

SFC-HKMA's first joint survey signals active investment products market

The following is issued on behalf of the Hong Kong Monetary Authority:

The Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) today (October 7) released the findings of their first [joint survey](#) on the Sale of Non-exchange Traded Investment Products by licensed corporations (LCs) and registered institutions (RIs) (Notes 1 and 2).

A total of 308 LCs and 64 RIs reported selling investment products with an aggregate transaction amount (Note 3) of HK\$5,700 billion during 2020, with the participation of over 700,000 investors (Note 4).

Structured products (HK\$2,764 billion) accounted for the largest share of the aggregate transaction amount, followed by collective investment schemes (CIS) (HK\$1,425 billion) and debt securities (HK\$1,058 billion). Major observations from the survey included:

- The most common structured products sold were equity-linked products (HK\$1,597 billion), especially those linked to stocks of internet and technology companies which facilitated non-face-to-face interactions and online transactions during the COVID-19 pandemic.
- The use of online platforms was increasingly popular in the distribution of CIS, including money market funds. About 54 per cent of clients investing in CIS transacted through online platforms and online sale of CIS accounted for 18 per cent of the transaction amount for all CIS sold.
- 70 per cent of the debt securities sold were corporate bonds. Firms generally responded that their clients showed interest in bonds offering higher yields in the current low interest rate environment.

The SFC and the HKMA conducted the survey to better understand the industry landscape and market trends. This information helps the SFC and the HKMA supervise the selling practices of intermediaries and co-ordinate their responses to address areas of common concern. The regulators believe that the information would also be useful to market participants.

â€‹Note 1: The SFC and the HKMA issued joint circulars in [December 2019](#) and [December 2020](#) to announce the launch of a joint product survey and provide submission details.

Note 2: The survey results were based on responses to a questionnaire sent to 2,178 LCs and 112 RIs. The survey covered the sale of non-exchange traded investment products from January 1 to December 31, 2020 by respondent firms to non-professional investor (PI) clients, individual PIs and certain corporate PIs.

Note 3: The transaction amount refers to the amount paid or payable by investors for investment products. For structured products and derivative products, the transaction amount refers to the maximum exposure of the contracts at the point of sale. Respondent firms were requested to report only one side of the transaction. Rollovers, redemptions and position close-outs were not included.

Note 4: The number of investors who completed at least one transaction in non-exchange traded investment products during the reporting period.