

27 May 2026

Circular on provision of Relevant Stablecoin service by virtual asset trading platforms and licensed corporations

This circular sets out the Securities and Futures Commission's (**SFC**) expected standards for licensed virtual asset trading platforms¹ (**VATPs**) and licensed corporations when conducting activities in Relevant Stablecoins. This circular also clarifies the application of the Guidelines for Virtual Asset Trading Platform Operators (**VATP Guidelines**), and the Joint circular on intermediaries' virtual asset-related activities² (**Joint Circular**) to activities in Relevant Stablecoins. For the avoidance of doubt, this circular does not apply to activities involving stablecoins which are not Relevant Stablecoins.

Background

1. Following the commencement of the Stablecoins Ordinance (Cap. 656) (**SO**) on 1 August 2025, the Hong Kong Monetary Authority (**HKMA**) has established a regulatory framework for the issuance of stablecoins in Hong Kong, and has granted stablecoin issuer licences to two entities under the SO on 10 April 2026.
2. Relevant Stablecoins refer to those that (i) qualify as "specified stablecoins" under section 4 of the SO and (ii) are issued by an entity licensed under the SO and are authorised under such licence.
3. The SFC recognises that the nature and risk profile of Relevant Stablecoins differ from other virtual assets. In light of these differences, and to provide regulatory clarity, the SFC considers it appropriate to clarify the expected standards for VATPs and licensed corporations when conducting activities in Relevant Stablecoins.

Regulatory requirements relating to Relevant Stablecoins applicable to VATPs and licensed corporations

4. **Liquidity and index requirements³ for tokens available for trading by retail clients⁴:** These requirements are designed to protect retail investors by addressing the risks associated with unregulated virtual assets, such as market manipulation and the lack of transparency. As Relevant Stablecoins are subject to the HKMA's oversight (including reserve backing and redemption arrangements), the SFC considers that the associated risks are unlikely to arise for Relevant Stablecoins. Therefore, it would not be necessary

¹ "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
(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 the [SFC's website](#).

² Joint circular on intermediaries' virtual asset-related activities issued by the SFC and the HKMA on 22 December 2023, as supplemented by the Supplemental joint circular on intermediaries' virtual asset-related activities on 30 September 2025. For corresponding requirements on the provision of Relevant Stablecoin services by registered institutions, please refer to HKMA's circular on Virtual asset-related activities in relevant stablecoins issued by licensed stablecoin issuers issued on 27 May 2026.

³ Please refer to paragraphs 7.7 and 7.8 of the VATP Guidelines and paragraphs 20(a)(iv) and 28 of the Joint Circular.

⁴ "Retail client" means any person other than a professional investor. "Professional investor" has the meaning as defined in section 1 of Part 1 of Schedule 1 to the SFO.

to apply the liquidity and index requirements under the VATP Guidelines and the Joint Circular to Relevant Stablecoins.

5. **Disclosure:** As a general principle, VATPs and licensed corporations should make clear and adequate disclosure of relevant information to their clients. In relation to Relevant Stablecoins, such disclosures should include material information about the Relevant Stablecoins' stabilisation mechanism and redemption arrangements.
6. **Assessment of knowledge of virtual assets⁵:** The requirement to assess clients' knowledge of virtual assets before providing virtual asset-related services to them (other than institutional and qualified corporate professional investors⁶) ensures that clients understand the nature and associated risks of trading in virtual assets. For VATPs and licensed corporations which choose to provide services only in Relevant Stablecoins and not in other virtual assets to certain clients (**Relevant Stablecoin-only clients**)⁷, they need not assess such clients' knowledge of virtual assets in connection with their provision of Relevant Stablecoin-only services. When providing Relevant Stablecoin-only services, VATPs and licensed corporations should consider the Relevant Stablecoin-only client's objective in the trading of Relevant Stablecoins (eg, use case).
7. **Exposure limit⁸:** The requirement to set an exposure limit for each client (other than institutional and qualified corporate professional investors) is part of the measures to ensure suitability in the onboarding process. Having regard to the nature and risk profile of Relevant Stablecoins, holdings of Relevant Stablecoins are not required to be included when calculating a client's exposure to virtual assets.
8. **Ensuring suitability⁹:** Whilst a Relevant Stablecoin would be considered a non-complex product, where a VATP or a licensed corporation makes a solicitation or recommendation of a Relevant Stablecoin, the suitability requirements would apply as per existing requirements. VATPs and licensed corporations should consider the Relevant Stablecoin use case of the client, take into account available alternatives and should not take commission rebates or other benefits as the primary basis for soliciting or recommending a Relevant Stablecoin to clients.

⁵ Please refer to paragraph 9.4 of the VATP Guidelines and paragraph 20(a)(i) of the Joint Circular.

⁶ "Institutional professional investors" is defined under paragraph 15.2 of the Code of Conduct for Persons Licensed by or Registered with the SFC (**Code of Conduct**) as persons falling under paragraphs (a) to (i) of the definition of "professional investor" in section 1 of Part 1 of Schedule 1 to the SFO. "Qualified corporate professional investors" refers to corporate professional investors which have passed the assessment requirements under paragraph 15.3A and gone through the procedures under paragraph 15.3B of the Code of Conduct.

⁷ For VATPs or licensed corporations that choose to provide Relevant Stablecoin-only service to certain clients, they should not provide services in any other virtual assets to such Relevant Stablecoin-only clients. Before the VATPs or licensed corporations provide services in any other virtual assets to Relevant Stablecoin-only clients, they should comply with all regulatory requirements applicable to the provision of such services, including, where the client is not an institutional or qualified corporate professional investor client, assessing each client's knowledge of virtual assets. For the avoidance of doubt, VATPs and licensed corporations should comply with the requirement to assess a non-Relevant Stablecoin-only client's knowledge of virtual assets irrespective of whether the client ultimately only trades in Relevant Stablecoins.

⁸ Please refer to paragraph 9.7 of the VATP Guidelines and paragraph 20(a)(ii) of the Joint Circular.

⁹ Please refer to paragraphs 9.17 to 9.21 of the VATP Guidelines and paragraph 27 of the Joint Circular.

Regulatory requirements relating to Relevant Stablecoins applicable to licensed corporations

9. **Partnering arrangement**¹⁰: In addition to partnering with VATPs, licensed corporations may also partner with an HKMA-licensed stablecoin issuer of a particular Relevant Stablecoin to provide dealing services in that Relevant Stablecoin.
10. **Dealing through VATPs**: To facilitate licensed corporations in providing dealing services in Relevant Stablecoins and other virtual assets for retail clients via omnibus accounts with VATPs, we will permit licensed corporations to partner with VATPs which may be subject to a professional investor-only licensing condition (**PIO condition**). VATPs subject to the PIO condition can only indirectly serve retail investors through licensed corporations but not directly for retail investors, and licensed corporations partnering with such VATPs should ensure that the licensed corporation's retail clients can only trade in those virtual assets that have gone through the VATP's token admission and review processes for admission for retail trading. This enables efficient intermediation by licensed corporations acting on behalf of retail clients, while maintaining regulatory safeguards at the intermediary level. Accordingly, paragraph 20(a)(iii) of the Joint Circular is removed¹¹.
11. **Deposit and withdrawal arrangement**¹²: Currently, licensed corporations may only receive or withdraw clients' Relevant Stablecoins through segregated account(s) established and maintained with VATPs, authorized financial institutions¹³ (or subsidiaries of locally incorporated authorized financial institutions) which meet the expected standards of virtual asset custody issued by the HKMA from time to time. The SFC now permits licensed corporations to receive or withdraw clients' Relevant Stablecoins through segregated account(s) established and maintained with the relevant HKMA-licensed stablecoin issuer which provides custody services for the Relevant Stablecoins it issues with clients' assets segregated from the issuer's own assets.

Ongoing reporting and notification¹⁴

12. As the issuance of Relevant Stablecoins is regulated by the HKMA under the SO, VATPs and licensed corporations providing virtual asset-related services are not required to obtain the SFC's prior written approval in advance of any plan or proposal to include any Relevant Stablecoin for their clients' trading. Nevertheless, they should notify the SFC in writing in advance of any plan or proposal to admit, suspend or remove any Relevant Stablecoins for their clients' trading. For licensed corporations the licences of which have not been imposed with the relevant licensing conditions for the provision of virtual asset-related services, they should follow the existing licensing procedures to modify their relevant licensing conditions before commencing any virtual asset-related activities.
13. VATPs and licensed corporations should review and update their internal policies, procedures and disclosures to ensure compliance with the requirements set out in this circular.

¹⁰ Please refer to paragraph 17 of the Joint Circular.

¹¹ Paragraph 20(a)(iii) of the Joint Circular provides that before providing VA dealing services to retail clients, intermediaries should ensure that the VA dealing activities are conducted through an omnibus account established and maintained with an SFC-licensed platform which is not subject to the licensing condition that it can only serve professional investors.

¹² Please refer to paragraph 20(b) of the Joint Circular.

¹³ "Authorized financial institution" means an authorized institution as defined in section 2(1) of the Banking Ordinance.

¹⁴ Please refer to paragraphs 16.4 and 16.5 of the VATP Guidelines, and paragraph 31 of the Joint Circular.



Revised licensing conditions

14. The revised licensing conditions for VATPs are detailed in Appendix 1.
15. The corresponding updates to the “*Licensing or registration conditions and terms and conditions for licensed corporations or registered institutions providing virtual asset dealing services and virtual asset advisory services*” (Appendix 6 to the Joint Circular) and the “*Terms and conditions for licensed corporations or registered institutions which manage portfolios that invest in virtual assets*” (Appendix 7 to the Joint Circular) (each a **Terms and Conditions**) are appended in Appendices A1 and A2 respectively. The tracked changes versions of the Terms and Conditions are appended in Appendices B1 and B2.
16. If you wish to seek clarification on any aspects of this circular, please contact your case officers-in-charge.

Intermediaries Division
Securities and Futures Commission

Enclosure