

19 March 2019

Circular to Intermediaries

Implementation of online platform guidelines and offline requirements for complex products

On 28 March 2018, the Securities and Futures Commission (SFC) issued new Guidelines on Online Distribution and Advisory Platforms (Guidelines)¹. Amongst other requirements, Chapter 6 of the Guidelines provides for additional protective measures for the sale of complex products in an online environment. On 4 October 2018, the SFC further announced that under a new paragraph 5.5 of the Code of Conduct², the additional protective measures will also apply to the sale of complex products in an offline environment³.

Both the Guidelines and paragraph 5.5 of the Code of Conduct were due to become effective on 6 April 2019. The SFC considered feedback from the industry and agreed to extend the effective date for three months to **6 July 2019**.

From the effective date, additional protection will be provided to investors when they purchase a complex product without a solicitation or recommendation. If an intermediary solicits the sale of or recommends a financial product to a client, it should comply with paragraph 5.2 of the Code of Conduct and ensure that the product is suitable for the client regardless of whether it is complex or non-complex.

Should you have any queries regarding the contents of this circular, please contact Ms Kammy Kwok at 2231 1455 or the case officer in charge.

Intermediaries Supervision Department
Intermediaries Division
Securities and Futures Commission

End

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¹ See Consultation Conclusions on the Proposed Guidelines on Online Distribution and Advisory Platforms and Further Consultation on Offline Requirements Applicable to Complex Products and accompanying press release dated 28 March 2018.

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

³ See the Consultation Conclusions on Offline Requirements Applicable to Complex Products and accompanying press release dated 4 October 2018.