SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Consultation Conclusions on Proposed Amendments to the Securities and Futures Ordinance and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance Relating to the Use of Certain Titles

6 November 2026

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Executive Summary

1. On 12 June 2025, the Securities and Futures Commission (**SFC**) issued a consultation paper (**Consultation Paper**) inviting public comments on proposed amendments to the Securities and Futures Ordinance (Cap 571, **SFO**) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap 615, **AMLO**). The proposed amendments seek to better protect investors by restricting the use or taking of certain titles by any person that may:

   (a) give the impression that a business or operation carried on by the person is an SFC-regulated exchange or clearing house, or an SFC-licensed virtual asset trading platform (**VATP**), when it is not in fact so regulated or licensed; or

   (b) imply that a business or operation carried on by the person is associated with an established or well-known exchange, clearing house, VATP, or any other similar operation (whether located in Hong Kong or elsewhere, and whether regulated or not), when it is not in fact so associated.

2. The specific titles proposed to be restricted under the SFO and/or AMLO are titles that constitute a combination of:

   (a) any title set out in Table A below, or anything closely resembling such title; and

   (b) any title set out in Table B below, or anything closely resembling such title.

Table A	
Titles proposed to be restricted under the SFO only	**Titles proposed to be restricted under both the SFO and AMLO**
“commodity” / “商品” “derivatives” / “衍生工具” “futures” / “期貨” “securities” / “證券” “stock” / “股票”	“crypto” / “加密” “cryptoasset” / “加密資產” “cryptocurrency” / “加密貨幣” “crypto coin” / “加密幣” “digital asset” / “數字資產” “digital coin” / “數字幣” “digital currency” / “數字貨幣” “token” / “代幣” “tokenised assets” / “代幣化資產” “virtual asset” / “虛擬資產” “virtual coin” / “虛擬幣” “virtual currency” / “虛擬貨幣”
Table B	
Titles proposed to be restricted under both the SFO and AMLO	
"clearing centre” / “結算中心” “clearing company” / “結算公司”	

“clearing facilities” / “結算設施”
“clearing house” / “結算所”
“clearing platform” / “結算平台”
“exchange” / “交易所”
“market” / “市場”
“trading centre” / “交易中心”
“trading company” / “交易公司”
“trading facilities” / “交易設施”
“trading house” / “交易行”
“trading platform” / “交易平台”

3. The consultation period ended on 11 August 2025. The SFC received a total of nine written submissions. Respondents included industry associations, professional bodies, a bank and other interested parties. A list of the respondents (other than those who requested to remain anonymous) is set out in **Annex 1**.

4. The SFC has carefully considered the comments received. In general, respondents welcomed the proposed amendments, and indicated strong support for them. Key comments received and our responses to them are summarised below:

   (a) Two respondents commented that a flexible mechanism should be established to ensure timely update of the list of titles restricted under the SFO or AMLO. We tend to agree. To that end, we will move the list of restricted titles into a schedule to the SFO and AMLO, and provide for them to be amended by way of subsidiary legislation. The process for amendment will thus be quicker and simpler.

   (b) Two respondents commented that the title “tokenised assets” should be removed from the list, while three respondents suggested that certain other titles should be added.[1] We note the concerns about including “tokenised assets”, but do not consider it necessary or appropriate to remove it from the list. We also do not consider it appropriate to add any further titles at this stage.

   (c) Four respondents noted the need for transitional arrangements and adequate investor education. We agree that investor education is critical and will step up efforts in this regard. However, we do not think a formal transitional period is necessary. Instead, we will defer commencement of the relevant legislative amendments such that they do not take effect until six months after enactment.

5. The comments received, and our responses to them, are discussed in more detail in this conclusions paper. The full text of respondents’ comments (unless requested to be withheld from publication) are also accessible via the SFC’s website at www.sfc.hk.

6. In view of the strong support received, we will proceed to finalise the legislative amendments as discussed in this paper, and then work with the HKSAR Government to introduce them into the Legislative Council for consideration.

[1] See paragraph 16 below for details of the titles suggested to be added, and paragraph 17 for the details about concerns regarding inclusion of the term “tokenised assets”.

7. We take this opportunity to thank all respondents for their time and efforts in reviewing our proposed amendments and submitting comments. The feedback received has been helpful in finalising our proposals.

8. This paper should be read in conjunction with the Consultation Paper.

Comments received and the SFC's responses

Proposal to expand section 34 of the SFO and introduce a similar provision under Part 5B of the AMLO

Our proposals

9. The Consultation Paper proposed the following:

   (a) to expand section 34 of the SFO to include titles that: (i) are now more commonly used instead of "exchange"; (ii) better describe some of the financial products regulated under the SFO; (iii) refer more specifically to clearing operations; and (iv) incorporate names or acronyms of well-known or established operations; and

   (b) to introduce a new provision under the AMLO along the lines of the expanded section 34 of the SFO but focusing on VATPs and products that may be traded or cleared through VATPs.

Respondents' comments and our response

10. **Broad support from all respondents**: All respondents supported our proposals to expand section 34 of the SFO and introduce a similar provision in the AMLO. We welcome their strong support.

11. **Mixed views on requiring approval under both the SFO and AMLO**: One respondent commented that the proposal to restrict some titles under both the SFO and AMLO may increase compliance costs for firms (particularly small and medium-sized enterprises) and result in unnecessary approvals. On the other hand, two respondents supported the need for approval under both the SFO and AMLO, noting that this approach is consistent with regulating VATPs under both ordinances. We remain of the view that approval should be sought under both the SFO and AMLO as this aligns with the SFC's current regulatory framework for VATPs, which expects VATPs to be approved and regulated under both ordinances. As for concerns about increased compliance costs, we do not agree that any such increase will be substantial given that persons may submit a single application for approval under both ordinances, and the rationale for seeking approval is likely to be substantially the same.

12. **Concern that scope of virtual assets may be too narrow**: One respondent commented that the current definition of virtual assets under the AMLO is narrow, and hence the proposed amendments may not suffice. We disagree that the current definition of "virtual assets" is narrow. We also note that there is sufficient flexibility to expand the scope by prescribing that any particular digital representation of value is to be regarded as a virtual asset. It follows that we consider the protections conferred under the proposed amendments to be sufficient. As such, we do not see the need for further amendment at this stage.

Specific titles proposed to be restricted

Our proposals

13. The Consultation Paper set out a list of the titles proposed to be restricted under the SFO and AMLO respectively. We invited comments on these.

Respondents' comments and our response

14. **Broad support for proposed titles**: In general, respondents expressed support for the list of titles proposed to be restricted. We welcome the general support from respondents.

15. **Need for flexible mechanism to ensure the list is up-to-date**: Two respondents recommended conducting regular reviews of the restricted titles, and putting in place a mechanism to allow more flexibility to accommodate new terms in keeping with industry developments. One respondent suggested that the list of restricted titles be kept up-to-date by means of circulars and guidance issued by the SFC, thereby avoiding the need to exhaust valuable legislative resources. We note the concerns raised, and agree that it is important to keep the list up-to-date to ensure better investor protection. However, given that the unauthorised use of restricted titles constitutes a criminal offence, and that such consequence is an important deterrent, it is neither possible nor appropriate to update the list via SFC circulars or guidance. That said, we note that the process for updating the list could be made simpler and quicker if amendments can be made by subsidiary legislation rather than by way of an amendment bill. To achieve this, we will set out the list of restricted titles in a schedule to the SFO and AMLO, and include provisions in the SFO and AMLO to empower the SFC to amend the schedules by way of subsidiary legislation.

16. **Suggestions to include further titles**: Several respondents suggested including further titles to the list, such as "Blockchain", "Decentralised Finance (DeFi)", "Altcoin", "NFT", "Memecoin", "Trading hub", "Distribution platform", "Marketplace", "Service provider", "Network" and "清算" (a term commonly used in the Chinese Mainland to denote clearing activities). One respondent also suggested adding well-known abbreviations such as "VATP". We appreciate the concerns and rationale for the additions suggested. However, we are also mindful that the list of restricted titles may never be sufficiently exhaustive given constant advancements in technologies and evolution of virtual assets. At the same time, it is important that the list of restricted titles does not become so excessive as to create undue burden for the general public or for businesses and operations that are not engaged in any SFC-regulated activities. Our approach therefore is to focus on titles that are more relevant to, and also more commonly used within, the financial services industry. Furthermore:

    (a) titles which are essentially names and thus associated with specific operators or operations (eg, Blockchain) will in any event be captured given the proposal to also restrict the use of names or acronyms of well-known or established operations; and

    (b) our proposals already embody a degree of flexibility to cover titles not specifically included in the list of restricted titles (including many of the titles mentioned by respondents), but that closely resemble titles that are included.

In view of the above, we consider our proposed list of restricted titles to be sufficient at this stage.

17. **Specific concerns around "tokenised assets"**: Two respondents noted the lack of industry consensus around the title "tokenised assets" and requested further clarification. In particular, one respondent noted that the term could encompass both tokenised real-world assets as well as tokenised securities, adding that tokenised securities are different from digitally native securities. We note the concerns raised. We are mindful, however, that the term "tokenised assets" is commonly used in connection with products that are essentially securities, and thus fall within the SFC's regulatory remit. Additionally, it is important to note that the proposed restriction would only apply if the title "tokenised assets" were adopted in combination with another title, namely one of the titles in "Table B" under paragraph 2 above (eg, "tokenised assets exchange"), or anything closely resembling such combined titles. For these reasons, we do not consider it necessary or appropriate to remove "tokenised assets" (or its Chinese equivalent, ie, "代幣化資產") from the list of restricted titles.

18. **Titles closely resembling restricted titles**: One respondent welcomed the proposal to retain discretion to assess, and where necessary restrict, the use or taking of titles that closely resemble any of the restricted titles, noting that this approach allows for regulatory flexibility. We acknowledge this feedback, and (for the reason discussed in paragraph 16(b) above) consider it critical to retain this additional flexibility.

Other comments

19. Apart from the above, we also received the following further comments and feedback on the proposals in the Consultation Paper.

Need to facilitate understanding and compliance

20. A few respondents noted the importance of investor education and transitional arrangements to facilitate understanding of and compliance with any new requirements introduced, particularly in the case of persons already using titles that may become restricted when the amendments take effect. A few respondents also highlighted the importance of adopting a robust and stringent enforcement approach against unlicensed VATPs, and the need for continued investor education to highlight the risks of dealing with unlicensed VATPs.

21. We note respondents' feedback. We agree that investor education is important and will look for opportunities to step up efforts in this regard once the relevant amendments to the SFO and AMLO are finalised and the legislative process is completed. In particular, we will collaborate with the Investor and Financial Education Council, and introduce suitable frequently asked questions (FAQs) on the SFC's website.

22. As for introducing transitional arrangements, we do not think this is necessary. Instead, we will defer commencement of the relevant amendments to the SFO and AMLO, so that, if enacted, they do not come into effect until six months after enactment. This should allow ample time to make arrangements to cease using titles that may become restricted.

Names used by platforms outside Hong Kong

23. One respondent noted that the proposed amendments to the SFO and AMLO did not address the regulation of names used by platforms operating outside of Hong Kong. We clarify that we are only able to effectively restrict the use or taking of titles by persons operating or having a physical presence in Hong Kong.

Request for further guidance

24. Lastly, one respondent asked the SFC to provide further guidance regarding the restrictions on using or taking certain titles. In particular, clarification was sought in respect of the process for applying for authorisation to use or take any titles that are restricted under the SFO or AMLO, examples of terms that may be considered closely resembling restricted titles, and matters that the SFC may, in practice, consider sufficient to provide a reasonable excuse defence against a breach. The SFC notes the request for further clarification in this regard and will add appropriate FAQs on its website.[2] It is worth noting, however, that it is not possible to set out examples of what might constitute a sufficient "reasonable excuse" defence, as the SFC's approach is to take into account *all* relevant facts and circumstances when considering whether a breach has occurred.

Conclusions and way forward

25. As a next step, the SFC will work with the HKSAR Government to finalise the drafting of the proposed amendments to the SFO and AMLO as discussed above. Thereafter, the amendments will be introduced into the Legislative Council for consideration and approval.

26. The SFC takes this opportunity to thank all respondents for their time and efforts in reviewing our proposed amendments and sending submissions. The feedback received has been helpful in finalising our proposals and progressing this matter.

[2] Relevant FAQs can be found at https://www.sfc.hk/en/faqs/Market-infrastructure-and-trading/FAQs-on-consultation-conclusions-on-further-restricting-the-use-of-misleading-names.

Annex 1 – List of respondents

(in alphabetical order)

1. CompliancePlus Consulting Limited
2. Consumer Council
3. Hong Kong Securities & Futures Professionals Association
4. The Hong Kong Association of Banks
5. The Hong Kong Chartered Governance Institute
6. The Hongkong and Shanghai Banking Corporation Limited
7. The Law Society of Hong Kong
8. Web3 Harbour
9. 1 respondent requested not to publish his / her identity and the content of his / her submission