

Ethics Training and Risk Management

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BMI Appraisals Limited

I. **Mandatory** New Staff Ethics Induction

As states in the latest issue of policy manual by Hong Kong Monetary Authority (HKMA), ethics training shall be required for new recruitments and evaluated consistently as a part of their performance review. This update deliberately emphasizes on the obligations of authorized institutions (AIs) in respect of staff ethics conduct. "The purpose of this module is to reiterate the supervisory expectation that AIs should engage and deploy personnel with sufficient skills, knowledge, experience and soundness of judgment for the discharge of the particular duties and responsibilities allocated to them" HKMA said in its guidance module.

- The Board shall adopt and implement such module to reinforce a culture of competence and ethical behavior within the institution.
- Competence, professionalism and integrity shall be incorporated in staff recruitment and performance appraisal.
- AIs are expected to embed ethics training as part of induction course for all staff, and ethics performance shall be monitored and reflected on all staff performance valuation.
- Training shall be regarded as a mandatory matter and fundamental business strategy, and expressed as an institutional policy.

II. **Risk** Management of Licensed Corporation

Due to recent market volatility, SFC issued a reminder accentuating the importance of appropriate risk management. "Senior management of licensed corporations is responsible for properly managing the risks and operations of their firms, including evaluation of the firm's risk exposures and maintenance of appropriate risk management policies and control procedures and adequate. Under changing market conditions, any failure to prudently manage risks, or mistakes or omissions in operations may result in significant adverse financial consequences" SFC said.

SFC's advices:

- Reviews and assessment of all risks concerning the company (e.g. client credits, client collateral and proprietary positions) shall be disclosed regularly.
- Close monitor in clients' credit, financial and all relating risks (e.g. credit limits, trading limits and position limits) shall be appraised promptly and prudently.

If you are interested to learn more about Ethics, please feel free to contact our Managing Director - Dr. Tony Cheng at (852) 2593 9633, our Director – Mr. Marco Sze at (852) 2593 9630 or our Associate Director – Ms. Renora Lai at (852) 2593 9631. Your enquiries via our portal at www.bmi-appraisals.com or by email to enquiry@bmintelligence.com are also welcome.

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