

# Private Wealth Management Association

## Code of Ethics and Conduct

### Introduction and Applicability

The Code of Ethics and Conduct (the "Code") has been adopted by the Private Wealth Management Association (the "Association") to provide general principles and expectations of business conduct in the private wealth management industry. The Code is binding on members of the Association, the Certified Private Wealth Professional (the "CPWP") and the Certified Private Wealth Professional Associate (the "CPWPA"). Members of the Association and the CPWP/CPWPA are expected to abide by the spirit of the Code as much as by the letter of the principles embodied in it.

In the event of non-compliance with the Code, the Association has discretion to take appropriate actions which may include a warning or suspension or expulsion of the member concerned or revocation of the CPWP/CPWPA designation.

### A. General Principles

#### Compliance with laws and regulations

1. Members and the CPWP/CPWPA should adhere to all the relevant laws and regulations (including in relation to anti-money laundering and counter terrorist financing and anti-bribery / corruption) as well as codes, circulars and guidelines issued by applicable regulatory authorities in relation to their respective business, activities and operations in Hong Kong and elsewhere.
2. In addition, members should comply with the memorandum and articles of association, the by-laws and membership criteria of the Association. The CPWP/CPWPA should comply with the guidelines and by-laws of the Association.

#### Diligence and professionalism

3. Members and the CPWP/CPWPA should exemplify the skills of profession and act at all times with integrity, due care and diligence, in the best interest of the clients, such that their activities are capable of close public scrutiny.
4. Services and products should be designed to meet the needs of clients. Members and the CPWP/CPWPA should assess the financial capabilities and needs of clients before offering them a service, advice or product. The provision of advice or selling of financial products should take into account the interest of the clients, having regard to their profiles and the nature and features of the services or products in question, to ensure that the suitability of the recommendations for the clients is reasonable.

5. Members and the CPWP/CPWPA should set out and explain clearly the key features, risks and terms of the products, including any fees, commissions or charges applicable to clients. Appropriate information should be provided to the clients before, during and after the point of sale.

#### Honesty

6. Members and the CPWP/CPWPA should act responsibly, in an honest and fair manner, with integrity and care. Fraudulent, deceptive and manipulative practices should be strictly forbidden.
7. All promotional materials and information designed for clients should be accurate and understandable. Members and the CPWP/CPWPA should not knowingly misrepresent facts to a client concerning any transaction and should take all reasonable steps to ensure that managers, advisors, agents, financial planning professionals, staff members and any other intermediaries do not do so.

#### Fairness and Conflict of Interest

8. Members and the CPWP/CPWPA should try to avoid conflicts of interest, and ensure that its clients are fairly treated if conflicts cannot be avoided. Members and the CPWP/CPWPA should refrain from advising or dealing in such a transaction unless appropriate disclosure of such material interest has been made to the client and all other reasonable steps have been taken to ensure that the client is treated fairly. These are especially relevant where in-house investment products are involved.
9. Members should ensure that staff remuneration and incentives schemes are not solely based on financial performance but that other factors, including compliance with laws and regulations and adherence to best practices guidelines and code of conduct, are taken into account. Members and the CPWP/CPWPA should give adequate pre-sale disclosure to clients of any monetary and non-monetary benefits received for distributing investment products.

#### Confidentiality

10. The Code emphasises the duty of members and the CPWP/CPWPA to respect confidential information supplied to them in the course of their business activities. Members and the CPWP/CPWPA should exercise utmost care in observing confidentiality and preserving client anonymity. Client information must be protected and maintained in such a manner that allows access only to those who are authorised, unless disclosure is otherwise required by applicable laws or regulations.
11. Members and the CPWP/CPWPA should uphold confidentiality of customers' information obtained through the course of business. The CPWP/CPWPA should not disclose private customer information to potential employers. Such private information may include, but is not limited to, pipeline of prospective customers, types of products or transactions conducted in the account(s) or background information that may be customer-identifiable. Members should also refrain from requesting such information during their recruitment process.

## Competence

12. Members should attain, maintain and ensure that their staff have an adequate level of abilities, skills and knowledge in the provision of private wealth management services. The CPWP/CPWPA should maintain and enhance their professional competence on an on-going basis.

## **B. Risk Management and Client Complaints**

1. Members should have in place a comprehensive and effective risk management and internal control framework to ensure accurate and timely issue identification, management, self-reporting (if applicable) and resolution.
2. Members should instill an appropriate corporate culture in respect of risk taking and risk avoidance to enhance the quality of risk management.
3. Members should ensure that reasonable channels for clients to make complaints are provided and that all client complaints are investigated promptly and objectively. The complaints and the investigation should be properly documented and in accordance with the guidelines on complaints handling procedures issued by the relevant regulatory authorities.
4. The CPWP/CPWPA should follow the guidelines on complaints handling procedures and notify the relevant risk management / control unit should they come across any issue in relation to customer complaints, and assist the investigation and review process whenever needed.