Consultation Conclusions

Legislative Proposal to Regulate Virtual Asset Advisory Service Providers and Virtual Asset Management Service Providers

Financial Services and the Treasury Bureau

Securities and Futures Commission

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Contents

Introduction

The Financial Services and the Treasury Bureau ("**FSTB**") and the Securities and Futures Commission ("**SFC**") jointly issued a further consultation paper on 24 December 2025 on the legislative proposal to regulate virtual asset ("**VA**") advisory service providers and VA management service providers in Hong Kong ("**Further Consultation Paper**")[1].

The one-month consultation period ended on 23 January 2026. A total of 51 submissions were received from a wide variety of respondents comprising market participants, industry associations, business and professional organisations, and individuals. We would like to take this opportunity to thank all the respondents for their comments. The names of the respondents are listed in the Annex. The FSTB and the SFC have also been actively engaging in discussions with the industry as well as other relevant stakeholders to keep abreast of market developments, with a view to ensuring that the regulatory regime is fit-for-purpose.

Comments received indicated that the market generally supports the policy objectives and the key proposals. The majority of respondents agreed that the regulation of VA advisory services and VA management services, together with the proposed regulation of VA dealing services and custodian services on which a public consultation was also conducted, is a natural step after the introduction of the virtual asset trading platform ("**VATP**") licensing regime in June 2023, and is a prerequisite for sustainable and responsible development of the digital asset ecosystem in Hong Kong.

Respondents provided constructive feedback on the proposed licensing regimes for VA advisory services and VA management services, while some also sought further clarification. We will carefully assess these inputs alongside other relevant factors in shaping the final legislative proposals. This consultation conclusions paper summarises the key feedback received as well as our responses, and should be read together with the Further Consultation Paper.

Based on these consultation conclusions, the FSTB and the SFC will finalise the legislative proposals for establishing the licensing regimes for VA advisory and VA management service providers under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) ("**AMLO**"), with a view to introducing a bill into the Legislative Council in 2026.

[1] See Further Public Consultation on Legislative Proposal to Regulate Virtual Asset Advisory Service Providers and Virtual Asset Management Service Providers dated 24 December 2025.

Key Comments Received and the FSTB's and the SFC's Responses

A. VA Advisory Services: Scope and Coverage

Question 1: *Do you agree with the proposed definition and scope of VA advisory services?* *Question 2:* *Are there any other exemptions which may be appropriate?*

Scope of "advising on VA"

1. Most respondents agreed with the definition and scope of VA advisory services under the proposed VA advisory service provider licensing regime ("**VA Advisory Regime**"). Many sought clarification as to whether the proposed scope will cover educational contents or general market commentaries. Some queried whether advising on VAs covers the provision of mirror trading or copy trading strategies and trading signals.

2. Some respondents requested further guidance on whether the VA Advisory Regime will cover the provision of advice on VAs through the use of, or by providing to others for their use, algorithms, artificial intelligence language models ("**AI LMs**") or other technology tools, as well as the developers of technology tools.

3. Some other respondents queried whether advisory services in respect of tokenised securities, derivatives and structured products referencing VAs will fall within the scope.

4. There were also queries as to whether informing clients on voting rights attached to VAs, hard forks and airdrops would fall within the proposed scope.

Response

5. Consistent with the principle of "same activity, same risks, same regulation", and in view of the general support received, we will adopt the scope of "advising on VA" proposed in the Further Consultation Paper, ie, covering any person who carries on a business in Hong Kong in:

   (a) giving advice on whether; which; the time at which; or the terms or conditions on which, VAs should be acquired or disposed of; or

   (b) issuing analyses or reports, for the purposes of facilitating the recipients of the analyses or reports to make decisions on whether; which; the time at which; or the terms or conditions on which, VAs are to be acquired or disposed of.

6. The VA Advisory Regime is intended to capture the provision of advice on the acquisition or disposal of VAs by way of business. The assessment of whether a licence is required is no different from the assessment of whether a licence for Type 4 regulated activity (advising on securities) ("**RA4**") is required under the Securities and Futures Ordinance ("**SFO**"). In determining whether an

activity constitutes advising on VAs, consideration should be given to the substance of the activity rather than how it is described, labelled or disguised (eg, as "educational" content, research, general commentary or "trading signals"). As long as the activity concerned constitutes the provision of advice on the acquisition or disposal of VAs in substance, carrying on a business in such activity will require a VA advisory licence unless any exemption applies.

7. As with the licensing regime under the SFO, the VA Advisory Regime will apply to advice on VAs provided in any form, whether oral or written, and through any channel, whether physical or electronic.

8. We note that mirror trading or copy trading generally involves providing information, trading signals or alerts on when to buy, sell or hold certain VAs to others for them to replicate or track trades or trading strategies. As such, mirror trading or copy trading would constitute advising on VAs. Where execution of trades in VAs is also provided, this would constitute dealing in VAs. Moreover, this would also involve VA management where such trades in VAs are executed on a discretionary basis.

9. The VA Advisory Regime is intended to be technology neutral. Providing VA advisory services involving the use of technology (such as algorithms and AI LMs) does not change the fact that advisory services are provided. Providing technology tools which generate advice on VAs for others' use would also amount to the provision of VA advisory services. Examples include providing a technology tool which is able to make specific recommendations on VAs on the basis of the investment profile chosen or inputted by the user, or a tool which provides alerts as to whether, which, the time at which or the terms or conditions on which VAs should be acquired or disposed of. For the avoidance of doubt, the proposed definition and scope are not intended to cover activities only involving the provision of generic factual information about VAs or the VA market, or the provision of technology tools that objectively filter such factual information to assist self-directed research by the user.

10. Activities that do not by itself involve the provision of advice concerning the acquisition or disposal of VAs do not fall within the scope. For example, developing the filter tools mentioned in paragraph 9 above would not require a licence as these tools do not generate or provide advice concerning the acquisition or disposal of VAs. VA custodian or dealing service providers which, as part of their services, merely inform clients on matters such as the deadline for exercising governance or voting rights attached to the clients' VAs, hard forks or airdrop events from time to time will also generally be out-of-scope, as these activities do not involve the provision of advice concerning the acquisition or disposal of VAs, even though such hard forks or airdrop events may result in additional VAs distributed to their clients.

11. Whether an advisory activity falls within the VA Advisory Regime depends fundamentally on the nature of the product under advice. In relation to tokenised securities, the definition of "VA" under the AMLO expressly excludes, among other things, securities and futures contracts. As such, advising solely on tokenised securities does not fall within the VA Advisory Regime. Rather, this would generally fall within RA4 under the SFO.

12. Advising on derivatives and structured products referencing VA would generally fall within RA4, Type 5 regulated activity (advising on futures contracts) ("**RA5**") and/or Type 11 regulated activity (dealing in OTC

derivative products or advising on OTC derivative products) under the SFO. If a VA-related product is structured to amount to, for example, a spot contract in VA, advising on such a product will require a VA advisory licence.

13. Currently, licensed corporations and registered institutions are required to comply with the requirements set out in the "Joint circular on intermediaries' virtual asset-related activities" issued by the SFC and the Hong Kong Monetary Authority ("**HKMA**") ("**Joint Circular**")[2] when distributing VA-related products. These requirements cover product due diligence, suitability obligations, disclosure requirements and assessing client's knowledge of VA. As such, the SFC also requires that the staff of licensed corporations and registered institutions have sufficient knowledge and competence relating to VA before they engage in such activities. To uphold industry standards, the SFC will review and update the competence requirements for such staff to ensure consistency in standards for providing investment advice by intermediaries under the SFO and VA service providers under the AMLO.

Exemptions

14. Most respondents agreed with or did not have further comments on the proposed exemptions. Many sought clarifications on the scope of the proposed exemption for advice provided through a generally available publication or broadcast. Some suggested that such exemption should be extended to cover advice, analyses or reports on VAs generally available through electronic channels such as social media, instant messaging chat groups and podcasts. Some others expressed concerns about "key opinion leaders" and "finfluencers" providing advice on VAs via social media platforms, and suggested that providing remunerated advice on VAs to the public (whether by way of subscription fees, membership fees, traffic monetisation or sponsor fees) should require a licence.

15. There were also questions about the scope of the proposed exemption for advice solely provided to wholly-owned group companies.

16. In addition to the exemptions proposed in the Further Consultation Paper, respondents also proposed exemptions for various other scenarios. One suggestion was to exempt intermediaries licensed or registered for Type 1 regulated activity (dealing in securities) ("**RA1**") or RA4 under the SFO that provide advice on VAs in the course of distributing or advising on VA-related products. Another suggestion was to exempt intermediaries licensed or registered for RA4 under the SFO that provide advice on VAs wholly incidentally to their carrying on of RA4 (eg, an intermediary which provides advice on a client's portfolio including both VAs and securities) from being licensed or registered for providing VA advisory services.

Response

Exemptions proposed in the Further Consultation Paper

17. The proposed exemption for advice provided through a generally available publication or broadcast was derived from the same exemption for RA4 under

[2] Please see the Joint circular on intermediaries' virtual asset-related activities dated 22 December 2023, as amended by the Supplemental joint circular on intermediaries' virtual asset-related activities dated 30 September 2025.

the SFO. As such, the scope of the exemption is intended to be the same as the scope of the corresponding exemption under the SFO.

18. We acknowledge the increasing significance of digital channels and the role of finfluencers in influencing investor behaviour. While we recognise the opportunity for responsible finfluencers to contribute to the sustainable growth of Hong Kong's financial markets, we have also observed potential investor protection concerns arising from some of their activities. In some cases, finfluencers are compensated by other financial services intermediaries or token issuers for the advice provided, without adequate disclosure of potential conflicts of interest to their audience. Some finfluencers publicly advise on potentially higher-risk products or instruments which may not be suitable for each member of audience, with claims for quick and high returns. Also, in some cases, finfluencers provide advice on specific products (including specific VAs) under the guise of "education". These practices are not unique to the VA sector, but rather, they are increasingly prevalent in the traditional financial market. In light of these developments, the SFC has been engaging with the market since September 2025 to better understand the operations of finfluencers and consider market views on the risks and opportunities they present. A holistic review of the existing regimes under the SFO as well as the proposed VA service provider licensing regimes ("**VASP Regimes**") will be separately conducted to ensure that these regimes are adaptive to the evolving market developments. The SFC would conduct necessary consultations if a comprehensive framework that encompasses finfluencers is proposed.

19. As with the same exemption for RA4 under the SFO, the proposed exemption for advice solely provided to wholly-owned group companies would only apply to a corporation advising a group company which is its wholly-owned subsidiary, its holding company which holds all its issued shares, or a wholly-owned subsidiary of that holding company, in respect of that group company's assets and not the group company's client assets.

Additional exemptions proposed by respondents

20. As with advising on derivatives and structured products referencing VAs as discussed above, advising on investment products which are securities or futures contracts referencing VAs or having VAs as underlying assets would generally fall within RA4 or RA5 under the SFO.

21. Where a person provides advice on a client's overall portfolio comprising both VAs and securities, even if the advice on VAs forms only part of the overall portfolio advice and may be provided concurrently with the advice on securities, we do not consider the provision of the VA advice to be wholly incidental to the advice provided on the securities in the portfolio. As VA is an asset type distinct from securities, the advice on whether, which, the time at which or the terms or conditions on which VAs should be acquired or disposed of is separate from the advice on whether, which, the time at which or the terms or conditions on which securities should be acquired or disposed of, albeit such advice may be provided concurrently. Indeed, the SFO requires separate licences for advising on securities and advising on futures contracts, which are two different asset types, even though advice on these asset types may be provided concurrently by the same intermediary. As such, the provision of advice on VAs should be subject to a different licence and a "wholly incidental to RA4" exemption would not be appropriate.

B. Regulatory requirements for VA advisory service providers

Question 3:

Do you have any comments on the regulatory requirements to be imposed on VA advisory service providers?

22. The majority of respondents agreed that the regulatory requirements to be imposed on VA advisory service providers should broadly follow the existing requirements applicable to SFO RA4 licensed corporations or registered institutions providing VA advisory services.

23. Some respondents noted that a licensed corporation which solely carries on RA4 under the SFO subject to the licensing condition that it must not hold client assets is not required to maintain a minimum paid-up share capital, and therefore suggested the same treatment for VA advisory service providers which do not hold client assets. A few respondents sought clarification as to whether a corporation dually licensed to carry out RA4 under the SFO and provide VA advisory services under the VA Advisory Regime will be subject to double regulatory capital requirements. A few others suggested a risk-based, tiered capital framework that takes into account the nature of services offered, the type of clients served (eg, retail vs. professional investors), scale and complexity of operations, etc.

24. Respondents also provided suggestions on various other aspects, including know-your-client and know-your-transaction procedures, product due diligence, operational controls, and insurance coverage for cybersecurity and fraud risks.

Response

25. Given the functional similarities between SFO RA4 licensed corporations and VA advisory service providers (except for authorized institutions), the financial resources requirements to be imposed on VA advisory service providers will align with those for RA4 licensed corporations. Therefore, we will impose baseline financial resources requirements of (i) a minimum required liquid capital of HK$100,000 for those not holding client assets; and (ii) a minimum paid-up share capital of HK$5 million as well as a minimum required liquid capital of HK$3 million in any other case. This tiered baseline of paid-up capital and liquid capital follows the risk-based approach currently adopted for SFO RA4 licensed corporations while ensuring that a licensed VA advisory service provider is financially viable. As with the proposed licensing regimes for other VA service providers, the SFC will retain the option to impose additional financial resources requirements where necessary.

26. We agree in principle that a corporation which is licensed for both RA4 under the SFO and providing VA advisory services under the VA Advisory Regime should not be subject to double regulatory capital requirements. However, where the corporation is also licensed for other regulated activities under the SFO and/or other VA services, it should be subject to the highest regulatory capital requirement imposed among the regulated activities and/or VA services for which it is licensed.

27. We also take note of comments on other regulatory requirements. Under the VA Advisory Regime, the regulatory requirements to be imposed on VA advisory service providers will be based on those currently applicable to licensed corporations or registered institutions providing VA advisory services under the Joint Circular, as well as the terms and conditions for licensed corporations or registered institutions providing virtual asset advisory services. The SFC is actively reviewing its requirements applicable to VA service providers to ensure an appropriate balance between investor protection and market development, and will conduct a public consultation on the proposed regulatory requirements in due course.

C. VA Management Services: Scope and Coverage

Question 4:

Do you agree with the proposed definition and scope of VA management services?

Question 5:

Are there other exemptions which may be appropriate?

Scope of "VA management"

28. Most respondents agreed with the definition and scope of VA management services under the proposed licensing regime for VA management service providers ("**VA Management Regime**"). Many expressly supported the decision of not setting a de minimis threshold. Some sought clarification on the scope of "management" activities covered, including whether managing portfolios investing in investment products with exposure to or referencing VAs, managing portfolios investing in companies with principal businesses of trading in proprietary VAs and managing a fund of funds ("**FoF**") investing in underlying VA funds would fall within the proposed scope. Clarification was also sought as to whether a VA fund manager which has fully delegated its VA management functions to another person is required to be licensed under the VA Management Regime.

29. Some respondents sought clarification as to whether managing a portfolio which inadvertently acquires VAs due to unexpected or involuntary events would require a licence under the VA Management Regime.

30. Some respondents queried whether managing a fund which accepts VAs for subscription and redemption of fund units or uses VAs for settling investment or divestment transactions of a fund would constitute VA management.

31. Clarification was also sought on whether the use or provision of asset management tools would fall within the scope.

Response

32. In alignment with the principle of "same activity, same risks, same regulation", and in view of the general support received, we will adopt the scope of VA management services proposed in the Further Consultation Paper, ie, covering any person who carries on a business in Hong Kong in providing a service of managing a portfolio of VAs for another person. To uphold

regulatory standards and investor protection as well as to prevent regulatory arbitrage, we will not set a de minimis threshold for the VA Management Regime. This is also aligned with the scope of the Type 9 regulated activity (asset management) ("**RA9**") licence under the SFO.

33. Similar to RA9 under the SFO, the VA Management Regime will apply to the management of a portfolio of VAs where the manager has discretionary power to make investment decisions in respect of the VAs in the portfolio for another person. This would include the management of funds as well as discretionary accounts in the form of an investment mandate or pre-defined model portfolio. For the avoidance of doubt, a firm which has full discretionary power to make investment decisions on behalf of a fund or a discretionary account is required to be licensed, even though it sub-contracts its investment management role to a third party. The third party would also be required to be licensed if it is carrying on a business in providing VA management services in Hong Kong.

34. As with the VA Advisory Regime, the VA Management Regime is intended to capture "VA" as defined in the AMLO. Managing a portfolio investing in investment products with exposure to or referencing VAs (eg, derivatives and structured products referencing VAs, VA spot exchange-traded funds ("**ETFs**"), VA futures ETFs) would generally fall within RA9 under the SFO. Consequently, managing a portfolio consisting of both VAs and investment products referencing VAs would require both a VA management licence under the AMLO and an RA9 licence under the SFO.

35. As an extension of the above, managing portfolios investing in companies whose principal business is to engage in proprietary trading in VAs or managing FoFs investing in underlying VA funds would not generally require a VA management licence as the service provided is essentially the management of portfolios of securities but not VAs. Again, managing these portfolios would generally require an RA9 licence under the SFO.

36. We appreciate the possibility that an investment portfolio managed by a fund manager inadvertently acquires VAs due to an unexpected or involuntary event (eg, where tokens invested in by a portfolio ceases to be "securities" under the SFO). Where all reasonably practicable steps are taken to dispose of the portfolio's holdings in VAs in a timely manner, this may not amount to carrying on a business of providing a VA management service. However, if it is decided that the portfolio's VA holdings should remain in the portfolio, managing such portfolio would require a VA management licence.

37. We recognise that funds may adopt a more diversified use of VAs as Hong Kong's digital asset ecosystem continues to develop, such as accepting VAs for subscriptions and redemptions or using VAs instead of cash for the funds' investment or divestment transactions. As VA management is proposed to be defined as managing a portfolio of VAs for another person, modelled on RA9 under the SFO, the key determinant is whether the fund manager has discretionary power to make investment decisions in respect of the VAs concerned (eg, decisions to convert the VAs into cash before making investments for the fund, use the VAs to invest in other assets, or hold the VAs instead of cash or other investments). Where the VAs form part of the portfolio managed by the fund manager, and the fund manager has discretionary power to make investment decisions in respect of the VAs in the portfolio, a VA management licence would be required.

38. As with the exemption for an RA9 licensee from obtaining an RA1 licence under the SFO if the dealing in securities performed by the RA9 licensee is solely for the purpose of carrying on RA9, we will also introduce an exemption from the requirement to obtain a VA dealing licence if a VA management licensee performs dealing in VAs solely for the purpose of carrying on VA management. This means that where, for example, a fund manager licensed for VA management accepts VAs for subscribing to the fund and converts the VAs into cash prior to investing in other assets for the fund, or converts cash or other investments into VAs as part of managing the fund, it will not need to be licensed for VA dealing when performing such conversion.

39. Notwithstanding the above, we recognise that the nature and the risk profile of specified stablecoins (as defined under section 4 of the Stablecoins Ordinance ("**SO**")) issued by persons licensed by the HKMA under the SO ("**Relevant Stablecoins**") differ from those of other VAs. Therefore, we will introduce appropriate exemptions for SFC-licensed or registered intermediaries from obtaining relevant VA service provider licences or registrations in relation to their SFO activities involving Relevant Stablecoins.

40. The VA Management Regime is, again, intended to be technology neutral. Using technology tools (such as algorithms and AI LMs) to assist with one's provision of VA management services does not change the fact that management services are provided. Providing technology tools which make investment decisions for clients on a discretionary basis (eg, a robo-adviser with an automatic portfolio rebalancing mechanism) would also generally amount to VA management and fall within the proposed scope. Where the tools do not make investment decisions for clients on a discretionary basis but provide advice on whether VAs should be acquired or disposed of, this would amount to providing VA advisory services and a corresponding licence would be required.

Exemptions

41. Most respondents agreed with or had no further comments on the proposed exemptions. Clarification was sought on the scope of the wholly-owned group exemption and the exemption for registered trust companies. Additional exemptions were suggested for family offices.

Response

42. Having considered the comments received and based on the "same activity, same risks, same regulation" principle, we will retain the exemptions set out in the Further Consultation Paper.

43. The proposed exemption for VA management services provided to wholly-owned group companies is only applicable to a corporation providing VA management services to a group company which is its wholly-owned subsidiary, its holding company which holds all its issued shares, or a wholly-owned subsidiary of that holding company in respect of that group company's VAs. Managing assets not belonging to the group company (such as those of the group company's clients) would constitute "VA management" and trigger a licensing requirement under the VA Management Regime.

44. The assessment of whether a family office set up as a business to manage assets including VAs requires a VA management licence is substantively the

same as assessing whether a RA9 licence is required under the SFO. Family offices may refer to the Circular on the licensing obligations of family offices issued on 7 January 2020, the Frequently Asked Questions on Family Offices[3], and the Licensing Handbook published by the SFC for details.

D. Regulatory requirements for VA management service providers

Question 6:

Do you have any comments on the requirements relating to VA management?

45. The majority of respondents agreed that the regulatory requirements to be imposed on VA management service providers should broadly align with the existing requirements applicable to SFO RA9 intermediaries providing VA management services. Respondents raised similar queries to those for VA advisory service providers regarding regulatory capital requirements for VA management service providers that do not hold client assets and the issue of double regulatory capital requirements for dual licensees. Respondents also suggested a risk-based, tiered capital framework for VA management service providers.

46. Some also queried whether funds managed by licensed VA management service providers could engage in staking.

47. Respondents also provided suggestions on various other aspects, including best execution standards, valuation governance, risk management policies specific to VA volatility and liquidity, and insurance coverage for cybersecurity and fraud risks.

Response

48. Given the functional similarities between SFO RA9 licensed corporations and VA management service providers, the financial resources requirements to be imposed on VA management service providers (except for authorized institutions) will align with those for RA9 licensed corporations. Therefore, we will impose baseline financial resources requirements of (i) a minimum required liquid capital of HK$100,000 for those not holding client assets; and (ii) a minimum paid-up share capital of HK$5 million as well as a minimum required liquid capital of HK$3 million in any other case. This tiered baseline of paid-up capital and liquid capital follows the risk-based approach currently adopted for SFO RA9 licensed corporations while ensuring that a licensed VA management service provider is financially viable. As with the proposed licensing regimes for the other VA service providers, the SFC will retain the option to impose additional financial resources requirements where necessary.

49. We agree in principle that a corporation which is licensed for both RA9 under the SFO and providing VA management services under the VA Management Regime should not be subject to double regulatory capital requirements. However, where the corporation is also licensed for other regulated activities under the SFO and/or other VA services, it should be subject to the highest

[3] Frequently Asked Questions on Family Offices.

regulatory capital requirement imposed among the regulated activities and/or VA services for which it is licensed.

50. We currently allow SFC-authorised VA funds to engage in staking and other VA-related activities in accordance with the Circular on SFC-authorised funds with exposure to virtual assets[4], and will continue to permit such activity under the VA Management Regime. Also, we do not and will not restrict private funds from engaging in staking.

51. We also take note of comments on other regulatory requirements. Under the VA Management Regime, the regulatory requirements to be imposed on VA management service providers will be based on those currently applicable to licensed corporations or registered institutions providing VA management services under the Joint Circular as well as the terms and conditions for licensed corporations or registered institutions which manage portfolios that invest in virtual assets ("**VA Management Terms and Conditions**"). For the avoidance of doubt, in the absence of a de minimis threshold under the VA Management Regime, intermediaries licensed by or registered with the SFC to carry on RA9 under the SFO which currently manage portfolios with VA exposure below the de minimis threshold will be required to obtain a licence or registration for providing VA management services under the VA Management Regime, and will be subject to the same regulatory standards as those currently managing portfolios with VA exposure above the de minimis threshold.

52. As mentioned above, the SFC is actively reviewing its requirements applicable to VA service providers to ensure an appropriate balance between investor protection and market development, and will conduct a public consultation on the proposed regulatory requirements in due course.

Question 7:

Should VA management service providers be required to hold VAs of the private funds they manage via SFC-regulated VA custodians?

53. We received mixed feedback from respondents on requiring VA management service providers to hold the VAs of the private funds they manage only with SFC-regulated VA custodian service providers. Supporting respondents emphasised the importance of robust custody arrangements for investor protection, but some suggested that the engagement of custodians regulated in other jurisdictions be allowed for the custody of new tokens the custody of which is not supported by SFC-regulated VA custodians.

54. On the other hand, disagreeing respondents were of the view that such a requirement is disproportionately restrictive to private funds, which are typically invested by institutional investors, and would constrain execution capabilities and increase operational costs. It would also be disruptive to existing private VA funds which have engaged overseas custodians for safekeeping of the funds' VAs. Many of these respondents urged allowing the use of custodians that are regulated in overseas jurisdictions or that adhere to comparable standards of investor protection measures, in addition to

[4] Circular on SFC-authorised funds with exposure to virtual assets last updated on 7 April 2025.

permitting VA management service providers to hold private fund VAs on behalf of the funds they manage ("**self-custody**") on a limited basis.

55. Respondents generally supported allowing self-custody up to a limited threshold or only for new tokens the custody of which is not supported by SFC-regulated VA custodians, without the need to obtain a VA custodian service provider licence or registration. We also received other proposals such as allowing self-custody on a case-by-case basis depending on the robustness of safeguards demonstrated by the VA management service providers, and setting a time limit for self-custody arrangements. However, some respondents opposed allowing limited self-custody for VA management service providers.

Response

56. We acknowledge the diverse perspectives shared by respondents. We also recognise that private funds often require access to a range of custodians for tokens coverage and integrated cross-border settlement and to reduce counterparty concentration risks. We also understand restricting choice may disproportionately impact private equity/venture capital strategies. Having considered the comments received, we agree that private funds should retain flexibility to appoint qualified custodians globally. This approach mirrors the current SFO treatment for RA9 managers, maintaining regulatory parity between traditional and virtual asset fund management.

57. While we recognise the operational concerns raised by respondents and the need for flexibility, particularly for new tokens the custody of which may not be supported by any VA custodian and which necessitate self-custody by VA management service providers on behalf of a fund, the safe custody of client assets remains fundamental to investor protection. In light of the custody risks unique to VAs, the SFC will prescribe robust self-custody requirements for VA management service providers which take a particular VA into custody on behalf of funds under their management due to the absence of qualified custodians for that VA. It should be noted that VA management service providers (except for authorized institutions) holding client assets would be subject to higher financial resources requirements (see paragraph 48 above). VA management service providers should also be vigilant as to whether and when their custody of VAs on behalf of the funds they manage would amount to carrying on a business of providing VA custodian services, which would require a licence under the VA custodian service provider licensing regime.

E. Licensing fees

Question 8:

Do you have any comments on the licensing or registration application fee and annual fee for a licensee or registrant providing VA advisory services or VA management services?

58. The majority of respondents supported or did not have any comment on the proposed licensing and annual fees for VA advisory service providers and VA management service providers to be benchmarked with the relevant fees for RA4 and RA9 under the SFO respectively. A few respondents suggested a

waiver or discount for the first annual fee after becoming licensed or registered.

Response

59. Following the "same activity, same risks, same regulation" principle, the licence or registration application fee and annual fee for VA advisory service providers and VA management service providers licensed by or registered with the SFC will be benchmarked with the relevant fees for RA4 and RA9 under the SFO.

F. Other Comments

Question 9:

Do you have any other comments on the VA advisory and VA management service providers licensing regimes?

60. A few respondents expressed concerns that some intermediaries licensed by or registered with the SFC to carry on RA9 under the SFO which currently manage portfolios with VA exposure below the de minimis threshold may not have accumulated sufficient experience to satisfy the licensing or registration requirements by the time the VA Management Regime takes effect. There was also a query on whether VA management service providers may rely on its group resources and expertise to meet the relevant key personnel requirements. Some respondents suggested a transitional period at least for intermediaries licensed by or registered with the SFC to carry on RA9 under the SFO which currently manage portfolios with VA exposure below the de minimis threshold, in order to ensure proper transition to the VA Management Regime or wind down their VA management business in an orderly manner. Other respondents urged a clear implementation timetable for the VA Advisory Regime and the VA Management Regime, and providing sufficient lead time to engage in the licensing or registration process.

61. Respondents also raised general questions on the VASP Regimes. For example, some respondents sought clarification on whether the proposed VA dealing service provider licensing regime ("**VA Dealing Regime**"), the VA Advisory Regime and the VA Management Regime will replace the existing requirements applicable to SFC-licensed or registered intermediaries under the Joint Circular. One respondent asked whether overseas VA service providers would fall within the VASP Regimes, noting the borderless nature of the digital asset ecosystem. A few respondents requested further guidance on the prohibition against active marketing of VA services to the public of Hong Kong.

Response

Relationship between the VASP Regimes and the existing requirements under the Joint Circular

62. The VA Dealing Regime, the VA Advisory Regime and the VA Management Regime will operate as standalone regimes under the AMLO, and will replace the current practice of imposing terms and conditions as licensing or registration conditions on intermediaries under the SFO. As a result,

intermediaries currently engaging in VA-related activities pursuant to the terms and conditions imposed will be required to obtain a licence or registration under the new VASP Regimes. The existing requirements applicable to SFC-licensed or registered intermediaries providing VA dealing, VA advisory and VA management services under the Joint Circular will form the baseline requirements under the VA Dealing Regime, the VA Advisory Regime and the VA Management Regime once they come into force, and will be reviewed and updated in due course.

Transitional arrangement

63. We do not plan to grant a deeming arrangement to existing VA advisory or VA management service providers as it could create confusion over their regulatory status and may not be optimal for investor protection. The VA Advisory Regime and the VA Management Regime will take full effect on the commencement date of the relevant statutory provisions.

64. Noting the implications to existing VA advisory and VA management service providers operating in Hong Kong arising from a "hard" commencement date, the Government and the SFC will consider the appropriate commencement date for the VA Advisory Regime and the VA Management Regime to take effect, taking into account the time market participants need to adjust their business models.

65. In the interim, we encourage all industry stakeholders already engaged in or interested in providing VA advisory or VA management services to reach out to the SFC[5] or the HKMA (as applicable) as soon as possible (eg, for initiating pre-application processes). Through early engagement, the SFC or the HKMA (as applicable) will walk pre-applicants through the licensing or registration process. Such early engagement would also provide invaluable feedback on the setting of applicable regulatory requirements.

66. VA advisory and VA management service providers which do not contact the SFC or the HKMA (as applicable) for pre-application may suffer undue business disruptions, as they will have to stop operations on the commencement date of the VA Advisory Regime and the VA Management Regime.

67. As proposed in the Further Consultation Paper, we will introduce an expedited approval process for licensed corporations and registered institutions currently providing VA advisory and VA management services. We will be in touch with these entities on the application procedures.

68. In relation to intermediaries licensed by or registered with the SFC to carry on RA9 under the SFO which currently manage portfolios with VA exposure below the de minimis threshold, while their current activities do not require the imposition of the VA Management Terms and Conditions, the relevant experience of their staff accumulated in managing the VA portion of the portfolios will count towards the experience requirements under the VA Management Regime. We also urge such RA9 intermediaries to reach out to the SFC[6] or the HKMA as soon as possible for initiating pre-application processes. However, for those RA9 intermediaries which do not intend to be

[5] Enquiries should be sent to the SFC via fintech@sfc.hk.
[6] Enquiries should be sent to the SFC via fintech@sfc.hk.

licensed or registered under the VA Management Regime, they should take appropriate steps as soon as possible to ensure the orderly wind-down of their VA management business by the commencement date of the VA Management Regime.

Leveraging group resources

69. We note that VA service providers may appoint personnel from within their corporate group to senior management roles to meet the key personnel (eg, responsible officers) requirements under the VASP Regimes. The considerations for making such appointments are similar to those under the SFO licensing regime. These include proper management of any potential conflicts of interest arising from the appointee's competing business interests, objectives or obligations, as well as any confidentiality issues arising from the appointee's possible access to non-public or sensitive information. VA service providers should also demonstrate that the appointee is able to devote sufficient time to his or her duties. The appointee will unlikely be considered fit and proper to be licensed for providing VA services if he or she fails to adequately address these matters.

Overseas VA service providers and active marketing

70. The VASP Regimes will not be limited to capturing those who carry on a business in Hong Kong in providing these VA services. Modelled on the existing licensing regimes for regulated activities under the SFO, the VASP Regimes will also prohibit any person from actively marketing these VA services, whether in Hong Kong or elsewhere, to the public of Hong Kong, unless the person is licensed by or registered with the SFC for providing the relevant VA services. This is not only vital in addressing the borderless nature of VA activities, but also the risks posed to the public of Hong Kong by digital channels and finfluencer activities discussed earlier in this paper. Overseas market participants are firmly reminded that active marketing of VA services to the Hong Kong public from overseas will be subject to the regulatory ambit of the VASP Regimes.

71. We will provide further guidance on the scope of "actively market" to help market participants better understand the regulatory expectations and compliance requirements when engaging in promotional or marketing activities, as appropriate.

72. We will proceed with introducing the proposed powers of the SFC and the HKMA, the proposed sanctions and the proposed review tribunal mechanism in the AMLO.

Next Step

Based on these consultation conclusions, the FSTB and the SFC will finalise the legislative proposals for establishing the VA Advisory Regime and the VA Management Regime under the AMLO, with a view to introducing a bill into the Legislative Council in 2026. The SFC will in due course engage pre-applicants to initiate the pre-application process, conduct consultation on the regulatory requirements for the VA Advisory Regime and the VA Management Regime, and issue such regulatory requirements, as appropriate.

Financial Services and the Treasury Bureau

The Securities and Futures Commission

May 2026

Annex – List of respondents

1. Aimichia Technology Co., Ltd.
2. Alex CHENG
3. AllBright Law Offices
4. Animoca Brands Limited
5. Asia Securities Industry & Financial Markets Association
6. Baker & McKenzie
7. Benedict HO
8. Beosin
9. Bityuan Foundation Ltd
10. Bullish HK Markets Limited
11. CertiK
12. Chief Group Limited
13. Chinese Overseas Private Funds Association
14. Cobo Global (HK) Limited
15. Co-Conveners of the Standards Advisory Group of Technical Committee 68 of the International Organization for Standardization TC 68/AG2
16. CompliancePlus Consulting Limited
17. FalconX Hong Kong Limited
18. Finstep Asia Limited
19. HashKey Digital Asset Group Limited
20. Henry MA
21. HighBlock Limited
22. HKFAEx Group
23. Hong Kong General Chamber of Commerce
24. Hong Kong Institute of Certified Public Accountants
25. Hong Kong LPF Association
26. Hong Kong Securities & Futures Professionals Association
27. Hong Kong Trustees' Association
28. Hong Kong Virtual Asset Exchange Limited
29. Hong Kong Web3.0 Standardization Association
30. Investment Company Institute
31. Jun He Law Offices
32. LiquidityTech Limited
33. M.C.A. LAI Solicitors LLP, Lawtech Global Limited, and AI MALL Technology Limited
34. Mulana Investment Management Limited
35. MUNG
36. Nexara Custody Limited
37. OP Investment Management Limited
38. Oyin Asset Management (Hong Kong) Limited
39. P&Y Technology Limited
40. Private Wealth Management Association
41. Prof. Jack POON
42. QReg Advisory Limited
43. The Hong Kong Association of Banks
44. The Law Society of Hong Kong
45. Tricote Advisory Limited
46. Vicki FENG
47. Web3 Harbour and Global Digital Finance

48. Yunfeng Financial Group Limited
49. ZHANG Hairong

[Two respondents requested not to be named]

Note: Some of the feedback reached the FSTB and the SFC after the consultation period closed on 23 January 2026.