

**Providing Services to Clients with respect to Leveraged and Inverse Products (L&I Products)**

- As stated in the Securities and Futures Commission's [Supplemental Circular on Leveraged and Inverse Products](#), L&I Products are derivative products. The SFC would like to remind intermediaries to observe all the applicable requirements under the Code of Conduct for Persons Licensed by or Registered with the SFC (SFC's Code of Conduct), in particular paragraphs 5.1A to 5.3 which are relevant when providing services to clients with respect to derivative products.
- Intermediaries should also put in place appropriate measures, such as providing training to staff to ensure that their staff are familiar with the risks and features of the investment products and comply with the applicable requirements when serving their clients.
- For details, please refer to the SFC's [Circular on Providing Services to Clients with respect to Leveraged and Inverse Products](#).

**Risk mitigation of L&I Product**

- As L&I Products are derivatives products, intermediaries are subject to the applicable requirements under the SFC's Code of Conduct when they provide services to clients with respect to L&I Products.
- In view of the leveraged and/or inverse features of L&I Products and the additional leverage impact from margin financing, Exchange Participants (EPs) are advised not to provide margin financing to investors for trading of L&I Products.
- Please refer to HKEX's participant circular [Launch of Leveraged and Inverse Products](#), SFC's [Supplemental Circular on Leveraged and Inverse Products](#) and SFC's [Circular on Providing Services to Clients with respect to Leveraged and Inverse Products](#) for details.

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