

**Specification of Competency Standards**  
**for the Banking Industry**  
**Unit of Competency**

Functional Area - 5. Internal Control and Compliance  
(Key Function – 5.2 Internal Control)

Title	Manage incidents of non-compliance and mitigate the impacts
Code	109334L5
Range	Management of internal control processes and development of post-incident actions for minimizing negative impacts of non-compliance. This applies to breaches of different rules and regulations related to the bank and business / operational activities conducted in different areas of the bank.
Level	5
Credit	4 (For Reference Only)
Competency	<p>Performance Requirements</p> <p>1. Knowledge in the Subject Area</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Understand the legislation and internal procedural requirements and apply the knowledge to analyse the relevant rules and regulations in order to identify the compliance requirements on the banking operations;</li> <li>• Possess the knowledge in the internal control systems of the bank and apply it to evaluate the incidents of breaches and determine the extent of the problem.</li> </ul> <p>2. Applications</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Review affected procedures or operations and identify the possible consequences to help prepare precautionary measures;</li> <li>• Assess (e.g. risk weighted assets, capital adequacy ratio) the changes in risk levels across different areas of the bank in order to assess the severity of the non-compliance incidents / activities;</li> <li>• Develop responses to address the incidents promptly in order to minimize the adverse impacts to the bank;</li> <li>• Develop follow-up measures (e.g. training, disciplinary action) to prevent recurrence of similar non-compliance incidents.</li> </ul> <p>3. Professional Behaviour and Attitude</p> <p>Be able to:</p> <ul style="list-style-type: none"> <li>• Analyse different non-compliance cases and identify their commonality to develop sound mitigation strategies;</li> <li>• Coordinate with different parties and consolidate relevant data from different sources in order to develop reports on non-compliance incidents as required by the regulatory bodies as appropriate;</li> <li>• Prepare the reports on non-compliance issues, specifying details such as development course, root cause, consequences and remedial measures, etc. for keeping record on lesson learnt.</li> </ul>
Assessment Criteria	<p>The integral outcome requirements of this UoC are:</p> <ul style="list-style-type: none"> <li>• Development of mitigation strategies to minimize the impacts of breaches of regulations. These should be based on analysis of the relevant regulatory requirements and the consequences of the breaches on different areas of the bank;</li> </ul>

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	<ul style="list-style-type: none"><li>• Reporting of non-compliance incidents by specifying details required by relevant parties. These should be based on evaluation and consolidation of information from different sources.</li></ul>
Remark	