

# CPWP Bridging Programme Course Outline

## Module 1: Technical and Product Knowledge

### Learning Outcome

- To demonstrate an adequate understanding of the private wealth management products, and adequate knowledge and practical application of portfolio management and risk management.

### Topic 1: Basic Products

- 1 Financial Market Fundamentals
- 2 Bonds
  - Understanding Non-vanilla Bonds
  - Demystifying Bond Yield
- 3 Equities
  - Shares Types and Equity Returns
  - Use of Equity Index
- 4 Foreign exchange
  - How the Currency Trade
  - Banknote Dealing

### Topic 2: Derivatives and Structured Products

- 1 Derivatives
  - Overview of the Derivatives Market
  - Practical Use of Futures and Forward
  - Exotic Options Explained
  - Swaps and Credit Derivatives
- 2 Structured products
  - Overview of Structured Products
  - Elaborating Structured Products

### **Topic 3: Investment Funds and Alternative Investments**

- 1 Investment funds
  - Features and Structures of Investment Fund
  - Parties Involved and Relevant Documents
  - Performance Assessment
- 2 Alternative investments
  - Overview of Alternative Investments
  - Alternative Investment Funds: Hedge Funds
  - Traditional Funds vs. Alternative Funds
- 3 Islamic finance

### **Topic 4: Portfolio Management**

- 1 Portfolio management practice
  - Investment Management Process
  - Portfolio Performance Review
- 2 Case Studies

### **Topic 5: Lending and Leverage**

- 1 Essential of Lending
  - Principles of Lending
  - Assessing and Monitoring Credit
- 2 Lombard Lending
- 3 Other Forms of Credit
  - Derivative Trading
  - Accumulators

## Module 2: Ethics and Compliance

### Learning Outcomes

- Describe the legal and regulatory framework governing banking and financial services in Hong Kong;
- Understand and apply the key regulatory requirements;
- Understand and apply the concept of fiduciary duties, ethical values and professional conduct various stakeholders.

### Chapter 1: Banking Regulations in Hong Kong

- 1 The Banking Ordinance: An overview
  - Background
  - Part I to IX of the Banking Ordinance – An overview
  - Part X Powers of Control over Authorized Institutions
  - Part XI and XII: Audits and Disclosure of Information by Authorized Institutions
  - Part XIII: Ownership and Management of Authorized Institutions
  - Part XV: Limitations on Exposures and Interests
  - Part XVI: Advertisements, Representations and Use of the Title ‘Bank’
- 2 Other banking regulations and requirements in the context of private wealth management
  - Key regulatory requirements applicable to property lending and positive mortgage data sharing
  - Deposit Protection Scheme – An overview in the context of private wealth management industry
  - Abuse and fraud prevention in private wealth management

### Chapter 2: Investment Products and Selling Activities related Regulations in Hong Kong

- 1 Securities and Futures Ordinance: key provisions relevant to private wealth management
  - Key SFO provisions relevant to private wealth management – An overview
  - Offers of investments to the public
  - Professional investor ‘PI’ regime under the SFO and Securities, Futures (Professional Investor) Rules (Cap.571D) (“Professional Investor Rules”)
  - Exemptions and waivers for PIs from certain requirements

- 2 Regulatory requirements relating to the sale of investment products
  - Suitability obligations
  - Selling process in relation to PIs under SFC Code of Conduct and Private Banking Customers
- 3 Application of the suitability obligation to the sale of specific types of investment products
  - Sale of fixed income products
  - Sale of accumulators, decumulators and products of a similar nature (collectively referred to as 'accumulators')
  - Investment products denominated in renminbi (RMB)
  - Sale of loss-absorbing capacity (LAC) debt instruments
  - Selling of Investment Funds

### **Chapter 3: Laws & Regulations Relating to Client Engagement and What Happens When Things Go Wrong**

- 1 Prospecting new clients – identification of potential customers
- 2 Understanding restrictions on cross-border clients and related risks
  - Travelling to other jurisdictions: cross-border marketing issues
  - Internal policies and controls
- 3 Managing the customer relationship
  - Hold mail and other add-on services: potential hold mail issues
  - Tax issue
  - Dealing with risk and support departments
- 4 When things go wrong
  - Escalation and investigation procedures
  - How to handle a breach of law or regulation – internally and with regulators
  - Internal investigations
  - Regulatory investigations: how they typically begin and what to expect
  - Powers of the SFC and the HKMA
  - Regulatory sanctions and penalties
  - Duty of secrecy

## **Chapter 4: Code of Ethics And Conduct; Fiduciary Duties, Ethical Values And Professional Conduct**

- 1 Fiduciary Duties, Ethical Values And Professional Conduct
  - Overview of fiduciary duties, ethical values and professional conduct
  - Treat Customers Fairly Charter for Private Wealth Management Industry
- 2 Code of Ethics And Conduct issued by The Private Wealth Management Association
  - General Principles
  - Risk Management and Client Complaints
- 3 Case Studies demonstrating practical application of applicable regulatory requirements and professional standards