- Requiring each individual practitioner to complete no less than two CPT hours on topics relating to ethics or compliance per calendar year;
- Requiring each new individual practitioner (excluding temporary licensees) to complete two CPT hours on ethics within 12 months of becoming licensed as a one-off requirement; and
- Requiring licensed representatives and relevant individuals intending to work on Hong Kong Takeovers Code transactions to pass an examination on the Takeovers Code (Paper 17 of the Licensing Examination for Securities and Futures Intermediaries). Grandfathering arrangements will exempt existing Type 6 licensed/registered individuals who have been involved throughout one completed takeovers transaction in the three years preceding 1 January 2022.

In relation to the competence requirements, key points to note from the SFC’s responses in the Consultation Conclusions are that:

- The SFC agreed to conditionally recognise post-graduate diplomas or certificates in designated fields under Option A;
- The SFC clarified that management experience acquired in the financial industry will be accepted;
- The SFC clarified that the five years of corporate finance experience required of responsible officers or executive officers who intend to advise on matters in relation to the Codes on Takeovers in a sole-capacity must be acquired continuously and immediately preceding the date of their application.
- In relation to the CPT requirements, the SFC accepted the suggestion of including environmental, social and governance (ESG) issues as a relevant topic for CPT purposes.

## Current Competence Test for Licensed Representatives and Responsible Officers

There are currently three different options for satisfying the test of competence for SFC licensed representatives and responsible officers:

- Option 1 provides for those with a degree in designated fields (i.e. accounting, business administration, economics, finance and law), other degrees with passes in at least two courses in the designated fields or an internationally recognised professional qualification.
- Option 2 caters for those who have at least passed either English or Chinese and Mathematics in the Hong Kong Certificate of Education Examination (HKCEE) or equivalent.

- Option 3 applies to those without any academic qualification (including those who are unable to provide proof of their academic qualifications).

## Changes to Competence Test for Licensed Representatives and Responsible Officers

### 1. Increase in Minimum Academic Qualification Requirements for Individuals and Broader Scope of Recognised Academic Qualifications

#### ***Raising the Minimum Academic Qualification Requirements to the Attainment of Level 2 in either English or Chinese as well as in Mathematics in HKDSE or equivalent***

The SFC received overwhelming support for its proposal to raise the minimum academic qualification requirements for individual licence applicants to the attainment of Level 2 in either English or Chinese and Mathematics in the Hong Kong Diploma of Secondary Education (**HKDSE**) or its equivalent. HKDSE equivalents will include the previous Hong Kong Certificate of Education Examination and local or overseas certificates or diplomas which serve as an entry channel to university, provided that certificate/ diploma holders have passes in either English or Chinese as well as in Mathematics.

In response to questions raised by respondents, the SFC confirmed that:

- i) GCE O-Level has always been recognised as equivalent to the Hong Kong Certificate of Education Examination (**HKCEE**); and
- ii) “passes” should be replaced with “the attainment of grade E or above” as regards the HKCEE.

#### ***Recognition of Academic Qualifications of Degree Holders in Other Disciplines***

The SFC will recognise the academic qualifications of degree holders in other disciplines who have not completed two courses in the designated fields, if they meet certain conditions.

The additional conditions to be satisfied by SFC licensed representative applicants are that they:

- have two years’ relevant industry experience over the past five years;
- have the relevant recognised industry qualifications; or
- have completed, as a one-off requirement, an additional five CPT hours in each regulated activity that they are applying for, within the six months preceding the submission of a licence application (**Extra CPT**).

The additional conditions to be satisfied by SFC responsible officer applicants are that they:

- have at least three years’ relevant industry experience over the past six years: and
- have either: (1) obtained the relevant recognised industry qualifications; or (2) completed Extra CPT.

As to the topics to be covered in completing Extra CPT, the SFC clarified that the CPT taken must be relevant to the regulated activity (**RA**) applied for. Individuals should retain records supporting their attendance or completion of CPT activities, such as a certificate of attendance issued by the course provider and exam results. An individual’s self-attestation would not suffice.

One respondent raised the possibility of recognising post-graduate courses under Option A. In its response, the SFC said that it will recognise post-graduate diploma or certificate holders in designated fields (or with at least two courses in designated fields) under Option A provided that such post-graduate diplomas or certificates are:

- i) issued by a local or overseas university or other similar tertiary institution; or
- ii) recognised as Level 6 or above under the Qualifications Framework in Hong Kong.

### **Grandfathering Arrangements**

The SFC will adopt its proposal to exempt current and ex-licensees and registrants who previously qualified under Option 3 but cannot meet the new minimum academic qualification requirement when the revised Guidelines on Competence take effect. The grandfathering arrangement will also extend to situations where these individuals apply for a new licence, the addition of a regulated activity or approval as a SFC Responsible Officer. To be eligible for the exemption from the new minimum academic requirement, individuals must satisfy the other criteria specified at paragraph 4.2.1.3 (in the case of Responsible Officers) and paragraph 4.3.1.3 (in the case of licensed representatives).

### **Revised Requirements for Responsible Officers and Executive Officers**

	Option A	Option B	Option C	
<b>Academic or professional qualifications</b>	Degree <sup>1</sup> in the designated fields <sup>2</sup> ; Other degree <sup>1</sup> (with passes in at least 2 courses in the designated fields <sup>2</sup> ); or Professional qualifications <sup>3</sup>	Other degree (without passes in 2 courses in the designated fields <sup>2</sup> )	Attained Level 2 in either English or Chinese as well as in Mathematics in the HKDSE or equivalent <sup>4</sup>	
<b>Relevant Industry Experience</b>	At least 3 years over the past 6 years	At least 3 years over the past 6 years	At least 3 years over past 6 years	At least 5 years over past 8 years
<b>Recognised Industry Qualifications or Extra CPT</b>	-	Obtained relevant recognised industry qualifications or completed Extra CPT	Completed relevant Extra CPT	Obtained relevant recognised industry qualifications
<b>Management experience</b>	2 years	2 years	2 years	
<b>Local Regulatory Framework Papers</b>	Pass	Pass	Pass	

### **Revised Requirements for Licensed Representatives and Relevant Individuals**

	Option A	Option B	Option C	
<b>Academic or professional qualifications</b>	Degree <sup>1</sup> in the designated fields <sup>2</sup> ; Other degree <sup>1</sup> (with passes in at least 2 courses in the designated fields); or Professional qualifications <sup>3</sup>	Other degree (without passes in 2 courses in the designated fields <sup>2</sup> )	Attained Level 2 in either English or Chinese as well as in Mathematics in the HKDSE or equivalent <sup>4</sup>	
<b>Relevant Industry Experience</b>	-	At least 2 years over past 5 years	-	At least 2 years over past 5 years
<b>Recognised Industry Qualifications or Extra CPT</b>	-	-	Obtained relevant recognised industry qualifications or completed Extra CPT	Completed relevant Extra CPT
<b>Local Regulatory Framework Papers</b>	Pass	Pass	Pass	

- <sup>1</sup> If an applicant who is a degree holder has attained a post-graduate diploma or certificate which is (a) issued by a university or other similar tertiary institution in Hong Kong or elsewhere; or (b) recognised as Level 6 or above under the Qualifications Framework in Hong Kong, then the post-graduate diploma or certificate will also be taken into account in assessing the applicant's competence. For further details about the Qualifications Framework in Hong Kong, please visit [www.hkqf.gov.hk](http://www.hkqf.gov.hk).
- <sup>2</sup> "Designated fields" refer to accounting, business administration, economics, finance and law.
- <sup>3</sup> Internationally-recognised professional qualifications in law, accounting or finance. Internationally-recognised professional qualifications in finance include Chartered Financial Analyst (CFA), Certified International Investment Analyst (CIIA) and Certified Financial Planner (CFP).
- <sup>4</sup> The SFC also recognises (a) the attainment of grade E or above in either English or Chinese as well as in Mathematics in the HKCEE and (b) passes in the same subjects in other high school public examinations (such as university entry examinations) in Hong Kong or elsewhere as equivalent to HKDSE.

## 2. Full Exemption from Obtaining Recognised Industry Qualifications for Temporary SFC Licence Applicants

The SFC received strong support for the proposal to fully exempt temporary licence applicants from satisfying the recognised industry qualification requirements and will adopt the proposal.

It also clarified that where an overseas regulator only grants a licence or registration at the firm level and does not directly authorise the applicant, the applicant will need to demonstrate that he or she fulfils the requirements set out in paragraphs 5.3.7(a)(i) to (iii) of the SFC's Licensing Handbook.<sup>4</sup>

## 3. Refine Applicability of Conditional Exemption from Passing the Hong Kong Regulatory Framework Papers

### ***Current Conditional Exemption: Passing Hong Kong Regulatory Framework Papers***

Currently, all individual licence applicants are required to meet the local regulatory framework papers requirement unless an exemption applies. A conditional exemption allows licensed representatives who are currently licensed or have been licensed within the past three years to be exempted from taking the local regulatory framework papers when applying to become a licensed representative for a regulated activity with a different competence requirement by completing an additional five CPT hours in regulatory knowledge in the new regulated activity (Paragraph 8 of Appendix E to the 2003 version of the Guidelines on Competence).

The local regulatory framework papers required to be passed are the same for licensed representatives for all regulated activities (i.e. Paper 1 of the Licensing Examination for Securities and Futures Intermediaries administered by the Hong Kong Securities and Investment Institute (HKSI)), except for Type 3. For licensed representatives who have already passed Paper 1, they will have already met the local regulatory framework paper requirement for licensing for another regulated activity without undertaking additional CPT hours, unless they apply for Type 3 regulated activity.

### ***Change to Conditional Exemption: Passing Hong Kong Regulatory Framework Papers***

The SFC will adopt its proposal to amend the conditional exemption so that it applies only to SFC licensed representatives who have: (a) never attempted any local regulatory framework paper (e.g. because they were migrated to the SFO regime under the transitional arrangements) but are still required to satisfy the local regulatory framework paper requirements of the new regulated activity; or (b) have passed one local regulatory framework paper but are still required to pass another to satisfy the requirements of the new regulated activity (e.g. when applying for a licence for Type 3).

<sup>4</sup> SFC. Paragraph 5.3.7 of the 2020 version of the Licensing Handbook. Available at: <https://www.sfc.hk/-/media/EN/files/LIC/handbook/licensing-handbook.pdf>

These individuals can complete an additional five CPT hours in regulatory knowledge in the new regulated activity in lieu of passing the local regulatory framework paper for that new regulated activity.

Please refer to paragraph 4.4.3.7 of the revised Guidelines on Competence.<sup>5</sup>

## **4. SFC Relevant Industry Experience Requirements for Responsible Officers**

### ***Taking into Account Licence Applicants' Overall Career History within the Industry***

#### *Current requirement*

"Recency" is a key element in assessing an individual's industry experience: only relevant industry experience accumulated within a prescribed period is recognised under the current regime. For example, under Option 1, Responsible Officer applicants must have at least three years of relevant industry experience over the past six years. Experience gained outside of that six-year period may be disregarded.

#### *Change to the Relevant Industry Requirement*

The SFC will adopt its proposal that for applicants who are unable to entirely satisfy the recency element of their relevant industry experience, the SFC will also take into account their overall career history within the industry on a case-by-case basis, although less weight may be given to dated experience. If the SFC accepts the relevancy of the dated experience, applicants may be granted licences or approvals which are subject to licensing conditions.

The SFC will critically review the industry experience of individuals who have been accredited to their previous principals only for short periods. These applicants may need to provide full details of their roles and responsibilities and the activities in which they actually engaged at their previous principals. The SFC noted in the Consultation Paper that some licence applicants change principals frequently (giving as an example a licence applicant who changed principals six times over three years) and that a pattern of changing accreditations over a short period may raise doubts as to whether the licence applicant has accumulated sufficient relevant industry experience.

The proposal will apply to all applicants including responsible officers and licensed representatives of licensed corporations and executive officers and relevant individuals of registered institutions. The SFC noted in the Consultation Conclusions that registered institutions are responsible for ensuring that their relevant individuals are competent by taking reasonable steps to satisfy themselves that their relevant individuals have previously carried on relevant activities.

The SFC also made it clear that, when an application is rejected, it is their practice to provide written communication setting out the basis of the decision.

## **5. Management Experience Requirements for SFC Responsible Officers**

The Guidelines on Competence require responsible officer applicants to have two years of management experience but do not prescribe the type of management experience that will be accepted. The SFC will adopt its proposal to clarify that management experience is confined to hands-on experience in supervising and managing essential regulated functions or projects in a business setting, including the management of staff engaging in these functions or projects (paragraph 4.1.13 of the revised Guidelines on Competence).

In response to industry feedback, the SFC agreed to accept management experience acquired in the financial industry and has amended paragraph 4.1.13 of the revised Guidelines on Competence accordingly. The SFC will not normally accept management experience which is purely administrative (such as human resources or office administration).

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<sup>5</sup> SFC. Appendix A to the revised Guidelines on Competence.

In response to respondents' requests for clarification of the management experience requirement, the SFC set out the following illustrative examples which are non-exhaustive and will be recognised as management experience:

- i) experience as senior management of a licensed corporation, registered institution or a corporation within the financial industry supervising the performance of regulated activities or financial services;
- ii) experience in supervising an investment team in the performance of an investment function, whether regulated or not; and
- iii) experience acquired from managing another type of regulated activity.

## 6. Competence Requirements for Individuals Advising on Hong Kong Takeovers Code Matters

### *Current Eligibility Criteria for Advising on Hong Kong Takeovers Code Matters*

Responsible officers and executive officers licensed or registered for Type 6 regulated activity (advising on corporate finance) are eligible to advise on matters relating to the Hong Kong Takeovers Code in their sole capacity (i.e. without any restriction on their licence) if they:

- i) have experience in supervising one completed transaction subject to the Hong Kong Takeovers Code;
- ii) have been a member of the Hong Kong Takeovers and Mergers Panel (but note there is no current requirement for the minimum period that a member should serve on the Panel); or
- iii) have been a member, executive or secondee of the London Takeover Panel.

### *Revised Eligibility Criteria for Responsible Officers and Executive Officers Advising on Hong Kong Takeovers Code Matters*

The SFC will adopt the proposal to enhance the eligibility criteria for Type 6 responsible officers and executive officers who are eligible to advise on matters relating to the Hong Kong Takeovers Code in their sole capacity. The revised eligibility requirements are set out in paragraph 2.2.1 of the new "Additional Competence Requirements for Corporations and Individuals which Undertake Activities in Connection with Matters Regulated by the Codes on Takeovers and Mergers and Share Buy-backs" (**Takeovers Code Adviser Guidelines**) in Appendix B of the revised Guidelines on Competence.

The new eligibility criteria require that the person must fulfil the requirements under Option 1 or Option 2 as set out below.

Option 1 requires the person:

- i) to have at least five continuous years of corporate finance experience in respect of companies listed on the Hong Kong Stock Exchange; and
- ii) to have been substantially involved in advising an offeror or an offeree company in at least two completed takeover transactions in the five years immediately preceding his or her appointment.

Option 2 requires the person to have been a member of the Hong Kong Takeovers and Mergers Panel for at least **two** years within the preceding five years.

"Substantial" involvement under Option 1 requires that throughout the Takeovers Code transaction, the individual assumed a lead role in the supervision and execution of the transaction (e.g. by leading and supervising due diligence and making key decisions relating

to work carried out by the transaction team). A list of the matters that will be considered in determining whether an individual has met this requirement is set out at paragraph 2.2.4 of the Takeovers Code Adviser Guidelines.

In light of the clarifications sought by respondents, the SFC confirmed that:

- Applicants should have at least five continuous years of corporate finance experience immediately preceding the date of application. Where there are career breaks during the five-year period, the SFC would consider the applications on a case-by-case basis.
- Paragraph 2.2.2 of the Takeovers Code Adviser Guidelines specifies the types of experience that will be regarded as corporate finance experience. In considering whether a responsible officer or executive officer for Type 6 regulated activity would be eligible to advise on matters related to the Codes on Takeovers in a “sole capacity”, he or she should have participated in and gained experience from corporate finance transactions. Applicants who have been licensed for Type 6 for the requisite period without being involved in corporate finance transactions will not be considered to have sufficient corporate finance experience.
- For applicants with overseas experience, while their takeovers deals will not be counted towards the two completed Takeovers Code transaction requirement, the SFC may take into account any substantive experience in overseas jurisdictions with a takeovers regime similar to that of Hong Kong. These applicants should expect their licences or registrations, if approved, to be subject to a “non-sole capacity” condition.

### ***New Examination Requirement for Licensed Representatives and Relevant Individuals Intending to Undertake Takeovers Code Transaction Work***

The SFC will adopt the proposal requiring licensed representatives and relevant individuals who intend to work on Hong Kong Takeovers Code transactions to pass an examination which specifically focuses on the Hong Kong Takeovers Code (HKSI Licensing Examination Paper 17) no more than three years prior to and no later than six months after their engagement. The requirement applies in addition to the examination requirement applicable to all licensed representatives and relevant individuals (i.e. the requirement to have passed HKSI Licensing Examination Paper 1).

A one-off grandfathering arrangement will apply to all existing licensed representatives and relevant individuals licensed or registered for Type 6 regulated activity who have engaged in at least one completed takeover transaction throughout the duration of that transaction within the three years preceding 1 January 2022. These individuals will be exempt from the requirement to have passed HKSE Licensing Examination Paper 17.

Type 6 responsible officers and executive officers who are eligible to advise on matters relating to the Hong Kong Takeovers Code in their sole capacity are also exempted from the additional examination requirement. However, responsible officers and executive officers who can advise on Hong Kong Takeovers Code related matters in a “non-sole capacity” will not be exempted from the additional examination requirement when it comes into effect.

## **7. Other Responses to the Proposed Competence Enhancements**

Three respondents suggested that sustainable development planning should be regarded as a core competency of an individual who joins the industry at the senior management level. The SFC, instead of mandating it in the entry requirements, decided to regard ESG as a relevant topic for CPT purposes in the revised CPT Guidelines.

Referring to paragraphs 4.1.8 and 4.1.9 of the revised Guidelines on Competence, the SFC interprets “relevant industry experience” as hands-on working experience acquired through the carrying on of regulated activities in Hong Kong or similarly regulated activities elsewhere. “Relevance” includes whether the substance of the experience is directly relevant or crucial to the regulated activity applied for and the role that the individual will undertake.



The SFC confirmed that the management experience and relevant industry experience requirements for Option B and C applicants are assessed in the same manner as for Option A applicants. The relevant general principles can be found in paragraphs 4.1.8 to 4.1.13 of the revised Guidelines on Competence.

## Amendments to the Continuous Professional Training (CPT) Requirements

### 1. Determination Basis of CPT Obligation by Specifying the Number of CPT Hours Required Annually

Under the revised CPT Guidelines, each individual practitioner will be required to complete a fixed number of CPT hours per calendar year, irrespective of the number of regulated activities he or she is licensed for (paragraph 5.2 of the CPT Guidelines).

### 2. Minimum CPT Requirement Per Calendar Year

The revised CPT requirements will be:

- a minimum of 10 CPT hours per calendar year for licensed representatives and relevant individuals; and
- a minimum of 12 CPT hours per calendar year for responsible officers and executive officers (including 2 CPT hours on topics relating to regulatory compliance).

### 3. Minimum CPT Requirement on Topics Directly Relevant to the Regulated Activity

Under the revised CPT Guidelines:

- i) Each individual practitioner will need to attend at least five CPT hours on topics directly relevant to the regulated activities for which he or she is licensed or registered. As a general principle, these five CPT hours should be allocated to cover the practice areas carried on by an individual in proportion to the time and effort that he/she spends in each area;
- ii) Individuals who engage in transactions related to the Hong Kong Takeovers Code will be required to attend at least 2.5 CPT hours on topics related to the Takeovers Code. These 2.5 hours may count towards the five CPT hours required under (i) above;
- iii) Individuals who engage in sponsor work will be required to attend at least 2.5 CPT hours on topics relevant to their sponsor work (e.g. knowledge of the regulatory rules and changes) which may count towards the five CPT hours required under (i) above.

### 4. Minimum CPT Requirement for Ethics or Compliance Topics

The revised CPT Guidelines will also introduce a new requirement that individual practitioners must complete at least two CPT hours on topics relating to ethics or compliance each calendar year. These two hours will count towards the required 10 hours for individual practitioners. However, they cannot be counted towards the two additional CPT hours on topics relating to regulatory compliance required of responsible officers and executive officers.

Each new individual practitioner in Hong Kong (excluding temporary licensees) will need to complete at least two CPT hours on topics relating to ethics within 12 months after they obtain their licence or registration. While other CPT requirements can be calculated pro-rata for individuals who are first licensed during a calendar year, the two ethics-related CPT hours will not be calculated on a pro-rata basis.

Topics relating to “ethics” include, but are not limited to, integrity, fairness, due care and diligence, good faith, objectivity, best interests of clients, treating clients fairly, avoidance of conflicts of interest and confidentiality of clients’ information. Topics relating to “compliance” include, but are not limited to, the legal and regulatory framework of the financial industry, codes of conduct and industry guidelines.

Where topics are relevant to specific regulated activities, regulatory compliance and ethics, the SFC gives individuals and corporations the flexibility to determine whether to count those CPT hours towards the regulated activity-relevant, regulatory compliance or ethics requirements. However, a single CPT activity can only be used to fulfil one CPT requirement at a time.

The SFC clarified in the Consultation Conclusions that training purely on mental health and personal growth, stress management and counselling will not be counted towards training on ethics.

The requirements concerning CPT on ethics and compliance will not apply to itinerant professionals and temporary licence holders. However, corporations are reminded that they should ensure that any person they employ or appoint to conduct business is fit and proper.

## 5. CPT Topics and Course Format

The SFC highlighted the fact that ESG and Fintech have been included as relevant topics for CPT purposes in paragraph 7.1 of the revised CPT Guidelines.

In response to one respondent's recommendation of extending the CPT requirements to Mangers-In-Charge, the SFC noted that Mangers-In-Charge are not required to fulfil the CPT requirements as they may not be licensed with the SFC.

While attending courses, workshops, lectures and seminars in both face-to-face and virtual formats are acceptable, online learning courses that are accessible by individuals at any time require an independent assessment (such as an evaluation or test) to ensure that the CPT activity includes an element of interaction as required by paragraph 6.1 of the revised CPT Guidelines.

## Implementation Timeframe for the Amendments

The revised SFC Guidelines on Competence and CPT Guidelines will come into effect on 1 January 2022.

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