



6 December 2019

Circular to intermediaries

Joint product survey by the SFC and the HKMA

The Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) will jointly launch an annual survey on the sale of non-exchange traded investment products by licensed corporations (LCs) and registered institutions (RIs) licensed or registered for Type 1 or 4 regulated activity. The first joint annual survey will cover the period from 1 January to 31 December 2020.

The survey will enable the SFC and the HKMA to better understand market trends, identify risks associated with the selling activities of intermediaries and coordinate their responses to address areas of common concern.

Scope of the survey

The survey covers the sale of non-exchange traded investment products, such as collective investment schemes, debt securities, structured products, swaps and repos, to individual professional investors¹, certain corporate professional investors (where intermediaries cannot rely on a waiver of the suitability obligation)² and investors other than professional investors.

Transactions by institutional professional investors³ and corporate professional investors for which intermediaries have been exempted from the suitability obligation are outside the scope of this survey.

Intermediaries may refer to the guidance notes for the survey questionnaire for details.

Survey questionnaire

The questionnaire includes three parts:

- Part A (General information) – All intermediaries should complete Part A to provide their contact information and indicate whether they sold any non-exchange traded investment products during the reporting period.
- Part B (Information on the sale of non-exchange traded investment products) – Intermediaries which sold non-exchange traded investment products during the reporting period should complete Part B to provide an overview of their selling activities, such as the transaction amount by types of investment products, top issuers of investment products sold, and clientele.

¹ Individuals falling under section 5 of the Securities and Futures (Professional Investor) Rules (Cap 571D) (PI Rules).

² Trust corporations, corporations or partnerships falling under sections 4, 6 and 7 of the PI Rules, other than those for which the intermediaries have been exempted from the suitability obligation under paragraph 15.4 of the Code of Conduct for Persons Licensed by or Registered with the SFC.

³ Persons falling under paragraphs (a) to (i) of the definition of “professional investor” in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap 571).

- Part C (Supplementary information about the sale of non-exchange traded investment products) – LCs with total transaction amounts of HK\$1 billion or above and RIs with total transaction amounts of HK\$30 billion or above during the reporting period should also complete Part C, which collects information such as the transaction amount of investment products by types of investors and details of the top five investment products sold.

The SFC and the HKMA may in future refine the content of the questionnaire used in the survey in response to changes in circumstances, product development, market trends, emerging risks and regulatory needs.

First reporting period and timeline

Intermediaries are expected to submit completed questionnaires to the SFC electronically through [WINGS](#)⁴ in the first quarter of 2021 for the first reporting period, 1 January to 31 December 2020. A sample of the survey questionnaire in PDF format is now available in WINGS. We encourage intermediaries to plan ahead for the survey including arranging for any necessary resources and system enhancements. The survey questionnaire will be available in Excel format in WINGS around mid-2020.

The SFC and the HKMA will issue another circular in late 2020 providing further information about submitting the questionnaires.

The SFC will share the information submitted by RIs in the survey with the HKMA which is the frontline regulator of RIs. All information collected from the survey will be treated in strict confidence and will not be disclosed to any other third party, except as anonymised, aggregated statistics.

Following the launch of the survey, the biennial surveys⁵ by the SFC will no longer be carried out. The HKMA will also review its survey on the sale of investment products to retail banking customers and communicate with RIs separately where appropriate.

Should you have any queries regarding the contents of this circular, please contact Ms Michelle Mak at the Intermediaries Supervision Department of the SFC on 2231 1707 or your case officer. For technical assistance with using WINGS, please contact the technical hotline at 2207 9333 or write to TechEnquiries@wings.sfc.hk.

Intermediaries Supervision Department
Intermediaries Division
Securities and Futures Commission

Banking Conduct Department
Hong Kong Monetary Authority

End

SFO/IS/059/2019
HKMA/B1/15C

⁴ WINGS, which stands for Web-based INteGrated Service, is an online portal for making electronic submissions to the SFC.

⁵ The SFC conducted a fact-finding survey on the sale of non-exchange traded investment products to individual investors by corporations licensed by the SFC in 2018, 2016, 2014 and 2012. Reports of the surveys were published and are available on the SFC's website.