

SFC-HKMA Joint Survey on the Sale of Non-exchange-traded Investment Products 2024

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**SECURITIES AND
FUTURES COMMISSION**
證券及期貨事務監察委員會



HONG KONG MONETARY AUTHORITY
香港金融管理局

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I. Background

1. The Securities and Futures Commission (**SFC**) and the Hong Kong Monetary Authority (**HKMA**) conducted an annual joint survey on the sale of non-exchange-traded investment products by licensed corporations (**LCs**) and registered institutions (**RIs**) to non-professional investor clients, individual professional investors (**PIs**)¹ and certain corporate PIs for whom intermediaries cannot make use of a waiver of the suitability obligation². The survey covered the sale of investment products from 1 January to 31 December 2024 (**the reporting period**).
2. The survey was designed to collect information about the types and value of investment products sold. The information collected helps the SFC and the HKMA better understand market trends, identify risks associated with the selling activities of intermediaries, and coordinate their responses to address areas of common concern. It is believed that this information would also be useful to market participants.

II. Scope

3. The survey covered transactions of investors who opened accounts with LCs, RIs or related companies of LCs or RIs outside Hong Kong and those of investors to whom investment products were sold by licensed representatives (for LCs) or relevant individuals (for RIs) in Hong Kong regardless of where the transactions were booked. The survey excluded sales to institutional PIs and other corporate PIs, for whom intermediaries can rely on a waiver of the suitability obligation.
4. The survey covered the sale of non-exchange-traded investment products, such as collective investment schemes (**CIS**), debt securities, structured products, swaps and repos. The survey excluded leveraged foreign exchange products that were not structured products, insurance products, mandatory provident funds, pooled retirement funds, exchange-traded funds, futures contracts, listed securities, exchange-traded derivatives, paper gold schemes and certificates of deposit. Certain structured products sold by RIs³ were also excluded.
5. LCs and RIs with respective total transactions amounting to \$1 billion or more and \$30 billion or more during the reporting period (collectively, **large firms**) were requested to provide further details about the investment products sold, such as their transaction amounts by types of investors and details of the top five products ranked by transaction amount.
6. The survey was sent to 2,477 firms, including 2,368 LCs and 109 RIs, licensed or registered for Type 1 (dealing in securities), Type 4 (advising on securities) or both regulated activities. Over 99% of the firms responded (**respondent firms**). A total of 349 LCs and 65 RIs (2023: 316 LCs and 64 RIs) reported that they had sold investment products to investors during the reporting period. These firms included retail, private and corporate banks, investment advisors, securities brokers and international financial conglomerates. Among these firms, 81 LCs and 20 RIs (2023: 71 LCs and 19 RIs) were regarded as large firms for the purposes of this survey. The large firms accounted for 96% (2023: 95%) of the aggregate transaction amount of all firms.

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 Currency-linked instruments, interest rate-linked instruments, and currency and interest rate-linked instruments issued by authorised financial institutions as defined in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap 571).

III. Key findings

Record-high product sales and market participation in 2024

7. The respondent firms reported a remarkable 40% surge in the total transaction amount⁴ of investment products in 2024, reaching a record-breaking \$6,073 billion. LCs and RIs accounted for 31% and 69% of the total transaction amount respectively, and the top 20 firms continued to dominate the sales and accounted for 76% (2023: 78%) of the aggregate transaction amount.
8. The number of firms engaged in the sale of investment products grew by 9% to a new high of 414 in 2024, with a remarkable 70%⁵ of the firms recording an increase in transaction amount and 46%⁵ of them more than doubling their sales year-on-year. The number of large firms increased by 12% to 101 in 2024 (2023: 90). The overall manpower deployed by the firms to conduct the sale of investment products also increased by 4% to a record high of 19,195 in 2024 (2023: 18,427). About 37%⁵ of the firms reported an expansion of their sales force by 50% or more.
9. The number of clients who completed at least one transaction in investment products grew by 28% to an all-time high of 1,208,755 in 2024 (2023: 946,523). The number of clients transacting in CIS increased by 58% to 793,794 (2023: 503,437).

Exceptional growth across major investment product types

10. All major investment product types recorded outstanding growth in 2024, with the sales of CIS, structured products and debt securities surging by \$966 billion (76%), \$587 billion (30%) and \$213 billion (29%) respectively year-on-year.
11. Respondent firms generally observed stronger investor sentiment compared with the previous year, as investors of varying risk appetites actively pursued products that met their investment objectives. Some large firms commented that favourable factors such as optimism about the Mainland authorities' policy measures, expectations of monetary easing by major central banks, strong performance of global stock markets and alleviated concerns about the global economic outlook spurred investors' demand for products with potentially higher returns, such as equity-linked structured products. At the same time, CIS and debt securities remained attractive to investors amidst ongoing geopolitical tensions and regional conflicts around the globe, uncertainties about the policies of the new US administration post-election, and fears of market correction. Some large firms noted that investors allocated substantial amounts of capital into money market funds and sovereign bonds due to their perceived lower risks and decent returns under the prevailing high interest rate environment.

Equity-linked products thrived amidst strong market momentum

12. Structured products continued to be the top product type sold by the respondent firms, representing 42% of the total transaction amount in 2024 (2023: 46%). CIS and debt securities followed, accounting for 37% and 15% (2023: 29% and 17%) respectively.

⁴ Transaction amount refers to the total amount paid or payable by investors for investment products. For structured products and derivative products, the transaction amount is defined as the maximum exposure of the contracts at the point of sale. Respondent firms were requested to report only one side of the transaction. For example, only the buy order was included as the transaction amount of switching transactions whilst rollovers, redemptions and position close-outs were not included.

⁵ This figure excluded respondent firms which were newly licensed by the SFC or registered with the HKMA during the reporting period.

13. The transaction amount of structured products increased by 30% to \$2,567 billion last year. Equity-linked products remained the top-selling structured product category, with sales of \$1,729 billion, representing a 43% increase year-on-year and accounting for 67% (2023: 61%) of all structured products sold. Based on the top five structured products reported by the large firms, the major underlying equities for these products were from the technology (42%), automotive (23%) and internet (22%) sectors. Some large firms commented that the strong performance of global stock markets, coupled with investors' enthusiasm for artificial intelligence ("AI") and technology-related investments, fuelled the demand for related equity-linked products in 2024.

Money market funds and sovereign bonds remained appealing

14. CIS sales surged by 76% to \$2,244 billion in 2024. Money market funds remained the top-selling CIS, followed by bond funds. Based on the top five CIS reported by the large firms, the proportion of money market funds further increased to 80% in 2024, up from 76% in 2023. Some large firms attributed the sustained popularity of money market funds to the slower-than-expected interest rate cuts by major central banks, which allowed these funds to offer an ideal combination of relatively stable and competitive returns to risk-averse investors amidst ongoing macroeconomic uncertainties (see paragraph 11 above).
15. The transaction amount of debt securities increased by 29% to \$941 billion, mainly attributable to the increase in sales of sovereign bonds which accounted for 49% (2023: 44%) of the total debt securities sold. Among the top five sovereign bonds reported by the large firms, US and HKSAR Government bonds remained dominant, accounting for 97% of the total. Some large firms commented that investors preferred sovereign bonds with higher credit ratings as they had relatively low risks and offered attractive returns under prevailing high interest rates.

Increased adoption of online distribution

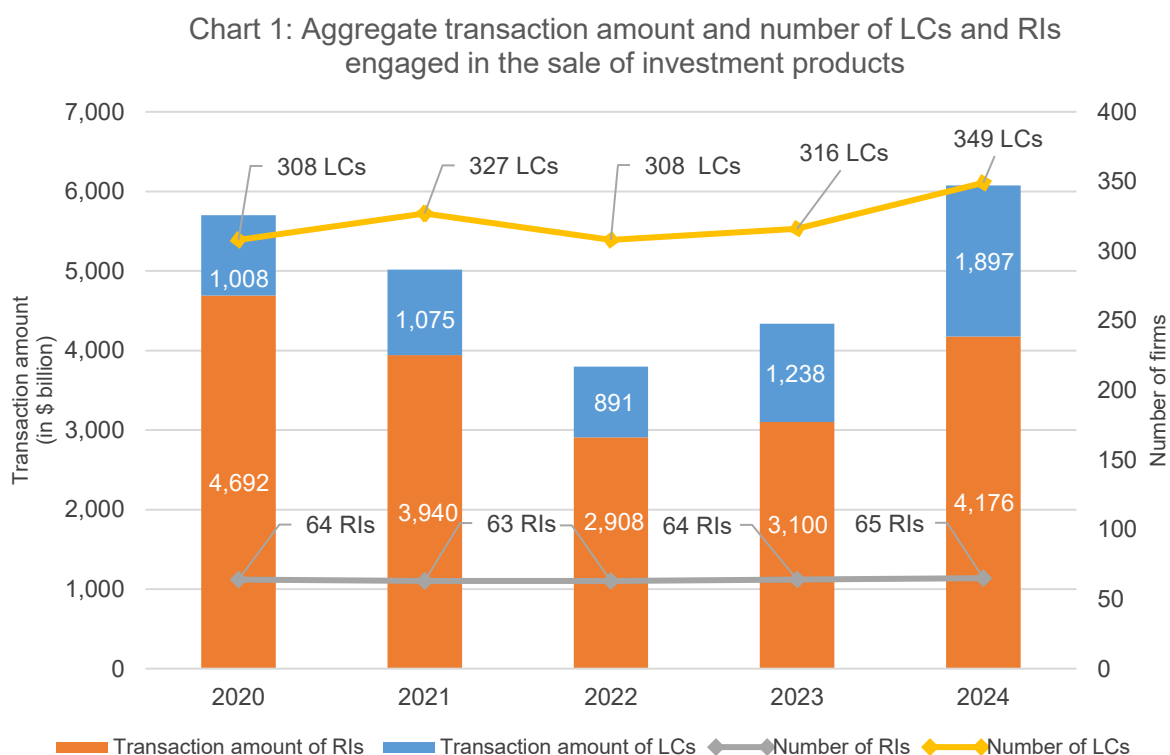
16. The growing trend of online distribution of investment products continued in 2024. The number of respondent firms distributing investment products online increased to 104 (69 LCs and 35 RIs) in 2024, up 13% from 92 in 2023. Online sales accounted for 17% (2023: 12%) of the aggregate transaction amount reported by all respondent firms.
17. CIS remained the top product type sold through online platforms, representing 77% (2023: 72%) of total online sales, followed by debt securities at 21% (2023: 25%). The proportion of CIS investors who conducted transactions online increased to 78% in 2024 (2023: 74%), whilst 52% of debt securities investors transacted through online platforms during the year (2023: 53%).

IV. Detailed findings

A. Analysis of aggregate transaction amount

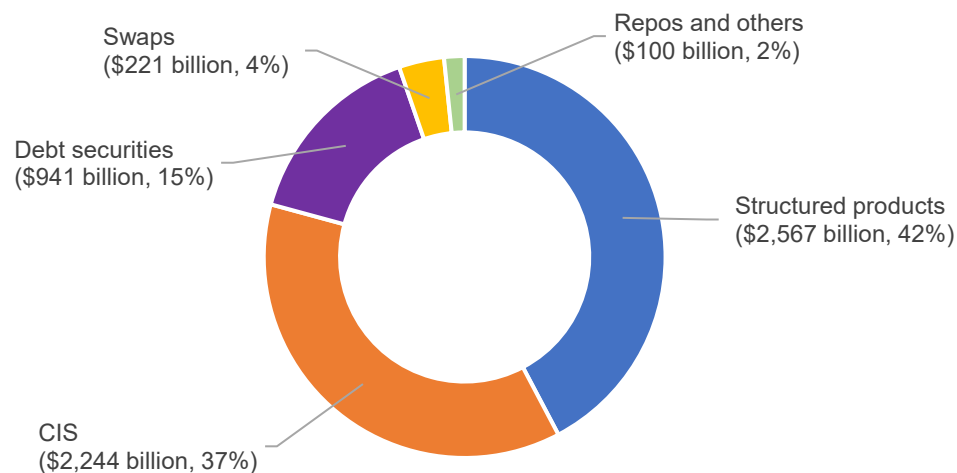
Overview

18. In 2024, the number of firms engaged in the sale of investment products in Hong Kong increased by 9% to a new high of 414 (LCs: 349; RIs: 65), compared with 380 (LCs: 316; RIs: 64) in 2023. The total transaction amount reported by the firms increased by 40% to a record-breaking \$6,073 billion in 2024. LCs accounted for \$1,897 billion or 31% (2023: \$1,238 billion or 29%) of the total transaction amount in 2024 and RIs \$4,176 billion or 69% (2023: \$3,100 billion or 71%).



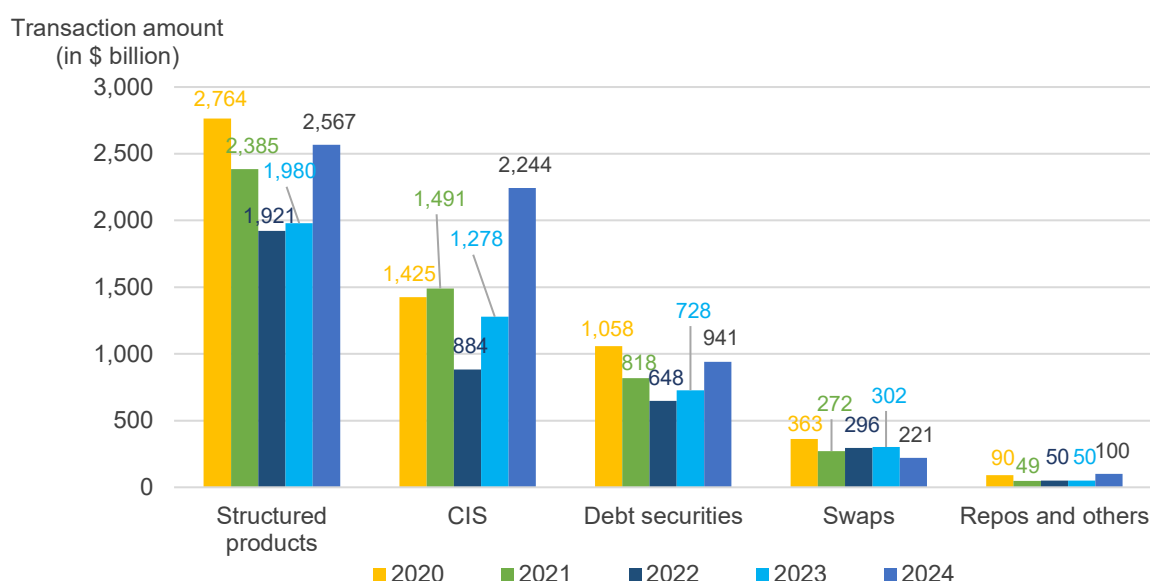
19. In terms of transaction amount, the top product type sold by LCs and RIs during the reporting period was structured products (\$2,567 billion or 42%), followed by CIS (\$2,244 billion or 37%) and debt securities (\$941 billion or 15%).

Chart 2: Aggregate transaction amount by product type



20. Overall sales of investment products in 2024 increased by \$1,735 billion (40%), primarily driven by the increased sales of CIS (up \$966 billion), structured products (up \$587 billion) and debt securities (up \$213 billion).
21. Some top players commented that market conditions and investor sentiment notably improved in 2024. Favourable factors drove investors with higher risk appetites to increase market exposure and invest in products with potentially higher returns, such as equity-linked structured products. These factors included policy measures introduced by the Mainland authorities, expectations of monetary easing by major central banks, the strong performance of global stock markets and alleviated concerns about the global economic outlook. On the other hand, ongoing geopolitical tensions and prolonged regional conflicts worldwide, uncertain trade and foreign policies of the new US administration, and the risk of market correction caused other investors to opt for CIS and debt securities that offer lower risks and steadier income, such as money market funds and sovereign bonds. Some large firms noted that investors allocated a substantial amount of capital into these lower-risk products under the prevailing high interest rate environment. As investors of different risk appetites actively looked for products meeting their investment objectives, the sales of all major product types recorded robust growth during the reporting period.
22. About 70%⁵ of the respondent firms recorded year-on-year increases in transaction amount in 2024 and 46%⁵ of them more than doubled their sales year-on-year. Some large firms expanded the range of products offered to clients to cater to a broader range of investor preferences and risk appetites, whilst some upgraded the interface and functionality of their mobile applications to enhance clients' experience, as more clients made investments via mobile devices.

Chart 3: Transaction amount by product type (2020 - 2024)



23. Non-authorised products⁶ accounted for 76% (2023: 82%) of the aggregate transaction amount, of which 54% were structured products and 20% were debt securities. Authorised products⁷ constituted the remaining 24% (2023: 18%) and 94% of them were CIS.
24. The majority of clients⁸ transacted in CIS (2024: 793,794; 2023: 503,437) and debt securities (2024: 475,301; 2023: 453,809). About 85% (2023: 86%) of LCs' clients invested in CIS, whereas 50% (2023: 63%) and 41% (2023: 29%) of RIs' clients invested in debt securities and CIS, respectively.

⁶ Non-authorised products are not subject to the SFC's regulation. Their structures, operations and offering documents may not be governed by any rules or regulations in Hong Kong. They cannot be marketed to the public but they can be placed privately, offered to PIs or offered in circumstances where an exemption applies.

⁷ Authorised products are products for which offering documents have been authorised by the SFC. They can be marketed to the public in Hong Kong.

⁸ A client who transacted in a specific product type in the reporting period was counted as one client, regardless of the number of times the client transacted in that type of product. On the other hand, a client may be counted more than once if that client transacted in more than one type of product.

Table 1

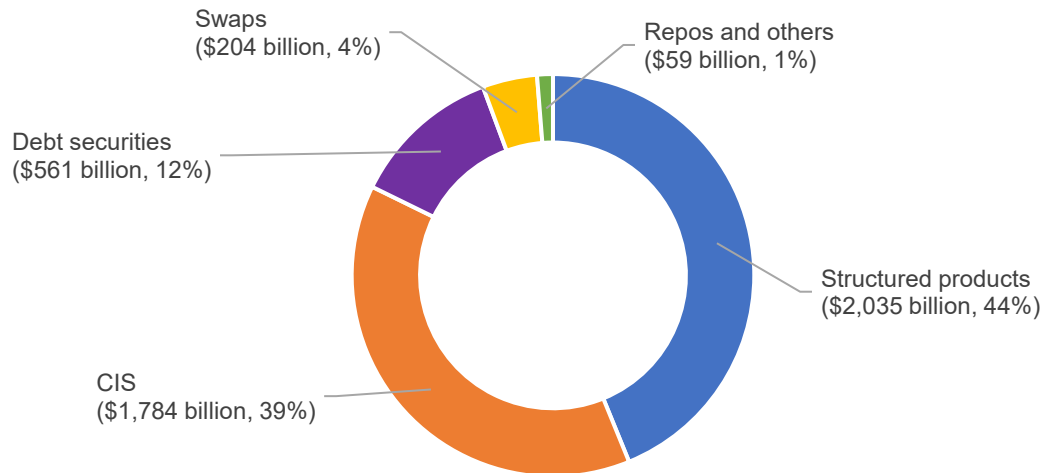
Product types	Transaction amount and number of clients involved [^]						
	Authorised products		Non-authorised products		Total		
	Transaction amount (\$ billion)	Number of clients involved	Transaction amount (\$ billion)	Number of clients involved	Transaction amount		Number of clients involved
					\$ billion	% of total	
CIS							
- LCs	722	447,730	83	7,641	805	13.3%	455,371
- RIs	678	319,086	761	19,337	1,439	23.7%	338,423
Sub-total	1,400	766,816	844	26,978	2,244	37.0%	793,794
Debt securities							
- LCs	-	-	417	63,715	417	6.8%	63,715
- RIs	-	-	524	411,586	524	8.6%	411,586
Sub-total	-	-	941	475,301	941	15.4%	475,301
Structured products							
- LCs	4	815	561	12,549	565	9.3%	13,364
- RIs	78	33,184	1,924	37,599	2,002	33.0%	70,783
Sub-total	82	33,999	2,485	50,148	2,567	42.3%	84,147
Swaps							
- LCs	-	-	69	221	69	1.1%	221
- RIs	-	-	152	770	152	2.5%	770
Sub-total	-	-	221	991	221	3.6%	991
Repos and others							
- LCs	-	-	41	1,036	41	0.7%	1,036
- RIs	-	-	59	301	59	1.0%	301
Sub-total	-	-	100	1,337	100	1.7%	1,337
All of the above							
- LCs	726	448,545	1,171	85,162	1,897	31.2%	533,707
- RIs	756	352,270	3,420	469,593	4,176	68.8%	821,863
Grand total	1,482	800,815	4,591	554,755	6,073	100.0%	1,355,570

[^] See footnote 8

Top 20 firms

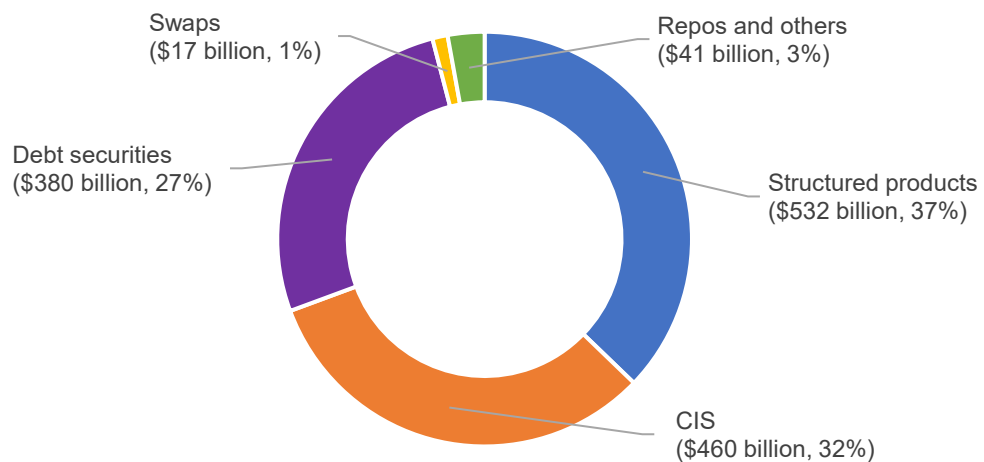
25. The top 20 firms accounted for \$4,643 billion or 76% (2023: \$3,375 billion or 78%) of the aggregate transaction amount during the reporting period. The remaining 24% was shared among the remaining 394 firms.
26. The principal products sold by the top 20 firms in terms of transaction amount were structured products (\$2,035 billion or 44%), followed by CIS (\$1,784 billion or 39%) and debt securities (\$561 billion or 12%).

Chart 4: Transaction amount by product type reported by top 20 firms



27. The majority of investment products sold by the remaining 394 firms were also structured products, CIS and debt securities, representing 37%, 32% and 27% of their aggregate transaction amount, respectively.

Chart 5: Transaction amount by product type reported by firms other than top 20 firms



B. Analysis of product type

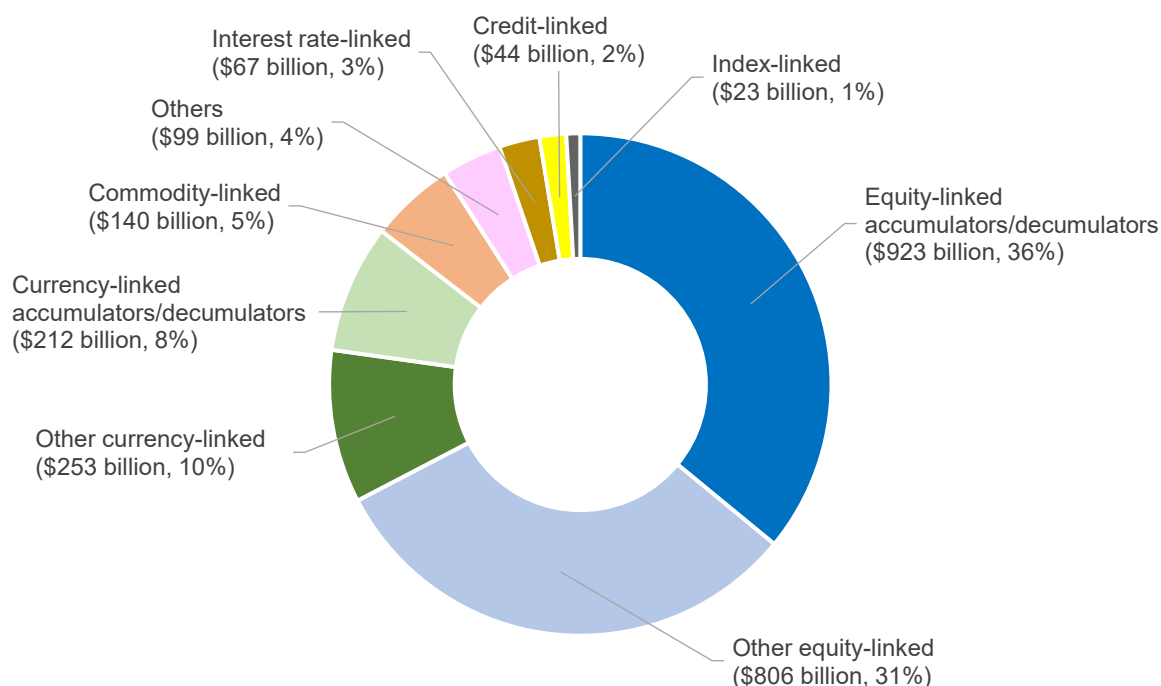
a) Structured products (total transaction amount: \$2,567 billion, or 42%)

28. The transaction amount of structured products was \$2,567 billion in 2024, up 30% from 2023. Structured products remained the top product type, accounting for 42% of the aggregate transaction amount of all investment products. Of the total, RIs contributed 78%, whilst LCs accounted for the remaining 22%. The top 20 sellers of structured products collectively accounted for 88% of the total transaction amount and continued to lead the structured product market.

Table 2

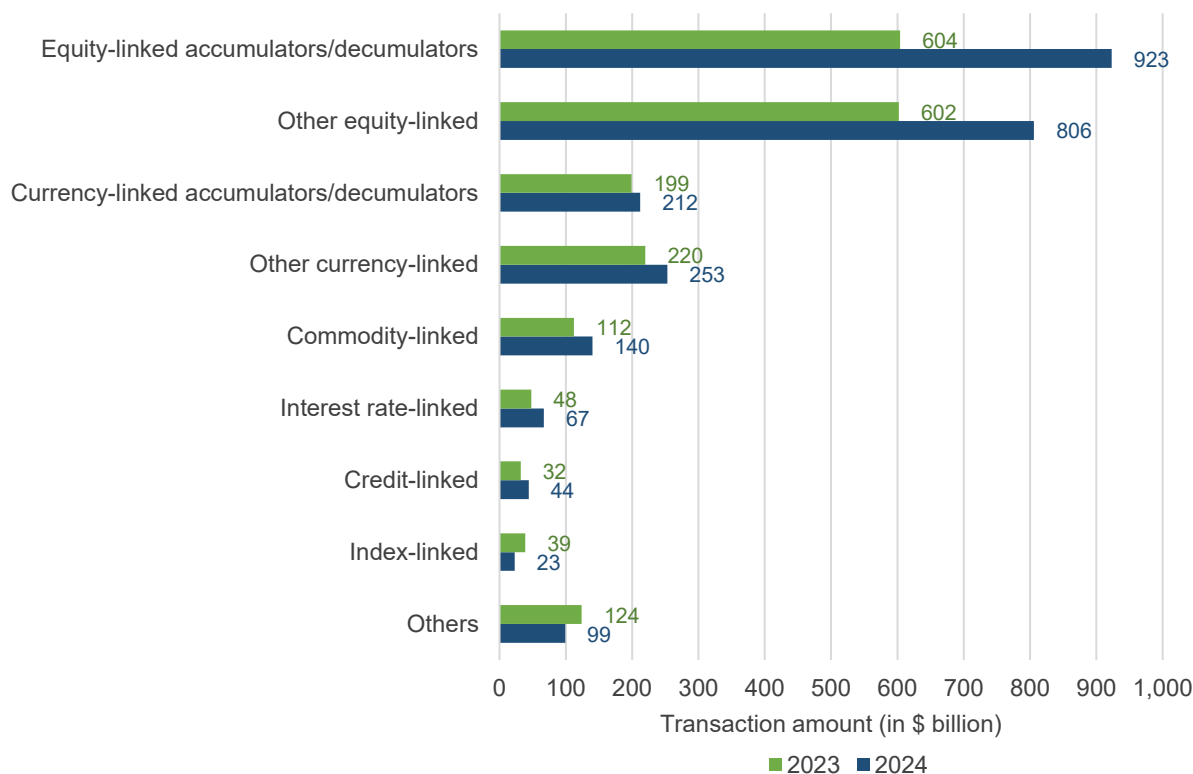
Type of structured products	LCs		RIs		Total	
	Transaction amount (\$ billion)	% of total	Transaction amount (\$ billion)	% of total	Transaction amount (\$ billion)	% of total
Equity-linked						
- accumulators/decumulators	180	32%	743	37%	923	36%
- others	135	24%	671	33%	806	31%
Sub-total	315	56%	1,414	70%	1,729	67%
Currency-linked						
- accumulators/decumulators	77	13%	135	7%	212	8%
- others	73	13%	180	9%	253	10%
Sub-total	150	26%	315	16%	465	18%
Commodity-linked	1	0%	139	7%	140	5%
Interest rate-linked	13	2%	54	3%	67	3%
Credit-linked	9	2%	35	2%	44	2%
Index-linked	9	2%	14	1%	23	1%
Others (including hybrid-linked)	68	12%	31	1%	99	4%
Total	565	100%	2,002	100%	2,567	100%

Chart 6: Transaction amount of structured products



29. The transaction amount of structured products increased by \$587 billion from 2023, primarily due to higher sales of equity-linked products (by \$523 billion) and currency-linked products (by \$46 billion).

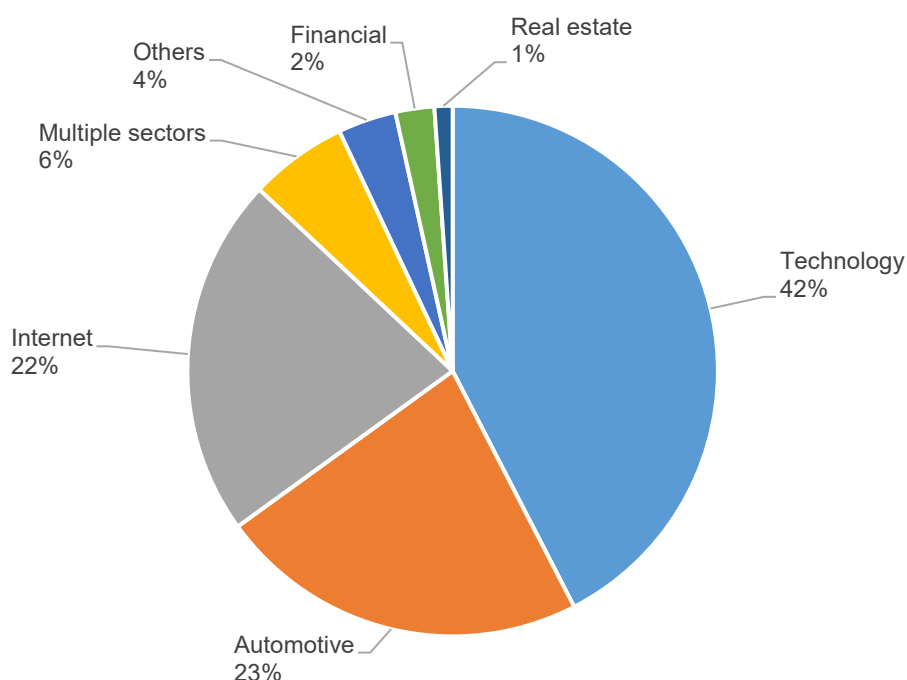
Chart 7: Transaction amount of structured products (2024 vs 2023)



Equity-linked products

30. Equity-linked products remained the most popular structured product category sold in 2024, with a 43% increase in transaction amount to \$1,729 billion, of which 82% were sold by RIs and the remaining by LCs. Of all the structured products sold in 2024, the proportion of equity-linked products increased to 67% of the total transaction amount (2023: 61%).
31. Some large firms attributed the sales increase of equity-linked products to the strong performance of global stock markets during the reporting period. The Hang Seng Index, Hang Seng China Enterprises Index and Hang Seng Tech Index achieved 18% - 26% gains in 2024, whilst other major indices (such as the US S&P 500 Index and Nasdaq Composite Index) also performed well during the year.
32. In terms of industry sector, the large firms reported that their sales of products linked to the technology sector increased significantly and accounted for 42% of the top five equity-linked products sold in 2024 (2023: 20%). This was in line with some firms' comments that the AI boom continued to drive demand for products linked to leading technology companies and chip manufacturers. As for other industry sectors, products linked to the automotive sector accounted for 23% (2023: 27%), whilst those linked to the internet sector accounted for 22% (2023: 29%) in 2024.

Chart 8: Industry sector of underlying equities of top five equity-linked products

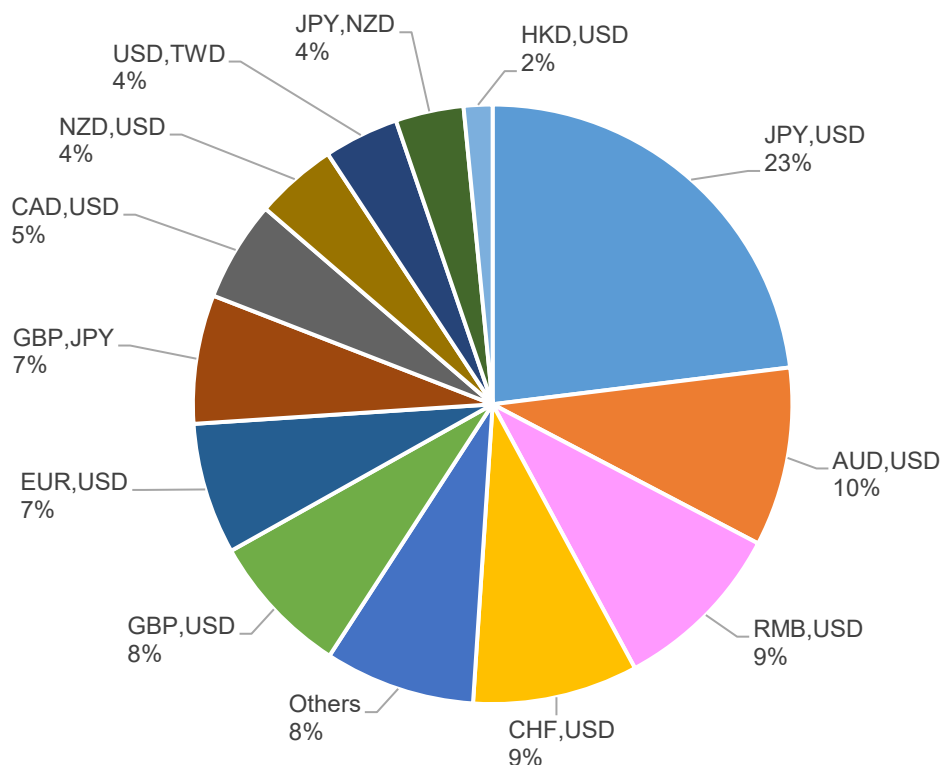


Based on the top five equity-linked products reported by 101 large firms

Currency-linked products

33. The transaction amount of currency-linked products increased by 11% in 2024 to \$465 billion and these products remained the second most popular structured product category. Of the transaction amount in 2024, 68% was sold by RIs and the rest by LCs. A large firm mentioned that as traditional fixed-income returns faced compression due to anticipated interest rate reductions by major central banks, some investors turned to alternatives such as currency-linked products for higher yields. Another firm noted growing investor interest in currency-linked products amidst the varied pace of rate cuts across jurisdictions, and investors took positions in these products to hedge or profit from these evolving market dynamics.
34. Based on the top five currency-linked products reported by the large firms, products linked to the Japanese yen (JPY) and US dollar (USD) were the most popular, accounting for 23% of the total share (2023: 19%). This was followed by products linked to the Australian dollar (AUD) and USD, the renminbi (RMB) and USD, and the Swiss franc (CHF) and USD, which accounted for 10%, 9% and 9% respectively (2023: 19%, 11% and 3% respectively).

Chart 9: Underlying currency pairs of top five currency-linked products



Based on the top five currency-linked products reported by 101 large firms

Commodity-linked products

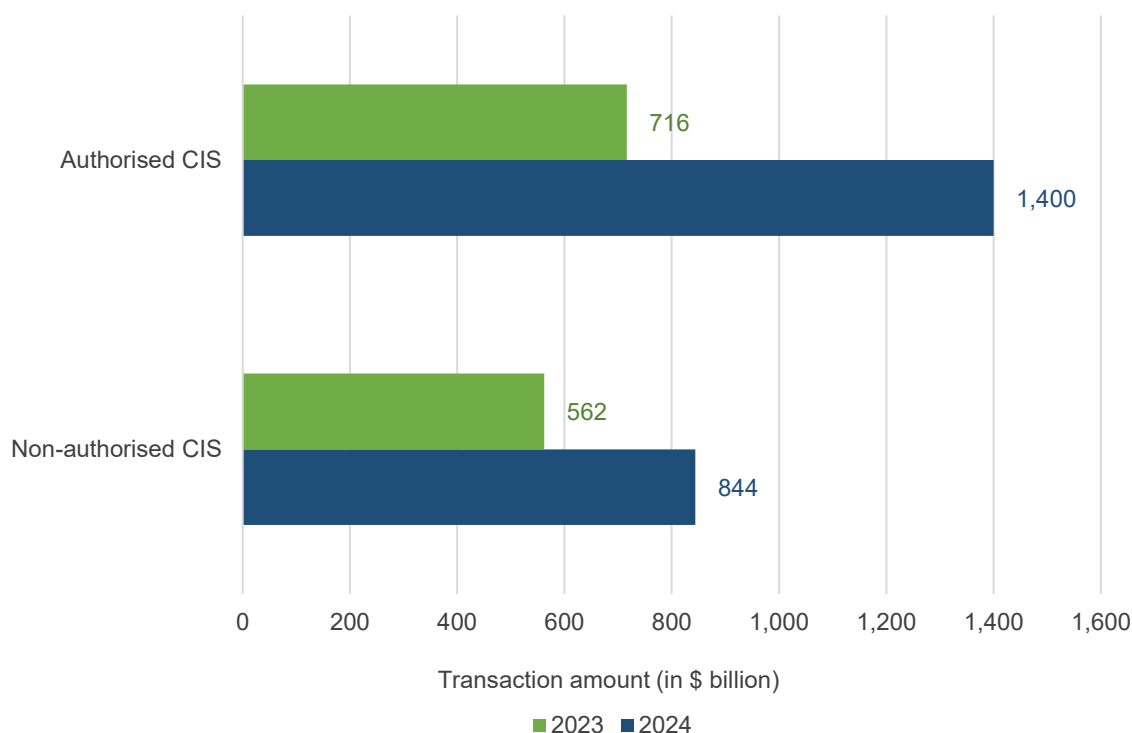
35. The transaction amount of commodity-linked products increased by 25% to \$140 billion in 2024. Of the total, 99% was sold by RIs.
36. Gold-linked products remained the most popular product type and accounted for 76% of the top five commodity-linked products reported by the large firms in 2024 (2023: 84%). One large firm opined that sustained regional conflicts and geopolitical tensions worldwide continued to support the prices of perceived safe-haven assets such as gold, which drove investors' demand for gold-linked products amidst lingering uncertainties.

b) CIS (total transaction amount: \$2,244 billion, or 37%)

37. The total transaction amount of CIS reached an all-time high of \$2,244 billion, up 76% from 2023. LCs and RIs accounted for 36% and 64%, respectively. The top 20 sellers of CIS contributed 84% (2023: 86%) of the total CIS sales.
38. Investments in CIS represented 37% of the aggregate transaction amount. The number of clients of LCs and RIs investing in CIS totalled 455,371 and 338,423 respectively in 2024. Most of these clients were non-PI clients who purchased authorised CIS. Of all CIS investors, 78% transacted through online platforms, up from 74% in 2023. Online CIS sales as a percentage of all CIS sales also increased from 29% in 2023 to 34% in 2024.

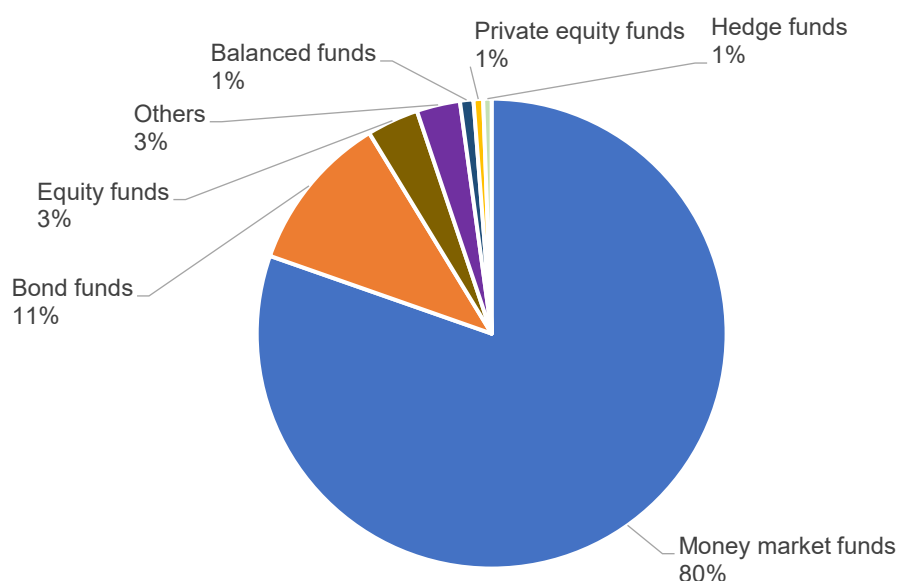
39. The overall sales growth of CIS in 2024 was driven by a 96% increase in authorised CIS to \$1,400 billion, and a 50% increase in non-authorised CIS to \$844 billion. Some large firms commented that the demand for CIS with lower risks and steadier income remained robust amidst ongoing macroeconomic uncertainties (see paragraph 11 above). Also, slower-than-expected interest rate cuts by major central banks further heightened investor interests in money market funds, which continued to offer attractive returns.

Chart 10: Transaction amount of CIS (2024 vs 2023)



40. Based on the top five CIS reported by the large firms, money market funds remained the most popular fund type. The proportion of money market funds continued to increase to 80% in 2024, up from 76% in 2023. On the contrary, the proportions of bond funds (2024: 11%, 2023: 11%), equity funds (2024: 3%, 2023: 4%) and other fund types including balanced funds (2024: 1%, 2023: 1%), private equity funds (2024: 1%, 2023: 1%) and hedge funds (2024: 1%, 2023: 1%), remained roughly the same.

Chart 11: Top five CIS by fund type



Based on the top five CIS reported by 101 large firms

c) Debt securities (total transaction amount: \$941 billion, or 15%)

41. The transaction amount of debt securities increased by 29% to \$941 billion in 2024 from \$728 billion in 2023. LCs and RIs accounted for 44% and 56% of the sales respectively. The top 20 sellers of debt securities accounted for 74% (2023: 75%) of the total transaction amount of these securities. Online debt securities sales as a percentage of all debt securities sales increased from 17% in 2023 to 23% in 2024. Of all debt securities investors, 52% transacted through online platforms (2023: 53%).
42. Some large firms attributed the increased sales of debt securities to the prevailing high interest rate environment. Although some major central banks successively cut rates, the overall interest rate level remained relatively high and investors were keen to lock into bonds to secure attractive yields in anticipation of further rate declines. Some large firms also observed a preference among investors for sovereign bonds with higher credit ratings.
43. Corporate bonds retained the top position as the most popular debt securities type with a transaction amount of \$477 billion, representing 51% (2023: 56%) of all debt securities transactions. Nevertheless, the momentum shift from corporate bonds towards sovereign bonds continued, with sovereign bonds accounting for 49% of total debt securities sold, up from 44% in 2023. This trend corresponded with the comments made by some large firms (see paragraph 42 above).

Table 3

Type of debt securities	LCs		RIs		Total	
	Transaction amount (\$ billion)	% of total	Transaction amount (\$ billion)	% of total	Transaction amount (\$ billion)	% of total
Corporate bonds						
- Investment grade	56	14%	215	41%	271	29%
- Non-investment grade	21	5%	35	7%	56	6%
- Unrated	118	28%	32	6%	150	16%
Sub-total	195	47%	282	54%	477	51%
Sovereign bonds	220	53%	241	46%	461	49%
Others	2	0%	1	0%	3	0%
Total	417	100%	524	100%	941	100%

Chart 12: Transaction amount of debt securities

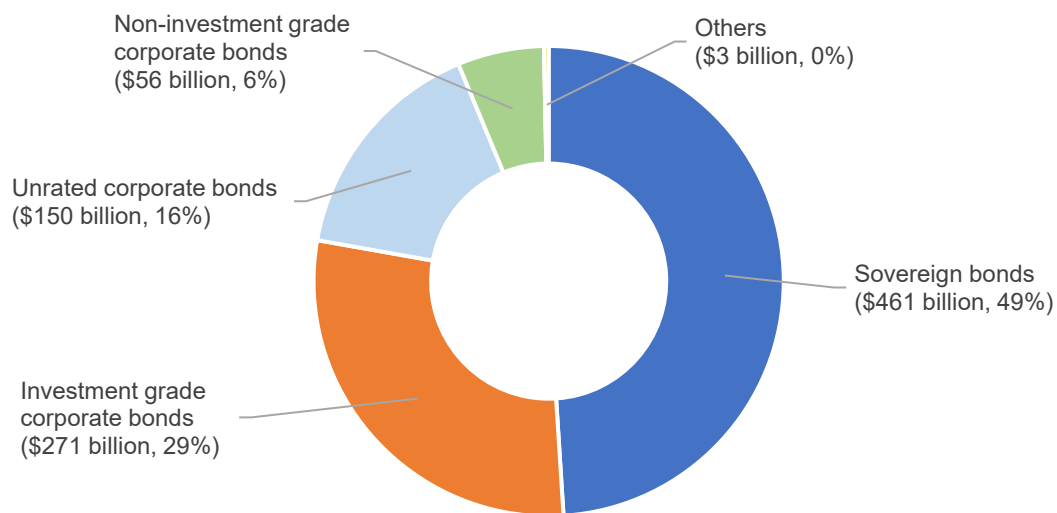


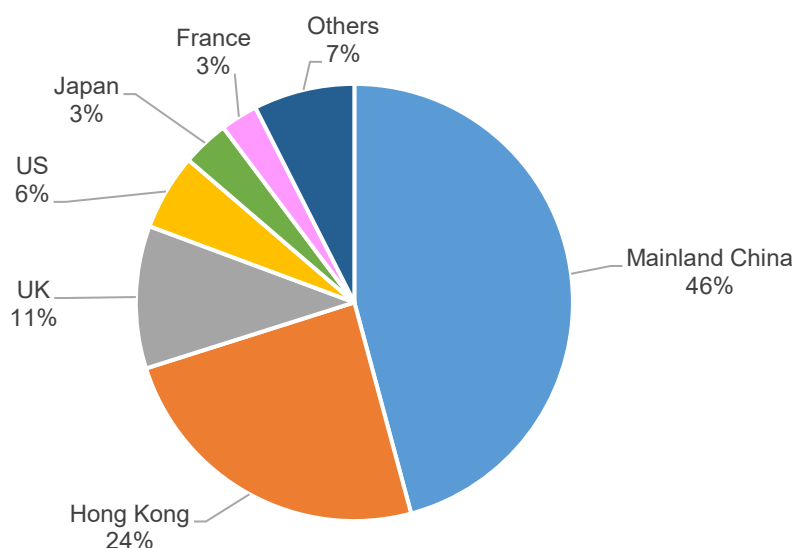
Chart 13: Transaction amount of debt securities (2024 vs 2023)



Corporate bonds

44. The transaction amount of investment-grade and unrated corporate bonds increased by 19% to \$271 billion and 36% to \$150 billion respectively (2023: \$228 billion and \$110 billion respectively). The sales of non-investment grade corporate bonds dropped by 18% to \$56 billion (2023: \$68 billion). Some large firms mentioned that they offered a wider array of corporate bonds to investors in 2024 with additional issuers and more diverse product features to cater to investors' needs.
45. In terms of the underlying country or jurisdiction of risk⁹ for the issuers of the top five corporate bonds reported by the large firms¹⁰, Mainland China accounted for 46% (2023: 50%) of the transaction amount, followed by Hong Kong at 24% (2023: 20%). In terms of issuers' industries, the financial and real estate sectors accounted for 55% and 14% (2023: 47% and 31%), respectively.

Chart 14: Issuers of top five corporate bonds by underlying country or jurisdiction of risk



Based on the top five corporate bonds reported by 101 large firms

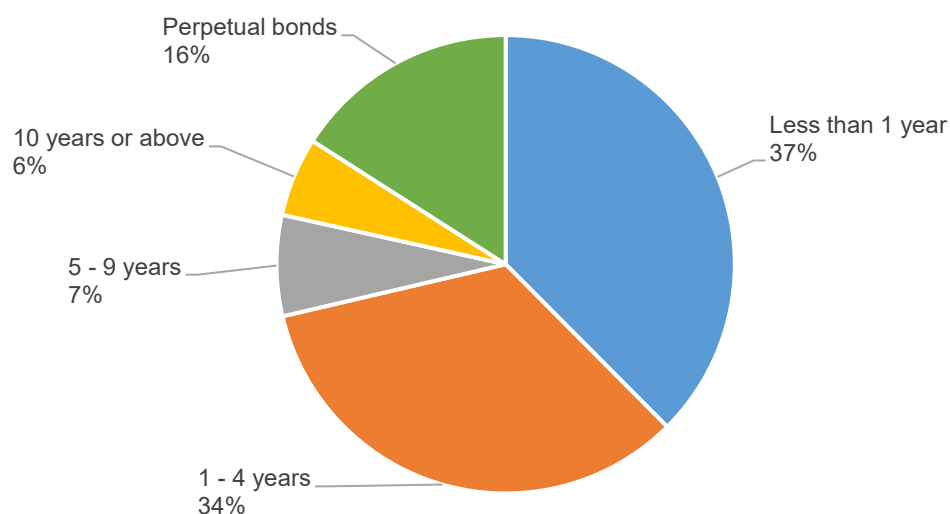
46. In terms of the remaining tenors¹¹ of the top five corporate bonds, 37% had a tenor of less than one year, 34% had one to four years, and 29% had five years or longer.

⁹ The underlying country or jurisdiction of risk and other information about these debt securities, such as coupon rates and maturity dates, were sourced from an external market data provider.

¹⁰ This refers to the top five investment grade, non-investment grade and unrated corporate bonds by transaction amount reported by each large firm.

¹¹ Remaining tenor refers to the time to maturity date of a bond calculated from 31 December 2024. Bonds with a maturity date on or before 31 December 2024 were grouped under "less than one year" of the remaining tenor.

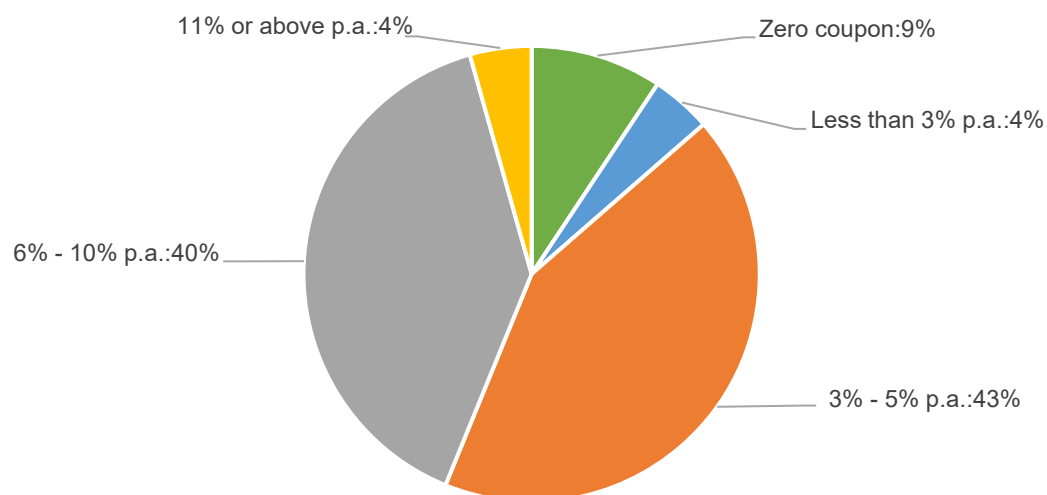
Chart 15: Remaining tenors of top five corporate bonds



Based on the top five corporate bonds reported by 101 large firms

47. Of the top five corporate bonds, those with coupon rates of 3-5% and 6-10% per annum remained the majority, accounting for 43% and 40% respectively in 2024 (2023: 45% and 35% respectively). Zero-coupon bonds increased to 9% from 2% in 2023. On the other hand, corporate bonds with coupon rates of 11% or above and less than 3% per annum dropped to 4%, down from 11% and 7% respectively in 2023.

Chart 16: Coupon rate of top five corporate bonds



Based on the top five corporate bonds reported by 101 large firms

Sovereign bonds

48. The aggregate transaction amount of sovereign bonds increased by 44% to \$461 billion in 2024, consistent with some large firms' comments (see paragraph 42 above).
49. Among the top five sovereign bonds reported by the large firms, US government bonds accounted for 64% (2023: 53%), followed by HKSAR Government bonds (including Silver Bonds and Infrastructure Bonds) at 33% (2023: 37%).
50. As of 31 December 2024, 34% of the top five sovereign bonds had a remaining tenor of less than one year, whilst 37% had one to four years, compared with 44% and 41% respectively in 2023. In terms of coupon rate per annum, 58% of the top five sovereign bonds had coupon rates of 3-5%, 30% were zero-coupon bonds and 12% had coupon rates of less than 3%, compared with 52%, 27% and 21% respectively in 2023.

Chapter 37 bonds¹²

51. The aggregate transaction amount of Chapter 37 bonds fell by 17% to \$59 billion in 2024, representing 6% of all debt securities transactions. The majority of the top five Chapter 37 bonds reported by the large firms were issued by companies based in either Mainland China (55%) or Hong Kong (43%).

Debt securities with non-viability loss absorption features (NVLA Bonds)¹³

52. The aggregate transaction amount of NVLA Bonds was \$107 billion in 2024, accounting for 11% of all debt securities transactions. Among the top five NVLA Bonds reported by the large firms, 57% had an equity conversion feature. Other features included a permanent write-down (31%) and a temporary write-down¹⁴ (16%). About 53% of the top five NVLA Bonds were perpetual bonds, and 55% and 43% had coupon rates of 6-10% and 3-5% per annum, respectively.

d) Swaps (total transaction amount: \$221 billion, or 4%)

53. The aggregate transaction amount of swaps decreased by 27% to \$221 billion in 2024, with RIs accounting for 69% and LCs the remaining 31%. Based on the top five swaps reported by the large firms, 74% were currency swaps, whilst the rest included equity swaps on listed equities as well as interest rate swaps.

¹² This refers to bonds offered for subscription and listed under Chapter 37 of the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.

¹³ These debt securities are often attached with conversion options or loss absorption features which may be triggered when the issuer's regulatory capital ratio drops to a certain level or when specific government or regulatory action occurs in the event the issuer faces financial difficulties (i.e., non-viability events).

¹⁴ In a temporary write-down, the principal amount of the bond would be written down fully or partially when a triggering event occurs. However, if the issuer's financial position subsequently improves and meets certain requirements, the principal amount of the bond may be fully or partially reinstated.

C. Outstanding positions

54. Among the 349 LCs and 65 RIs which had sold investment products during the reporting period, 269 LCs and 63 RIs or their related companies held outstanding positions on behalf of their clients or as contracting parties as of 31 December 2024. The amount of outstanding positions¹⁵ was \$4,583 billion, with LCs and RIs contributing 32% and 68% respectively. Among the outstanding positions, 53% were CIS and 29% were debt securities. The top 20 firms in terms of transaction amount accounted for 70% of the total outstanding positions.

Table 4

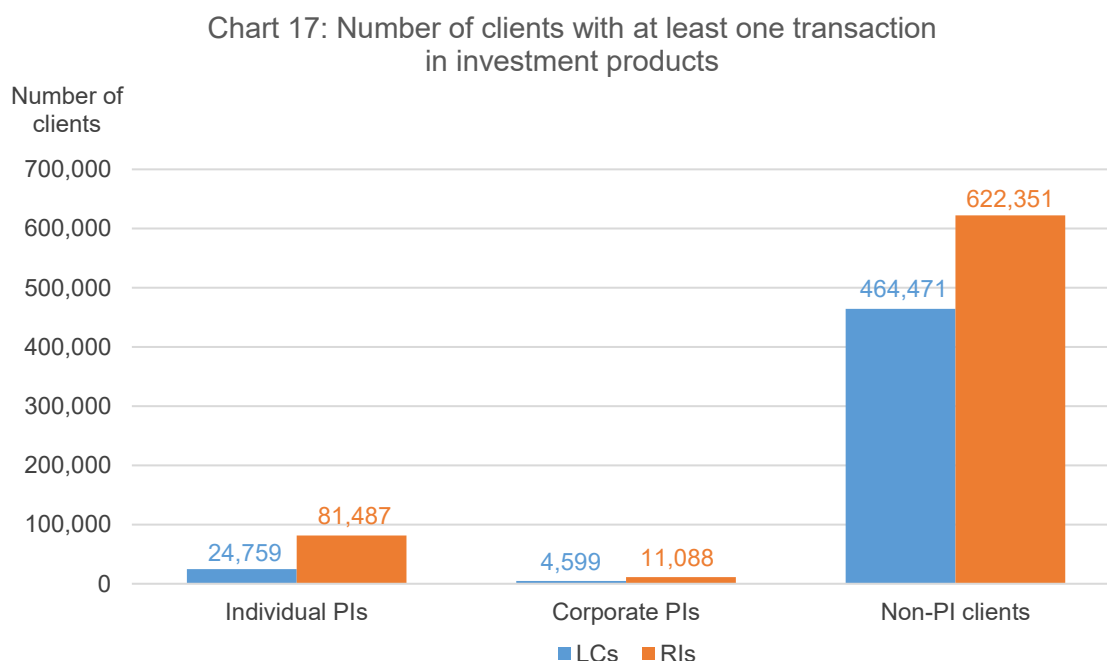
Product types	Outstanding positions on 31 December 2024 and number of clients involved ^A						
	Authorised products		Non-authorised products		Total		
	Amount of outstanding positions (\$ billion)	Number of clients involved	Amount of outstanding positions (\$ billion)	Number of clients involved	Amount of outstanding positions		Number of clients involved
					\$ billion	% of total	
CIS							
- LCs	499	489,330	394	15,880	893	19.5%	505,210
- RIs	797	601,859	756	29,178	1,553	33.9%	631,037
Sub-total	1,296	1,091,189	1,150	45,058	2,446	53.4%	1,136,247
Debt securities							
- LCs	-	-	372	67,332	372	8.1%	67,332
- RIs	-	-	955	941,220	955	20.8%	941,220
Sub-total	-	-	1,327	1,008,552	1,327	28.9%	1,008,552
Structured products							
- LCs	1	593	186	10,901	187	4.1%	11,494
- RIs	37	23,322	511	35,446	548	12%	58,768
Sub-total	38	23,915	697	46,347	735	16.1%	70,262
Swaps							
- LCs	-	-	5	108	5	0.1%	108
- RIs	-	-	37	583	37	0.8%	583
Sub-total	-	-	42	691	42	0.9%	691
Repos and others							
- LCs	-	-	5	592	5	0.1%	592
- RIs	-	-	28	231	28	0.6%	231
Sub-total	-	-	33	823	33	0.7%	823
All of the above							
- LCs	500	489,923	962	94,813	1,462	31.9%	584,736
- RIs	834	625,181	2,287	1,006,658	3,121	68.1%	1,631,839
Grand total	1,334	1,115,104	3,249	1,101,471	4,583	100%	2,216,575

[^] See footnote 8

¹⁵ In this survey, the amount of outstanding positions for CIS, debt securities and structured notes refers to the market value of outstanding positions or contracts as of the end of the reporting period. For other products, it refers to the maximum outstanding exposure, taking into account the number of remaining settlements and leveraged effect, if any.

D. Clientele

55. A total of 1,208,755 clients¹⁶ completed at least one transaction in investment products in 2024, up 28% from 946,523 in 2023, reaching an all-time high. Of the total number of clients, 59% were clients of RIs and the remaining 41% were clients of LCs (2023: 64% and 36%, respectively); 90% of the clients (2023: 89%) were non-PI clients who primarily invested in CIS, according to reports from the large firms.

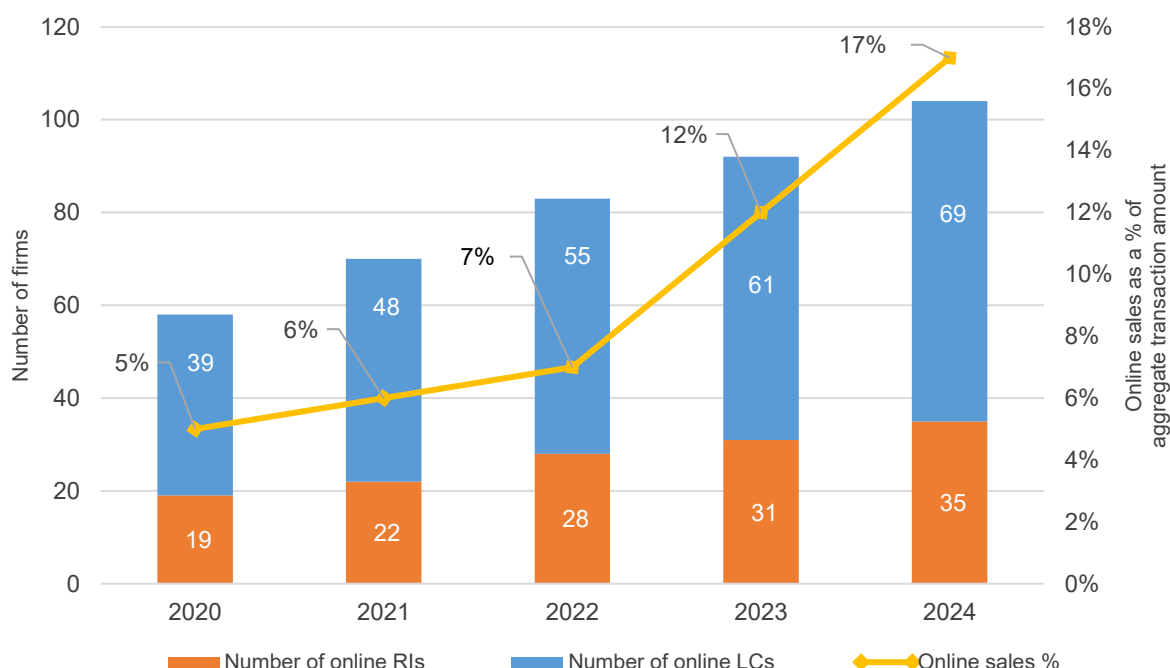


E. Distribution channels

56. The upward trends continued for both the respondent firms' utilisation of online platforms for distributing investment products to investors, and online sales as a proportion of total sales. Online sales accounted for 17% (2023:12%) of the aggregate transaction amount of all respondent firms. A total of 104 firms (69 LCs and 35 RIs) utilised online platforms to distribute investment products to investors in 2024, up 13% from 2023 (92 firms including 61 LCs and 31 RIs).

¹⁶ The number of clients was counted on an account basis. For example, a joint account was counted as one client and a single-holder account and a joint account with the same account holder were counted as two clients.

Chart 18: Number of firms distributing investment products online and online sales as a % of aggregate transaction amount



57. CIS remained the most common product type distributed through online platforms, representing 77% (2023: 72%) of all online sales, followed by debt securities, which accounted for 21% (2023: 25%).

F. Investment product issuers

58. Respondent firms were requested to report the top five issuers of the investment products sold during the reporting period. These transactions amounted to \$3,983 billion, of which the products issued by six global financial groups accounted for \$1,894 billion or 48% (2023: 52%). Other product issuers included other financial institutions and corporations as well as government bodies.
59. Of the \$1,894 billion in the products issued by the six global financial groups, \$1,604 billion or 85% (2023: 83%) were sold by their related companies, which were respondent firms of this survey and also among the top 20 firms by transaction amount.

G. Manpower

60. The overall manpower deployed by firms to conduct sale of investment products increased by 4% to a record high of 19,195 in 2024 (2023: 18,427). As of 31 December 2024, 5,852 licensed representatives of LCs (2023: 5,211) and 13,343 relevant individuals of RIs (2023: 13,216) engaged in the sale of non-exchange-traded investment products.
61. Around 78%⁵ of these firms reported either no change or a year-on-year increase in the number of licensed representatives or relevant individuals engaged in the sale of investment products. About 37%⁵ reported an increase in manpower of 50% or more, whilst 32%⁵ doubled or more than doubled their manpower. A number of firms expanded their sales force to accommodate growing business needs.
62. A total of 217 LCs (62%) reported having five or fewer licensed representatives engaged in the sale of investment products, whereas 16 LCs (5%) reported having over 100.
63. Thirty-five RIs (54%) reported a sales force of 100 or fewer relevant individuals engaged in the sale of investment products, whereas six RIs (9%) reported having more than 500.

