

3 November 2025

## Circular on expansion of products and services of virtual asset trading platforms

1. The SFC issues this circular to broaden the range of products and services that can be offered by SFC-licensed virtual asset trading platforms<sup>1</sup> (“**VATPs**”), as part of its initiatives to foster the continued healthy development of Hong Kong’s digital asset ecosystem.

### Background

2. Under Pillar **P (Products)** of the SFC’s **ASPIRe** Roadmap published on 19 February 2025<sup>2</sup>, the SFC envisages to review the range of digital asset products and services available in Hong Kong’s regulated market, to meet the diverse needs of different investor categories. The stated policy objective is to foster continuous market development while implementing robust safeguards to protect retail investors.
3. In this circular, the SFC expands the products and services that can be offered by SFC-licensed VATPs by (i) modifying the requirements on token admission; (ii) clarifying current regulatory requirements on VATPs for the distribution of tokenised securities and investment products relating to digital assets; and (iii) updating the requirements on VATPs providing custody services for their clients’ digital assets which may not have been made available for trading via the VATP.

### Terminology

4. “**Digital assets**” include virtual assets<sup>3</sup>, tokenised securities<sup>4</sup> (which is a subset of digital securities<sup>5</sup>), and stablecoins<sup>6</sup>. “**Digital asset-related products**” refer to investment products relating to digital assets.

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<sup>1</sup> “VATPs” means:

(a) a corporation which is granted a licence for Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under section 116 of the Securities and Futures Ordinance (Cap. 571) (“**SFO**”); and/or  
(b) a corporation which is granted a licence for providing a VA service under section 53ZRK of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615). VATPs which are deemed-to-be-licensed are excluded from the meaning of VATPs in this circular. The list of deemed-to-be-licensed VATPs can be found on [SFC’s website](#).

<sup>2</sup> Please see the “[ASPIRe roadmap](#)” for details.

<sup>3</sup> “Virtual asset” is as defined in section 53ZRA of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), which includes stablecoins.

<sup>4</sup> “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 (DLT) or similar technology in their security lifecycle. Please refer to the [Circular on intermediaries engaging in tokenised securities-related activities](#) issued on 2 November 2023, as amended from time to time.

<sup>5</sup> “Digital securities” are “securities” as defined in section 1 of Part 1 of Schedule 1 to the SFO that utilise DLT or similar technology in their security lifecycle. Digital securities which are not tokenised may be structured in more bespoke, novel or complicated forms. Some may exist exclusively on a DLT-based network with no links to extrinsic rights or underlying assets, and may have no controls to mitigate the risks that ownership rights may not be accurately recorded. Some of them may fall under the definition of an interest in a collective investment scheme (CIS). For example, digital securities which are not tokenised securities may include tokenisation of fractionalised interests in real world or digital assets such as artwork or land in a manner different from a traditional fund but such that the arrangement would amount to a CIS, or tokenisation of a profit sharing arrangement which is not in the form of traditional securities. Please refer to the [Circular on intermediaries engaging in tokenised securities-related activities](#) issued on 2 November 2023, as amended from time to time.

<sup>6</sup> “Stablecoin” is as defined in section 3 of the Stablecoins Ordinance (Cap. 656). For the avoidance of doubt, this is irrespective of whether the “stablecoin” is issued by an issuer that is licensed by the HKMA.

## Token admission requirements

5. To expand product offerings, the SFC no longer requires virtual assets (including stablecoins) to have a 12-month track record before a VATP offers them to professional investors<sup>7</sup>, as outlined in the modified licensing conditions detailed in Appendix I. Also, stablecoins issued by a licensed stablecoin issuer<sup>8</sup> are not subject to the 12-month track record requirement and can be offered to retail investors. Nonetheless, the 12-month track record requirement still applies to the retail investor offerings of other virtual assets.
6. Although the 12-month track record requirement is lifted for professional investor offerings, the SFC refers to paragraph 7.6 of the Guidelines for Virtual Asset Trading Platform Operators (“**VATP Guidelines**”) and reiterates that:
  - a) a VATP should perform all reasonable due diligence on all virtual assets (including stablecoins) before including them for trading and ensure that they continue to satisfy all the admission criteria established by the token admission and review committee; and
  - b) a VATP should make adequate disclosures where a virtual asset (including a stablecoin) available to professional investors on their platforms has a track record of less than 12 months.
7. For the avoidance of doubt, the 12-month track record requirement does not apply to tokenised securities or other digital securities under the VATP Guidelines<sup>9</sup>.

## Distribution of digital asset-related products and tokenised securities by VATPs

8. Currently, under the standard set of licensing conditions<sup>10</sup>, licensed VATPs may only operate a centralised virtual asset trading platform for the trading of digital assets and carry on off-platform digital asset trading business. To enable licensed VATPs to provide a broader range of services and products, the SFC proposes to amend the standard set of licensing conditions to explicitly permit VATPs to:
  - a) distribute digital asset-related products and tokenised securities in accordance with existing laws, codes, guidelines and regulations<sup>11</sup>; and
  - b) open a trust account or client account by the VATP, as required under certain distribution arrangements, with the custodian of the digital asset-related product or tokenised security in the VATP’s name for the purpose of holding the digital asset-

<sup>7</sup> Professional investor” has the meaning as defined in section 1 of Part 1 of Schedule 1 to the SFO.

<sup>8</sup> Licensed by the HKMA pursuant to section 15 of the Stablecoins Ordinance (Cap. 656).

<sup>9</sup> Please refer to paragraph 7.6(c) of the VATP Guidelines.

<sup>10</sup> The licensing condition provides that “*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.*”

<sup>11</sup> Including but not limited to Code of Conduct for Persons Licensed by or Registered with the SFC, Guidelines on Online Distribution and Advisory Platforms, Joint circular on intermediaries’ virtual asset-related activities (and the related supplemental joint circular), circular on SFC-authorised funds with exposure to virtual assets, circular on intermediaries engaging in tokenised securities-related activities, circular on tokenisation of SFC-authorised investment products, and section 19 of the SFO.

related product or tokenised security on behalf of its clients<sup>12</sup>.

9. The revised conditions are detailed in Appendices II and III. VATPs interested in these modifications are encouraged to submit an application to the SFC for approval.

### **Custody of tokens not traded on VATPs**

10. The SFC notes that certain VATPs, through their associated entities, may wish to offer custody services for digital assets that have not been made available for trading via the VATP. This is not allowed under current licensing conditions. However, to facilitate a more diverse digital asset custody business, the SFC now allows VATPs seeking to provide such services to apply to modify the relevant licensing conditions, as detailed in Appendix II.
11. VATPs, through their associated entities, are reminded to comply with the existing VATP Guidelines and the Tokenisation Circular, especially custody-related requirements, when offering such custody services to clients.
12. For example, a VATP should continuously assess and monitor relevant developments - such as technological changes, robustness of the DLT network and the emergence of security threats - relevant to all digital assets for which it intends to provide custody services. It must also ensure that its internal controls, technology infrastructure and anti-money laundering monitoring and market surveillance tools can effectively manage any risks specific to these digital assets.
13. For VATPs that have not completed the second-phase assessment, the SFC may permit custody of tokenised securities on a case-by-case basis. In assessing the application, VATPs must demonstrate that effective measures are in place to protect clients' assets, such as administrative controls for transfer restrictions, whitelisting of client wallet addresses or wallet addresses used for deposit and withdrawal, particularly when the tokenised securities are on public permissionless networks. However, such VATPs must complete the second-phase assessment before applying to the SFC to provide custody services for digital assets other than tokenised securities not offered for trading by the VATP.
14. If you wish to seek clarification on any aspects of this circular, please contact the case officer of the Intermediaries Division who is responsible for overseeing the VATPs.

Intermediaries Division  
Securities and Futures Commission

Enclosure

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<sup>12</sup> In relation to client securities which the Securities and Futures (Clients Securities) Rules (Cap. 571H) (the "CSR") are applicable (eg interests in a CIS authorised by the SFC under section 104 of the SFO), VATPs are reminded of the requirement under section 5 regarding deposit or registration of client securities and securities collateral. Accordingly, the depositing of SFC-authorized tokenised funds units or shares with an authorised financial institution, an approved custodian or another intermediary licensed for dealing in securities in accordance with section 5 of CSR will not be in breach of the VATP Guidelines.