



Appendix II

Current licensing condition:

“The licensee shall only operate a centralised online virtual asset trading platform for trading of virtual assets on its platform and carry on (1) off-platform virtual asset trading business and incidental services provided by it to its clients; and (2) activities conducted in relation to such off-platform business. The term “virtual asset” is as defined in the Guidelines for Virtual Asset Trading Platform Operators issued by the Commission.”

Amended licensing condition:

“The licensee shall only operate a centralised virtual asset trading platform for trading of virtual assets on its platform and carry on (1) off-platform virtual asset trading business and incidental services provided by it to its clients; (2) activities conducted in relation to such off-platform business[; and (3) distribution of [investment products with exposure to digital assets][and/or][tokenised securities] business[and incidental services]¹ / [(3) custody services of [virtual assets][and/or][tokenised securities] of its clients which are not traded on the virtual asset trading platform]².

[The term “digital assets” includes virtual assets; tokenised securities (which are a subset of digital securities), and stablecoins.

The term “virtual asset” is as defined in the Guidelines for Virtual Asset Trading Platform Operators (“Guidelines”) issued by the Commission.

The term “tokenised securities” means traditional financial instruments that are “securities” as defined in section 1 of Part 1 of Schedule 1 to the SFO which utilise distributed ledger technology or similar technology in their security lifecycle.

The term “digital securities” is as defined in the Circular on intermediaries engaging in tokenised securities-related activities published on 2 November 2023, as amended from time to time.

The term “Stablecoin” is as defined in section 3 of the Stablecoins Ordinance (Cap. 656).]

“Relevant Activities” under the Guidelines in respect of the licensee means:

(a) providing services through means of electronic facilities:

(i) whereby:

(A) offers to sell or purchase virtual assets are regularly made or accepted in a way that forms or results in a binding transaction; or

(B) persons are regularly introduced, or identified to other persons in order that they may negotiate or conclude, or with the reasonable expectation that they will negotiate or

¹ Applicable to distribution of investment products by VATPs

² Applicable to custody of tokens not traded on VATPs

conclude sales or purchases of virtual assets in a way that forms or results in a binding transaction; and

(ii) where client money or client virtual assets comes into direct or indirect possession of the person providing such service; and

(b) any off-platform virtual asset trading activities and incidental services provided by the licensee to its clients, and any activities conducted in relation to off-platform virtual asset trading activities; and

[(c) distribution services of [investment products with exposure to digital assets][and/or][tokenised securities].]³ /

[(c) custody services of [virtual assets][and/or][tokenised securities] of its clients which are not traded on the virtual asset trading platform.]⁴

³ Applicable to distribution of investment products by VATPs.

⁴ Applicable to custody of tokens not traded on VATPs.