

MODULE SPECIFICATIONS

Regulatory Compliance Practices (RCOP)

Level of Study: Specialist (Level 2) – Specialised Module

Effective date: 23 October 2023

Version: 2.4

Inclusion of re-sit/re-submit regulations in Section D

IMPORTANT: This module specification must be read together with the [AICB Membership and Qualification Regulations](#).

A. Module Aim

The Regulatory Compliance Practices (RCOP) module is designed to provide an in-depth insight into the Malaysian financial regulatory and supervisory environment for financial institutions and the risk and challenges presented. The module takes a practical approach and utilises current law and regulation, together with consideration of past events to illustrate the critical importance of robust compliance in Malaysian financial institutions.

B. Learning Outcomes (LO)

Upon completion of this module, candidates will be able to:

- LO1 – Explain the Malaysian financial services sector’s response to the changing operational factors and regulatory requirements
- LO2 – Discuss the Malaysian financial system and the breath of respective regulatory and supervisory framework for crisis aversion of financial infrastructure
- LO3 – Explain how Malaysian laws and regulations for financial services influence regulatory compliance
- LO4 – Interpret prudential regulation and the supervisory framework in Malaysia
- LO5 – Explain Islamic finance regulation and the supervisory framework in Malaysia
- LO6 – Examine the management of the compliance function in operationalising regulatory compliance standards and best practices
- LO7 – Examine the constitution of comprehensive internal checks and controls that inculcates appropriate culture & ethics in complying with banking prudential regulations
- LO8 – Evaluate how setting the right tone for business conduct can contribute to safeguarding customer’s financial interests
- LO9 – Assess the role of compliance in securing safe and reliable information technology system and applications in financial institutions
- LO10 – Discuss the efforts to streamline cross-border regulations and other domestic regulations with primary banking regulations.

C. Learning Method

A combination of methods can be adopted that includes but not limited to:

- Workshops
- Discussions
- Seminars
- Self-study

D. Assessment

Examination (Pearson VUE Online)	MCQ	Written	Assignment
Duration	3 hours		
Format	80 questions <ul style="list-style-type: none"> • 60 independent MCQs, and • 20 scenario-based MCQs 		3,500-word work-based assignment
Passing mark	60%		

Note:

The passing mark for the module is 60% and candidates have to pass BOTH examination and assignment components. Candidates must re-sit/re-submit the assessment component(s) which they failed.

Assignment	Examination	Overall Grade	Regulation
Pass	Pass	Pass	N/A
Pass	Fail	Fail	Re-sit Examination
Fail	Pass	Fail	Re-submit Assignment
Fail	Fail	Fail	Re-sit Examination & Re-submit Assignment

Examination prerequisites: Compulsory workshop attendance (100%) and assignment submission. Non-attendance of workshop and non-submission of assignment lead to module withdrawal and full payment for re-registration.

E. Syllabus Outline

#	Learning topics	Learning outcomes (LO)	Assessment criteria
1	1. Financial services sector in changing operational & regulatory settings 1.1 Transformation of the Global Financial Services (GFC) 1.2 Re-calibrating and Re-strategising prudential regulations of financial services	LO1 - Explain the Malaysian financial services sector's response to changing operational factors and regulatory requirements.	1. Recognise the common causes of crisis that impact the global financial landscape. 2. Relate the evolution of the financial industry's regulation regimes for insights into the motives of regulators to better discipline the market.

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	<p>1.3 The financial systemic risk post-GFC & role of global banking standard setting bodies</p> <p>1.4 Resilience of the financial sector during Covid-19 pandemic</p> <p>1.5 Addressing the challenge of 4th industrial revolution</p> <p>1.6 Why compliance is more important than ever</p> <p>1.7 Role of others in effecting institutional compliance</p> <p>1.8 Role of industry, professional associations, or training providers in facilitating standard compliance management</p>		<p>3. Appraise the various stakeholders' contribution to ensure holistic compliance management.</p>
2	<p>2. Malaysian financial system & breadth of respective regulatory & supervisory framework for crisis averse financial infrastructure</p> <p>2.1 The role of financial system</p> <p>2.2 The interrelation between the financial systems and economy</p> <p>2.3 Financial system components & the breadth of regulatory and supervisory scope</p>	<p>LO2 - Discuss the Malaysian financial system and the breath of respective regulatory and supervisory framework for crisis aversion of financial infrastructure.</p>	<p>1. Appreciate the financial system and its inter-linkages in supporting the economy.</p> <p>2. Appraise the Malaysian regulatory and supervisory framework in effecting an orderly financial system.</p> <p>3. Understand the role of compliance for effective interventions and solutions with that of financial intermediaries and respective regulators in the Malaysian financial system.</p>
3	<p>3. The fundamentals of laws and regulations in financial services & approach of regulatory compliance</p> <p>3.1 Primary objective of financial services regulations</p> <p>3.2 Being unaware of regulatory impositions is no excuse</p>	<p>LO3 - Explain how Malaysian laws and regulations for financial services influence regulatory compliance.</p>	<p>1. Understand the primary objective of financial laws and regulations with related regulatory tools to effect compliance and enforcement.</p> <p>2. Explain the approach of regulatory compliance in managing a wide range of issues involving assuring the effective establishment of the compliance and ethical</p>

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	<p>3.3 Maintaining legal relationship between bankers and customers</p> <p>3.4 Regulatory compliance a defence</p> <p>3.5 Black Swan and other regulatory challenges</p> <p>3.6 Establishing effective compliance programme</p>		<p>policies and processes, as well managing the liability risks and potential Black Swan' events for readiness of organisational compliance.</p> <p>3. Explain how an effective compliance program and overall compliance processes can be mitigating factor for the culpability of the Board and senior personnel in the event of regulatory breaches.</p>
4	<p>4. Prudential regulation & supervisory framework</p> <p>4.1 Strengthening the institutional resilience & business agility in facing intense globalisation and competition</p> <p>4.2 Strategic direction of Malaysian financial services</p> <p>4.3 Ensuring greater financial access</p> <p>4.4 Strengthening the conduct and culture of banking institutions</p> <p>4.5 Enhancing compliance and risk governance</p> <p>4.6 Instilling strong consumer-centric culture</p> <p>4.7 Enhancing market conduct practices</p> <p>4.8 Establishment of customer hotline and financial redness at institutional and industry level</p> <p>4.9 Other customer protection measures and pertinent issues</p>	<p>LO4 - Interpret prudential regulation and the supervisory framework in Malaysia.</p>	<p>1. Relate the evolution of regulatory policies and prudential measures within a span of 20 years post the Asian Financial Crisis in ensuring stability in the financial system.</p> <p>2. Examine the supervisory focus throughout the period to better understand the dynamics of the regulatory and supervisory focus in setting out priorities for an effective institutional compliance system.</p> <p>3. Analyse the historical accounts of key prudential measures to better understand the design and objectives of the policies employed by financial institutions for consistent alignment with regulatory intent.</p>
5	<p>5. Islamic finance regulation & supervisory framework</p>	<p>LO5 - Appraise Islamic finance regulation and the</p>	<p>1. Illustrate the evolution of the Islamic finance regulatory and</p>

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	5.1 Islamic finance regulatory & supervisory settings 5.2 Shariah Governance Framework 5.3 Setting up of Shariah Advisory Authorities 5.4 Global Islamic financial services	supervisory framework in Malaysia.	supervisory framework and the role of BNM in spearheading the rapid development of Islamic finance in Malaysia. 2. Identify the significance of the Shariah Governance Framework in defining the fundamental rules of Islamic finance and the role of Shariah Committees at national and institutional levels in overseeing the operations of Islamic financial institutions (IFIs). 3. Relate the integration and harmonization efforts at global Islamic financial industry level by the membership of regulatory authorities as well as IFIs with the global standard setting bodies and the implementation of such common standards for the operationalisation of the IFIs.
6	6. Managing compliance function in operationalising regulatory compliance standards and best practices 6.1 Regulatory standards and best practices 6.2 Governance, Risk and Compliance (GRC) approach 6.3 Managing and operationalising regulatory compliance 6.4 Compliance officer in managing regulatory compliance 6.5 Developing a complying culture	LO6 - Examine the management of the compliance function in operationalising regulatory compliance standards and best practices.	1. Extend and operationalise various compliance global standards and best practices applicable to the banking industry. 2. Explain how GRC interacts with the three (3) compliance functions of compliance, risk management, and internal audit. 3. Outline the best approach in managing and operationalising regulatory compliance in an organisation with the instalment of a good compliance and ethical culture and attributes of compliance officers in

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			developing such an approach.
7	<p>7. Constituting comprehensive internal checks and controls for the right culture & ethics in complying with banking prudential regulations</p> <p>7.1 Overview of micro prudential and macro prudential laws</p> <p>7.2 Enhancing corporate governance & internal control in banking institution</p> <p>7.3 Ethical approach in reinforcing regulatory compliance</p>	<p>LO7 - Examine the constitution of comprehensive internal checks and controls that inculcates appropriate culture and ethics in complying with banking prudential regulations.</p>	<ol style="list-style-type: none"> 1. Interpret the effect of micro prudential regulation on individual banker and macro prudential regulators on the industry and economy as a whole by studying the scope of Financial Services Act (FSA) and Islamic Financial Services Act (IFSA) in driving the similar regulatory and supervisory requirements. 2. Recognise the key prudential measures issued by the regulator in various regulatory and supervisory clusters and their application for overall compliance planning and coordination in effecting comprehensive institutional adoption and implementation. 3. Examine the requirements for directors and leaders of financial institutions in implementing best practices in corporate governance and internal control as well as examining the approach of compliance ethical culture in creating appropriate values in banking operations.
8	<p>8. Setting the right business conduct and safeguarding financial customers' interests</p> <p>8.1 Regulatory and supervisory approach in market conduct and consumer protection</p>	<p>LO8 - Evaluate how setting the right tone for business conduct can contribute to safeguarding customer's financial interests.</p>	<ol style="list-style-type: none"> 1. Examine the regulatory and supervisory approach employed to ensure industry-wide standardised market conduct for the fair treatment of financial consumers and financial market clients.

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	<p>8.2 Regulatory compliance oversight on fairness treatment and protection to financial consumers</p>		<ol style="list-style-type: none"> 2. Evaluate how financial institutions that comprehensively adopt legal and regulatory requirements in retail and wholesale banking business conduct and practices achieve the intended outcomes of the regulatory and supervisory measures. 3. Analyse how the establishment of internal controls and measures to monitor the effectiveness of the policies and procedures regarding the market conduct and fair treatment of financial consumers and financial market clients can be effectively implemented.
9	<p>9. Securing safe and reliable information technology systems and applications</p> <p>9.1 Technology and digitalisation as the way forward</p> <p>9.2 The regulatory & supervisory approach on banking technology</p>	<p>LO9 - Assess the role of compliance in securing safe and reliable information technology system and applications in financial institutions.</p>	<ol style="list-style-type: none"> 1. Explain the impact of finance technology on improving consumers' financial arrangements and disrupting the established commercial and financial business models. 2. Examine the scope of the existing legal and regulatory framework in enabling technology for commercial transactions and providing safe and secured environment for digital conduct. 3. Assess the applicable regulatory measures and the adequacy of compliance measures for rapidly evolving technology in product innovations as well as enhancement of the IT infrastructure and supporting operational standards.

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10	<p>10. Streamlining the cross-border regulations and other domestic regulations with banking primary regulations</p> <p>10.1 Extra-territorial effect of global banking regulation</p> <p>10.2 The application of domestic regulations impacting financial institutions</p>	<p>LO10 - Discuss the efforts to streamline cross-border regulations and other domestic regulations with primary banking regulations.</p>	<ol style="list-style-type: none"> 1. Discuss the applicable global laws and regulations with extra territorial impact to the regulation and supervision of domestic banking industry. 2. Relate the co-existence of multi-regulators in the domestic banking industry with designated supervisory and enforcement authority that can impact on financial services providers. 3. Consider the overall scope of compliance management in ensuring total institutional adherence adopting the prevailing global and domestic regulatory regimes.

F. Qualification Time Limit

The qualification time limit refers to the time allocated to candidates to complete all the required modules for a certificated programme at the respective level of study. Candidates must complete the programme within the stipulated qualification time limit upon enrolment, failing which they will lose all the passes accumulated and must re-apply to the programme.

The qualification time limit for Level 2 Specialised Certificated Programmes is **24 months**.

G. Module Time Limit

The module time limit refers to the time allocated to candidates to complete and pass the module after successful registration.

The module time limit starts once candidates have successfully registered to a module. The module time limit for this module is **12 months**. Please make sure you complete your module before the module time limit expires. Candidates who did not complete within the module time limit are required to re-register the module with full payment.

For more information on the qualification and module time limit, please refer to the [AICB Membership and Qualification Regulations](#).