

SECURITIES AND FUTURES ORDINANCE (Chapter 571)

Pursuant to section 169 of the Securities and Futures Ordinance, the Securities and Futures Commission publishes the following amendments to the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (Code of Conduct). These amendments shall become effective on 9 June 2017.

1. Amend paragraph 6.2(g) of the Code of Conduct by deleting ‘and’ at the end of this paragraph.
2. Amend paragraph 6.2(h) of the Code of Conduct by deleting ‘.’ and adding ‘; and’ at the end of this paragraph.
3. Add the following paragraph to be the new paragraph 6.2(i) of the Code of Conduct:—
‘(i) the following clause: ‘If we [the intermediary] solicit the sale of or recommend any financial product to you [the client], the financial product must be reasonably suitable for you having regard to your financial situation, investment experience and investment objectives. No other provision of this agreement or any other document we may ask you to sign and no statement we may ask you to make derogates from this clause.’

Note: ‘Financial product’ means any securities, futures contracts or leveraged foreign exchange contracts as defined under the SFO. Regarding ‘leveraged foreign exchange contracts’, it is only applicable to those traded by persons licensed for Type 3 regulated activity.’

4. Add the following paragraph to be the new paragraph 6.5 of the Code of Conduct:—
‘6.5 No inclusion of clauses which are inconsistent with the Code or which misdescribe the actual services provided to clients

A licensed or registered person should not incorporate any clause, provision or term in the Client Agreement or in any other document signed or statement made by the client at the request of the licensed or registered person which is inconsistent with its obligations under the Code.

Note: This paragraph precludes the incorporation in the client agreement (or in any other document signed or statement made by the client) of any clause, provision or term by which a client purports to acknowledge that no reliance is placed on any recommendation made or advice given by the licensed or registered person.

No clause, provision, term or statement should be included in any Client Agreement (or any other document signed or statement made by the client at the request of a licensed or registered person) which misdescribes the actual services to be provided to the client.’

11 January 2017

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Securities and Futures Commission