



1 March 2022

Joint circular to intermediaries

Concurrent SFC-HKMA thematic review of the distribution of non-exchange traded investment products

The Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) will commence a concurrent thematic review of the distribution of non-exchange traded investment products by intermediaries. The regulators released the findings from the first joint product survey in October 2021¹, and they have been closely coordinating their supervision to address areas of common concern.

The concurrent thematic review will cover selected intermediaries' policies, procedures, systems and controls, as well as management oversight of the distribution of popular products such as equity-linked structured products (including equity accumulators and decumulators) and corporate bonds, as noted from the joint survey. The review's objectives are to assess intermediaries' compliance with the suitability requirement under the Code of Conduct², including their practices for performing product due diligence, conducting suitability assessments and providing information to clients.

The SFC and the HKMA will share the findings of the concurrent thematic review with the industry and consider the need for further guidance where appropriate.

Should you have any questions regarding the contents of this circular, please contact Ms Seine Luk at the Intermediaries Supervision Department of the SFC on 2231 1696 or Ms Eloise Pun at the Banking Conduct Department of the HKMA on 2878 1903.

Intermediaries Supervision Department
Intermediaries Division
Securities and Futures Commission

Banking Conduct Department
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End

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HKMA/B1/15C

¹ See the [SFC-HKMA Joint Survey on the Sale of Non-exchange Traded Investment Products 2020](#).

² Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission.