ETFs: Passive or Active – The World is Your Oyster!

Global Exchange Traded Fund (ETF) assets under management (AUM) growth has increased rapidly over the last decade, with assets now having risen to above USD14.5 trillion globally according to 'The Global ETF Survey 2025'.

Whilst a more recent press release from ETFGI[1] says that assets invested in the global ETF industry reached a new record high at the end of May 2025 – standing at USD16.27 trillion, with inflows of USD118.34 billion in May alone. Year-to-date inflows of USD738.88 billion represent a record, surpassing previous highs of USD594 billion and USD572 billion in 2024 and 2021 respectively. In total there have now been 72 months of consecutive net inflows.

In this article we look at what led the way in terms of latest trends in the ETF market, key regulatory developments and Citi's capabilities in the ETF space. Concluding by considering how the ETF market may continue to develop in the future.

ETF characteristics and their many flavours

In terms of ETF characteristics, these are often described as being transparent (although active ETFs are challenging that), liquid (in-so-far as they are traded on a secondary market), and cost-effective (although that is not always a given). ETFs are also described as being accessible and offering portfolio efficiency.

In terms of recent product development in the ETF space we have largely seen:

- A continuing increase in actively managed ETFs;
- Alternative asset ETFs such as loan, crypto ecosystem, digital asset, blockchain technology, and Artificial Intelligence ETFs; and
- An increasing use of more complex derivatives within an ETF wrapper – such as covered calls, single stocks or inverse-leveraged.

This ongoing product development is most likely due in part to ETF products becoming more dynamic in the active space, ongoing investor demand, being accessible and cost efficient (but as we indicate in the introduction – not all active ETFs are cheaper than their mutual fund[2] equivalents), and becoming increasingly transparent (or not, as we discuss European Union (EU) and U.S. approaches to transparency later). What is clear, is that no single ETF is the same as another, particularly in the active space. There are multiple flavours to choose from.

Active ETFs

The product development journey

Perhaps the most significant trend in ETF development is the transition away from passive ETFs, which are linked to a specific index with little input from an investment manager to actively manage the ETFs. Here the primary constraints are the investment objectives and policies of the underlying funds.

In terms of the latest companies looking to enter the European active ETF market, these include managers such as Schroders and Columbia Threadneedle, both with launches planned later during 2025, while Jupiter and Robeco are among those to have already brought their first products to market over recent months.

According to ‘The Global ETF Survey 2025’ there continues to be tremendous growth in the global active ETF space. Stating that in 2019, actively managed ETFs represented 13% of the global ETF market. By February 2025 this had risen to 27%, capturing 30% of the total net inflows to ETFs. In the U.S., 46% of listed ETFs are actively managed, however this accounts for only 9% of total U.S. ETF AUM.

One example of this growth is where, since 2020, Dimensional Fund Advisors has launched over 40 systematic active ETFs, with other fund managers also leaning into this demand.

For more information on U.S. active ETFs growth in the fixed income space, Citi’s ETF Perspectives ‘Fixed Income Still Leading the Active Charge’ report is available to access in full for existing Citi Research clients.

Active ETFs as a disciplinary device
What may be seen as an unintended consequence of the growth of active ETFs was highlighted by the Bank for International Settlements (BIS) paper published on 17 April 2025.

Entitled ‘ETFs as a disciplinary device – BIS Working Papers No 1261’ (the BIS Report), it investigates the role of actively managed ETFs as a disciplinary mechanism in the asset management industry by exploring how the unique short-selling feature of ETFs (unlike mutual fund shares, ETF shares can be shorted) enables investors to penalise underperforming active ETF fund managers, thereby enhancing market efficiency.

The BIS Report also examines the implications of active ETFs for fund flows, managerial turnover, investment strategies, and the price informativeness of underlying stocks.

Overall, the BIS Report finds that active ETFs exhibit over five times greater flow-performance sensitivity than mutual funds, making them more effective at penalising underperforming managers.

Regulatory considerations – transparency and naming conventions are key

Transparency
With the rise of actively managed ETFs in particular, investment managers have claimed portfolio composition is proprietary information, posing a challenge between the desire for confidentiality and the need for transparency which is key to helping ensure the market price and net asset value (NAV) of the underlying fund are closely aligned.

With passive ETFs, based on an index or other pre-determined portfolio structure, the frequent publication of the underlying portfolio composition enables investors to know how the fund is performing.

Any price discrepancy opens the possibility for arbitrage and crucially this process helps ensure that the market price is closely aligned with the underlying fund’s NAV, primarily through the creation and liquidation of the ETF’s shares by authorised participants (APs).

As the popularity of ETFs grew, regulators sought to ensure transparency was built into ETF rules, for example Principle 4 of the International Organization of Securities Commission’s (IOSCO) Principles for the Regulation of Exchange Traded Funds states:

“Regulators should consider imposing requirements regarding the transparency of an ETF’s portfolio and/or other appropriate measures [to] provide adequate information concerning:

i. Any index referenced and its composition; and

ii. The operation of performance tracking.”

Rules such as these seek to ensure arbitrage mechanisms are in place to maintain a stable relationship between the NAV and market price.

Indeed, Measure 2 of IOSCO’s Good Practices Relating to the Implementation of the IOSCO Principles for Exchange Traded Funds States:

“Regulators are encouraged to consider requirements regarding the transparency of an ETF’s portfolio and/or other appropriate information provided to market participants so as to facilitate effective arbitrage.”

Moving to the U.S., the SEC began permitting semi-transparent ETFs in 2019 by granting exemptive orders to Rule 6c-11 of the Investment Company Act, which requires an ETF to provide daily portfolio transparency on its website.

To help ensure ETFs benefitting from the exemptive order facilitate an effective arbitrage mechanism, they must provide indicative information on the value or composition of the underlying portfolio, for example by publishing an almost real time NAV, or an indicative portfolio that closely tracks the performance of the ETF’s real portfolio.

More recently, both the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg and Central Bank of Ireland (CBI) also confirmed that managers of active ETFs can opt to publicly publish portfolio positions less frequently than daily and with a delay between valuation date and publication, albeit with differing requirements.

On 19 December 2024, the CSSF published an FAQ for UCITS ETFs stating that that managers of actively managed Undertakings for Investment in Transferable Securities (UCITS) ETFs may choose to publicly publish portfolio holdings "at least on a monthly basis with a maximum time lag of one month."

To ensure the market price does not significantly vary from the NAV, a daily portfolio composition file is required to be sent to all APs and market makers (MMs) in the ETF. These APs and MMs must be bound by a confidentiality clause with the ETF manager encouraged to contract with multiple APs and MMs to promote competition and arbitrage.

In Ireland, the CBI updated its UCITS Questions and Answers (Q&A) in April 2025, stating that where an ETF discloses its portfolio holdings on a periodic basis it must disclose appropriate information daily to facilitate an effective arbitrage mechanism and publicly disclose portfolio holdings 30 days after each calendar quarter.

Naming conventions

Historically, the CBI and CSSF had taken different approaches to the UCITS ETF naming rules. This was despite the European Securities and Markets Authority's (ESMA's) UCITS ETF naming convention, where asset managers were required to use 'UCITS ETF' in the fund name if it offered an ETF share class alongside its mutual fund share classes.

The CBI's decision to follow the ESMA requirement had been given as a reason why Ireland-domiciled ETF issuers did not create more ETF share classes of mutual funds. So, in the 41st edition of the updated Q&A document pertaining to UCITS, the CBI aligned its interpretation with the CSSF approach by revising three responses relating to its naming requirements at the share class level to facilitate ETF naming requirements for specific share classes.

In question and response reference ID1016, the CBI clarified that while the term UCITS ETF must be used in sub-funds names that are ETFs, where only the share class is an ETF, this naming convention requirement applies at that level.

It was this relaxation of the naming requirements for ETF share classes that subsequently opened up the Irish market, given that previously the naming convention required asset managers to use 'UCITS ETF' in the fund name if it offered an ETF share class alongside its mutual fund share class.

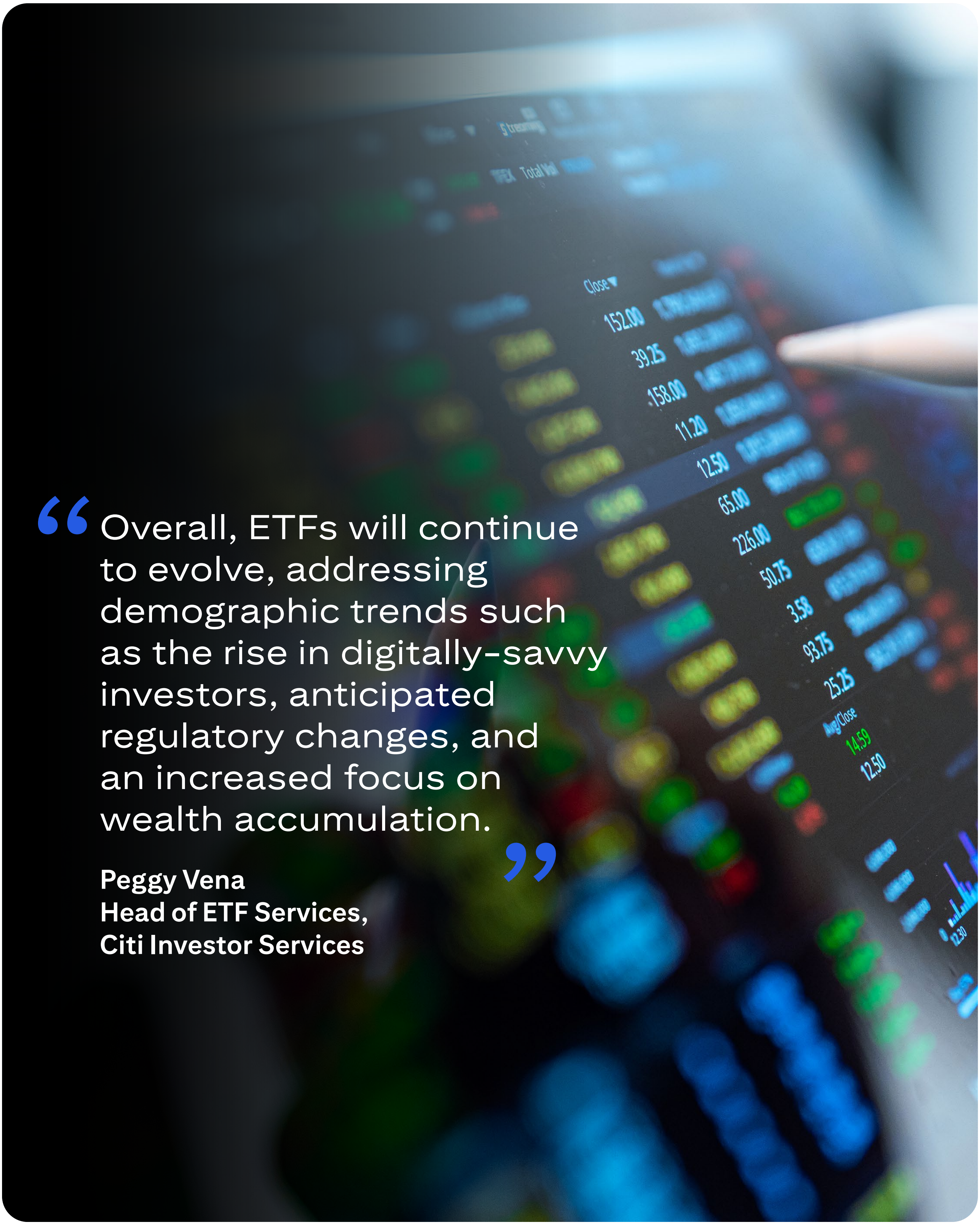
ETF liquidity – benefits over mutual funds

Growing out of the passive mutual funds industry, ETFs offer several benefits over traditional open-ended funds (OEFs) including intraday dealing (as opposed to daily, or less frequent, dealing of most mutual funds).

This gives ETFs a liquidity advantage over other OEFs. The listing aspect of ETFs mean that the underlying fund is not automatically subject to the redemption pressures faced by OEFs at times of stress, as secondary market trading has the potential to absorb redemption requests, thus reducing the dilution impact on the underlying fund.

In addition to functional differences, regulators have come to recognise that ETFs can operate without all of the liquidity management tools (LMTs) currently being imposed through the implementation of new and updated regulations such as UCITS and the Alternative Investment Fund Managers Directive (AIFMD). For example ESMA, in its draft regulatory technical standards and guidelines on LMTs, states that the use of in-specie redemption (redemption in kind) should be treated differently for ETFs and that they should not have to comply with the requirement that all such redemptions should be completed through the pro-rate transfer of all the fund's underlying assets.

In addition, the recent Financial Stability Board and the International Organization of Securities Commissions' work on OEF liquidity takes account of ETFs' unique nature by excluding them from the revised recommendations on open-ended fund liquidity management and anti-dilution tools.



> "Overall, ETFs will continue to evolve, addressing demographic trends such as the rise in digitally-savvy investors, anticipated regulatory changes, and an increased focus on wealth accumulation."

Peggy Vena
Head of ETF Services,
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The global spread of ETFs

Arguably, the first exchange traded fund launched in Canada in 1990, however the term 'ETF' did not appear until 1993 with the S&P 500 Trust ETF. So, a good place to start when examining the global rise of ETFs is in the U.S.

The U.S. ETF market has steadily grown over the past decade, reaching over USD10 trillion in AUM as of February 2025. Several factors have propelled this growth, including the tax efficiency and lower fees of ETFs, and increased adoption by institutional investors seeking broader market exposure. The U.S. Securities and Exchange Commission (SEC) 2019 adoption of Rule 6c-11, which streamlined the ETF launch process by allowing ETFs that satisfy certain conditions to operate without the expense and delay of obtaining an exemptive order, and the emergence of semi-transparent ETF models have further fuelled this expansion.

Despite mutual funds still holding a larger market share, ETFs have gained significant ground over the past decade. This growth trajectory is expected to continue, with projections estimating a doubling of U.S. ETF assets by 2030. This trend has prompted many asset managers to replicate successful mutual fund strategies within an ETF structure and to pursue mutual fund to ETF conversions. Some benefits of a conversion are the ability to maintain assets and investors and the fund's performance track-record.

Today, the USA and Canada dominate the global market, followed by Europe and Asia Pacific. And as markets mature, so they have begun to develop new and unique ETF products that may challenge the status quo.

Let's look at some examples.

Single stock leveraged and inverse (L&I) ETFs
Over the last couple of years, single name L&I ETFs have already been quite successful in the U.S., demonstrating underlying strategies such as crypto and innovation. For example, U.S. Covered call and buffered ETFs linked to semi-conductors, energy and oil companies, gold, or single stock leveraged ETFs.

A development which is now gaining interest in places like Hong Kong, where in January 2025 the SFC expanded listed structured fund offerings in Hong Kong, by setting out new regulatory requirements in a circular for product issuers, with a view to broadening the range of listed structured funds that may be offered to the public in Hong Kong. Notably, adding to their product mix Single Stock L&I Products and Defined Outcome Listed Structured Funds.

Single Stock L&I Products and Defined Outcome Listed Structured Funds are listed structured fund products that have become increasingly popular in overseas markets. Against this backdrop, there has been growing interest among product issuers in launching them in Hong Kong, in the light of their distinct appeal to investors.

To balance potential benefits and risks associated with Hong Kong investors' exposure to these complex and novel products, the SFC has built into the enhanced regulatory framework additional safeguards and measures. For Single Stock L&I Products, the SFC will only accept those referencing a highly liquid mega-cap stock listed on a major overseas exchange. They should also generally be subject to a maximum leverage factor of two times to -two times.[3]

Spot bitcoin ETFs
As regards to market developments, regulators in South Korea, Japan and Singapore could also follow Hong Kong's lead, as Asia Pacific responds to spot bitcoin ETF approval in the U.S.

Australia has also launched its first Bitcoin ETF, the Global X 21Shares Bitcoin ETF, offering exposure to physical Bitcoin.

Earlier in January 2025, the U.S. SEC approved 10 spot bitcoin ETFs for trading on U.S. exchanges, marking a shift in policy and leading to approximately USD12.5 billion in net inflows to these funds.

Thematic ETFs
At the end of March 2025, according to the South Korea Exchange (report only available in Korean), there were 538 domestic ETFs consisting of 378 stock ETFs, 117 Bond ETFs, 152 active ETFs and 56 leveraged-inverse ETFs. With the report showing themes such as raw materials, real estate, currencies, commodities, quantum computing and renewable energy.

Zombie ETFs
Despite the rapid growth of South Korea's ETF market, the increasing presence of 'Zombie ETFs'—funds that remain listed but are barely active—poses new challenges for investors and raises concerns about market stability. Likewise, we see evidence of this in Taiwan, where Shin Kong Investment Trust's electric vehicle-themed ETF, launched only two years ago, has been delisted from the Taiwan Stock Exchange due to persistently low assets, making it the third ETF closure in the local Taiwanese market this year.

Cross-border ETFs
There is still room for growth however where we have seen recent development in the Taiwanese market on cross-border ETFs where the Taiwan Stock Exchange is planning to launch the first cross-listed ETF between Taiwan and Japan in the third quarter of 2025, in a scheme designed to expand investor access to ETFs in each market.

Further, a large Japanese bank holding and financial services company will enter the U.S. ETF market as the subadvisor for a new active small-cap fund. There are just 18 other U.S.-based ETFs focused on Japanese equities, according to data from a prominent industry news source.

More recently, the Hong Kong Exchanges and Clearing Limited (HKEX) welcomed the listing of Asia Pacific's first ETF to track Saudi Arabian equities – the CSOP Saudi Arabia ETF. This ETF tracks the FTSE Saudi Arabia Index, providing investors with a new opportunity to invest in Saudi Arabia's capital markets through a Hong Kong-listed ETF. Additionally, the first two China ETFs have been listed in Brazil via a new connect scheme, giving South American investors direct access to China's A-share market.

Non-fungible token ETFs and crypto ETNs
In October 2024, the Australian Taxation Office updated its non-binding web guidance to include digital assets like crypto-assets and non-fungible tokens (NFTs) in the list of investments that can be held by ETFs.

In the UK, the FCA proposed, in June 2025, to ease restrictions on the sale of crypto exchange traded notes (cETNs) listed on UK Recognised Investment Exchanges. Previously limited to professional investors, the FCA concluded that changes to the market landscape and regulatory framework mean that cETNs can be classed as restricted mass market investments and therefore made available to retail investors, so long as the required financial promotion rules are complied with.

While cETNs offer an accessible way for investors to hold digital currencies, it is important to understand the tax implications. Any gains made from selling units in the cETN may be subject to capital gains tax. Additionally, income distributions from the cETN could be treated as assessable income and taxed accordingly.

Buffer ETFs
Buffer ETFs, popular in the U.S., look to limit losses and cap gains over a set period, usually a year, using options on indexes such as the S&P 500 for example.

Most recently, buffer ETFs have gained popularity among investors seeking a middle ground between risk and reward. The rise of market volatility, concerns about economic downturns, and the need for capital preservation have all driven demand for these defined outcome investment products.

A rise in defence-themed ETFs
A rise in demand for European defence ETFs is being fuelled by increasingly complex geopolitical tensions. Notably, the WisdomTree Europe Defence UCITS ETF – EUR Acc has attracted USD588 million since its launch on 4 March 2025.

During May 2025, Amundi Investment Solutions launched the Amundi Stoxx Europe Defense UCITS ETF. Listed on multiple European exchanges, making it accessible to a wide audience of professional and private investors, the ETF tracks the performance of the STOXX Europe Total Market Defense Capped Index, consisting of European quoted companies in the Aerospace and Defense sector with a proven revenue exposure to defence activities.

Dual share class ETFs – will they take off?

Benefits of the dual-share-class model
The dual share class model has the potential to benefit both fund sponsors and investors. For mutual fund investors, benefits may include lower overall expenses due to shared administrative costs, reduced management or advisory fees, and potential tax benefits through the ETF share class's use of in-kind transactions and capital loss carry forwards.

ETF investors may have access to a wider array of established mutual fund strategies with proven track-records, enhanced liquidity, and broader distribution channels.

Fund sponsors may enjoy streamlined product launches, the potential for immediate scale through access to existing mutual fund shareholder bases, and opportunities to expand, for example in the U.S. distribution through 401(k)s and other channels.

The U.S. approach
One significant development on the horizon in the U.S. ETF space is the potential approval of exemptive relief by SEC staff that would allow investment companies to offer both mutual fund and ETF share classes, which could come as early as this summer. This dual share class structure would allow a fund sponsor to offer the same asset exposure through both a mutual fund and an ETF share class, essentially allowing an investor or their advisor to use their preferred structure and secure associated benefits. Investors would be able to maintain their assets within the same fund complex, exchange assets between share classes and choose their preferred structure while potentially enjoying certain tax advantages and lower expenses often associated with ETFs.

Historically, exemptive relief for this dual share class structure had only been granted to Vanguard Group in 2000. At that time, Vanguard also had an approved patent on this unique class structure. However, this patent expired in 2023, and since that time, numerous applications seeking to replicate a similar structure have been filed. As of the publication date of this piece, there are 66 and counting, pending applications seeking exemptive relief to offer this dual share class structure. In fact, Vanguard themselves have now filed for the dual ETF-mutual fund share classes it patented earlier in 2000, to be able to apply the structure to its active mutual funds.

Regulatory and operational considerations
The U.S. SEC has historically expressed concerns regarding dual share class structures, particularly related to differing investor rights and potential conflicts of interest between the share classes. Potential conflicts of interest could result from different classes declaring and paying dividends on different days, and from one class absorbing costs from another.

Pending applications address these and other concerns, outlining conditions for exemptive relief, such as adherence to and compliance with certain requirements under the Investment Company Act of 1940, initial Board consideration surrounding the appropriateness of the structure and the potential for conflicts, robust requirements for Board oversight and ongoing monitoring, and enhanced disclosures in fund offering documents, among others.

Operationally, implementing a dual share class model presents significant challenges that the industry must address before the full benefits of a dual share class model as traditionally offered may be replicated. Notably, there is a need to coordinate different systems used by ETFs and mutual funds for trading, clearing, settlement, and record keeping.

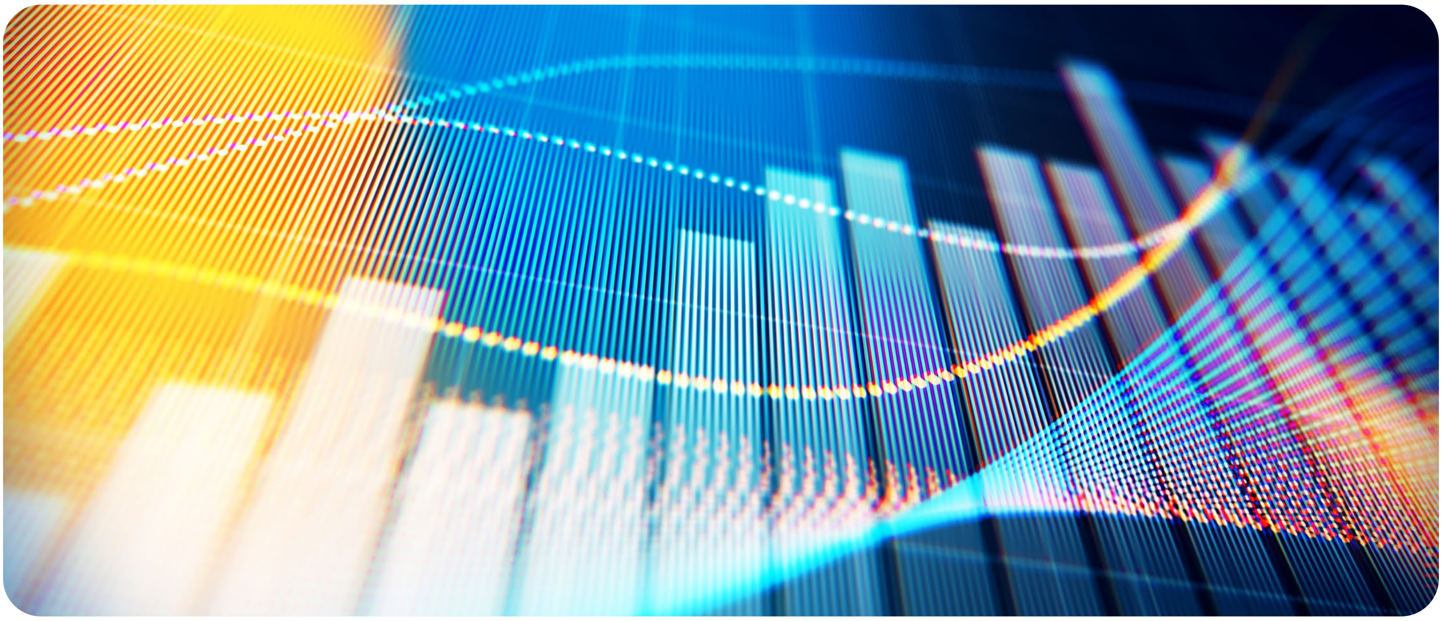
Without significant enhancements in infrastructure, the exchange mechanism by which investors may exchange shares from a mutual fund class to an ETF class, or vice versa, will rely on manual processes. Accordingly, the first entrants into this space may launch without a share class conversion feature in place.

Additional concerns include differences inherent in the products. ETFs require APs, MMs, and listing exchanges, adding complexity compared to mutual funds.

Active ETFs introduce daily transparency into holdings, which could be a point of contention with certain investment teams, and the inability to hard- or soft-close ETFs, unlike their mutual fund counterparts, presents capacity management challenges for certain investment strategies.

The dual share class model seemingly holds transformative potential, promising increased potential efficiencies and expanded choices for investors and fund sponsors. Addressing the regulatory and operational challenges will be crucial for its successful adoption.

European and Australian nuances
Unlike in the U.S., share class structures might already be better recognised for ETFs in Europe. In Ireland for example, the CBI already allows flexibility in creating listed and unlisted shares within an ETF, but in practice there has been limited success in adding ETF classes to mutual funds. Whereas in Australia the share class model, housing both listed and unlisted classes in the same fund is more popular.



Other nuances as to how Australian ETFs operate slightly differently from those in other jurisdictions are:

1. The operation of the Agency Market Making Model. Each day the Australian ETF issuer publishes the list of securities that make up the ETF, enabling MMs to calculate the NAV of the ETF throughout the trading day. This helps MMs to more accurately price the ETFs. They place a 'spread', which is their return, around the NAV, resulting in: a bid price, at which they will buy ETFs, and an offer price, to sell the ETFs. The prices are then placed on ASX for investors to trade with. This spread will vary throughout the trading day.
2. The Dual Access structure, which provides one single share class for both listed and unlisted investors. This is effectively treated as a different sub-registry from a Transfer Agency perspective, allowing investors to enter the fund via the ETF or a traditional fund – but being treated as a single share class.

Citi as an ETF partner

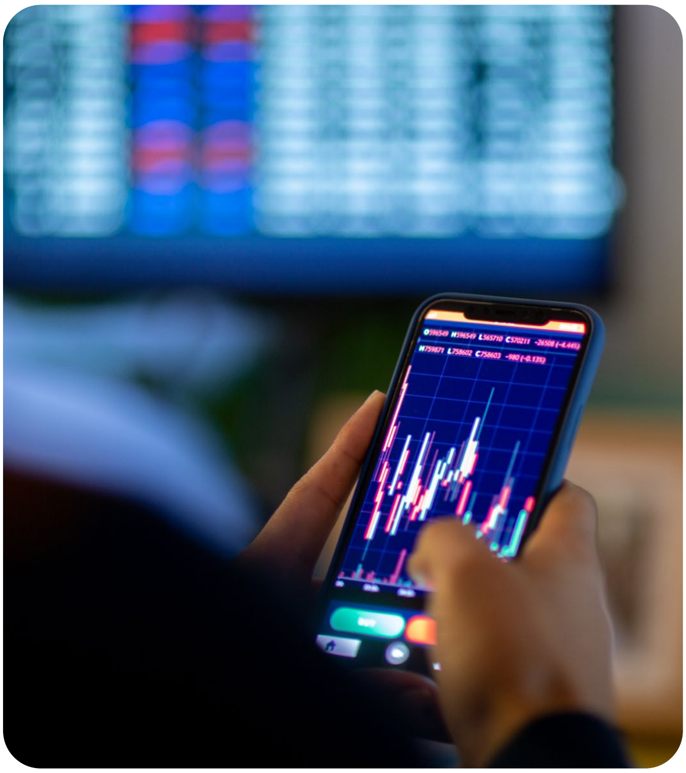
Navigating this complex ETF landscape requires a trusted partner with deep expertise in both ETF and mutual fund operations. In addition to its full suite of capabilities, globally deployed and scalable operating model servicing traditional mutual funds, Citi is also able to draw on its extensive Markets and Services network to provide clients with a holistic and scalable ETF solution. This includes conventional back-office functions like Global Custody (covering 99.9% of the world's market capitalization), FX Solutions, Fund Accounting, Securities Financing and Transfer Agency.

Additionally, Citi's state-of-the-art proprietary application called Advanced Citi ETF System (ACES) features a comprehensive suite of efficient and flexible ETF workflow tools to service ETFs for our clients, including, but not limited to features such as:

Customizable ETF Basket Solution: ACES automates the production of the Portfolio Composition File (PCF), while supporting multiple source data methodologies such as using manager provided information, using index data, or using accounting data..

Online Dealing Portal: ACES supports the creation/redemption process for ETFs through its online ACES Dealing Portal. Authorized Participants can place orders via FIX or via online login through Citi Velocity, the one-stop shop for all Citi applications.

Seamless Integration: ACES is built to seamlessly integrate with internal Citi teams and third-party distributors through various channels like Application Programming Interface and File Transfer Protocol etc.



Citi's ETF Servicing offering is built to support our clients launch ETFs across the globe and is agnostic to the structure and investment strategy of the fund, in that Citi can support both active and passive ETFs, physically replicated and synthetic ETFs as well as transparent and non-transparent ETFs.

In addition, Citi's Markets franchise offers clients services like ETF Research, Trade Execution Services, Market Making and AP Services, and Synthetic Structuring, providing clients with a solution that touches each step of the ETF lifecycle.

Demonstrating this, during the recent Global Custodian in Asia at 2025 Leaders in Custody Awards, and it's associated annual survey, Citi received awards for Global Custodian of the Year and ETF Administrator of the Year. Citi was also celebrated with an Editor's Choice award for its support of Hong Kong's first-ever covered call ETFs. This recognition speaks largely to the intended commitment and strength of Citi's Investor Services business in the Asia Pacific region, and the power behind Citi's global network and in-depth local expertise in servicing its clients.

Citi's Velocity ETFs platform

In 2025, Citi will go live in Ireland with its Velocity ETFs Platform, enabling issuers to outsource a lot of the heavy lifting involved with launching and running an ETF. The platform will take care of all aspects of setting up an ETF, from the initial legal, regulatory and compliance requirements, to appointing and onboarding service providers (custodian, MMs and APs), to product registration, exchange listings and ongoing capital markets functionality.

Not only does this reduce costs for issuers, but it supports scalability and accelerates speed to market by avoiding duplication, enabling firms to focus on their core strengths, namely portfolio management and distribution.

Citi's platform allows funds to be launched in a matter of months, versus building from scratch, which could take at least 1-2 years per issuer. Consequently, costs will be significantly lower, on a 'launch' as you go basis, versus an entire platform build for individual managers, not to mention meaningful headcount and technology savings.

Conclusion

Looking to the future – aside from a thriving U.S. ETF market, there are definite growth trends in Europe. But it is in the Asia Pacific region where we are likely to see the actual highest growth rate over the next few years.

The historic distinction that may have existed between mutual funds and ETFs seems to be disappearing. Evidenced by the fact that we continue to see mutual fund to ETF conversions. What you can structure as a mutual fund, can equally apply to a passive or active ETF.

It will also be interesting to see how the future pans out as regards U.S. ETF share classes. This has the potential to be a game changer for the entire industry, providing it is executed correctly, perhaps leading to exponential growth in the ETF industry.

Overall, ETFs will continue to evolve, addressing demographic trends such as the rise in digitally-savvy investors, anticipated regulatory changes (as discussed), and an increased focus on wealth accumulation.

The most recent ETF trends can be linked specifically to the 2025 markets environment and economy, such as the intersection of robotics and AI, a continuing and growing investor enthusiasm for private markets, ETFs designed to capture companies who may benefit from new and impending deregulation policies or providing additional solutions for retirement strategies – proving that the ETF world really is your oyster.

In terms of further trends, these can be found in Citi's new report 'ETF Perspectives: Industry Outlook – A Roadmap to the Next $10 Trillion'. This report is available to access in full for existing Citi Research clients.

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1. ETFGI is an independent research and consulting provider.
2. In this article the term mutual fund refers to an ETF's underlying fund structure regardless of legal structure.
3. This excludes overseas listed stocks which may be dually listed in Hong Kong, as well as stocks listed on any Mainland exchange. Also subject to an underlying stock's volatility, only a lower leverage factor may be allowed for Single Stock L&I Products.

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