

Consultation Conclusions
Legislative Proposal to Regulate Dealing in Virtual Assets

and

Further Public Consultation
**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
December 2025

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Introduction

The Financial Services and the Treasury Bureau (“**FSTB**”) and the Securities and Futures Commission (“**SFC**”) jointly issued a consultation paper on 27 June 2025 on the legislative proposal to regulate virtual asset (“**VA**”) dealing services in Hong Kong (“**Consultation Paper**”)¹.

The two-month consultation period ended on 29 August 2025. A total of 101 submissions were received from a wide variety of respondents comprising market participants, industry associations, business and professional organisations, individuals, etc. 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 there is overall support for the policy objectives and the key proposals. The majority of respondents agreed that regulation of virtual asset dealing services and virtual asset custodian services is a natural step after the introduction of the virtual asset trading platform (“**VATP**”) licensing regime in June 2023, and is a prerequisite for the sustainable and responsible development of the digital asset ecosystem in Hong Kong.

Specifically on the proposed licensing regime for VA dealing services, respondents provided constructive feedback, while some also sought further clarifications. We have carefully considered the comments received, and will incorporate them in our legislative proposals as appropriate. This consultation conclusions paper summarises the key feedback received as well as our responses, and should be read together with the Consultation Paper².

Further public consultation

Meanwhile, noting market feedback received during the consultation, we now propose to introduce two additional licensing regimes for VA advisory service providers and VA management service providers respectively, with reference to the licensing regimes for Types 4 and 9 regulated activities under the Securities and Futures Ordinance (“**SFO**”). Details of the proposals are set out in Section B of this paper.

The FSTB and the SFC would like to take this opportunity to invite the public and the industry to provide comments on the latest proposals on or before 23 January 2026 through any of the following channels –

By mail: Division 5, Financial Services Branch

Financial Services and the Treasury Bureau
24/F, Central Government Offices
Tim Mei Avenue, Tamar, Hong Kong

¹ See [Public Consultation on Legislative Proposal to Regulate Dealing in Virtual Assets](#) dated 27 June 2025.

² The FSTB and the SFC also jointly issued a [Public Consultation on Legislative Proposal to Regulate Virtual Asset Custodian Services](#) on 27 June 2025. The consultation conclusions were published on 24 December 2025 in a separate paper.

By email: vadealing-consult@fstb.gov.hk

The FSTB and the SFC may, as appropriate, reproduce, quote, summarise and publish the written comments received, in whole or in part, in any form and use without seeking permission from the contributing parties.

Names of the contributing parties and their affiliations may be referred to in other documents that the FSTB and the SFC (as applicable) publish and disseminate through different means after the consultation. If any contributing parties do not wish to have their names or affiliations disclosed, please expressly state so in their written comments. Any personal data provided will only be used by the FSTB and the SFC, other government departments/agencies for purposes which are related to this consultation.

Next step

Based on these consultation conclusions, and taking into account the market feedback to be received in the further consultation, the FSTB and the SFC will finalise the legislative proposals for establishing the licensing regimes for VA dealing, 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.

Section A

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

1. Scope and Coverage

Question 1:

Do you agree with the proposed definition and scope of VA dealing services? Are there any potential exemptions which you consider appropriate?

Question 2:

Do you have any comments on the proposed scope of allowed activities?

1. Most respondents agreed with the proposed definition and scope of VA dealing services. Clarity was sought on whether activities like VA advisory, VA asset management, staking, lending, margin trading, and peer-to-peer transactions would fall within the scope. Additional queries on scope also covered activities in tokenised securities, derivatives and structured products referencing VA, and non-trading functions (e.g. research, payments, clearing, or corporate treasury). Some respondents specifically questioned if the licensing requirement applied to payment service providers where transactions in VA may be incidental to cross-border settlements.
2. Respondents urged aligning exemptions with those to Type 1 regulated activity under the SFO, suggesting exclusions such as intra-group transactions, proprietary trading, technology providers (e.g. wallet/audit services) without order intermediation, DeFi protocols lacking centralised control, and asset managers managing funds with less than 10% exposure in VA.

Response

Scope

3. Adhering to the principle of “same activity, same risks, same regulation” and based on the comments received, we will revise the scope of VA dealing services to align with the scope of Type 1 regulated activity (i.e. dealing in securities) under the SFO. The scope will cover any person, by way of business, making or offering to make an agreement with another person, or inducing or attempting to induce another person to enter into or offer to enter into an agreement, with a view to acquiring, disposing of, subscribing for or underwriting VAs (i.e. limb (a) of the proposed definition of “VA dealing service” in the Consultation Paper³).
4. The proposed regulatory framework adopts an activity-based approach, regardless of transaction purpose. Therefore, payment service providers that facilitate transactions involving VAs may be required to obtain a licence or registration if their activities fall within the definition of VA dealing services, such as offering conversion services, which would amount to the making of,

³ See paragraph 2.8 of the Consultation Paper.

or offering to make, agreements with others for the purpose of acquiring or disposing of VAs.

5. In relation to activities in derivatives and structured products referencing VA, these activities would generally fall within Type 1 regulated activity, Type 2 regulated activity (dealing in futures contracts) and Type 11 (dealing in OTC derivative products or advising on OTC derivative products) under the SFO. As the activities captured under limb (b) of the originally proposed definition of VA dealing service⁴ are generally activities involving derivatives and structured products referencing VA, to avoid duplicative licensing, we have removed limb (b) in the definition.
6. The definition of “virtual asset” under the AMLO expressly excludes securities and futures contracts. Therefore, the new licensing regime does not cover providers dealing solely in tokenised securities.
7. Provision of margin trading in VA would fall within the scope of VA dealing services as trading services in VA are provided. Whether margin trading will be an activity that can be conducted by SFC-regulated VA dealing service providers, and the applicable regulatory requirements, will be carefully assessed taking into account various factors such as client credit risk, liquidity risk and concentration risk, capital requirements, risk capital charges and operational controls requirements. Similarly, activities such as VA staking and VA borrowing and lending will also be considered.
8. Whether peer-to-peer transactions, or the provision of decentralised or technological services require a VA dealing service provider licence or registration will depend on the substance of the service provided, whether they fall within the meaning of VA dealing services under the AMLO and whether the service is carried on as a business, not its terminology.
9. In response to market feedback, we also propose to introduce licensing regimes for VA advisory and VA management service providers under the AMLO, with reference to the licensing regimes for Types 4 and 9 regulated activities under the SFO. Please see Section B.

Exemptions

10. Exemptions under consideration include exemptions for transactions conducted through SFC-regulated VA dealers, transactions conducted as principal, intra-group transactions and the use of VAs by a purchaser of goods or users of services as a means of payment for such goods or services. An exemption is also expected for SFC-regulated VA managers which perform the act of dealing solely for the purposes of providing VA management services (i.e. incidental exemption) for which it is licensed or registered. For the proposed licensing regime for VA management service providers, please see Section B of this paper.
11. Stablecoin issuers licensed by the Hong Kong Monetary Authority (“**HKMA**”) and conducting regulated stablecoin activity will be exempt, as they are already subject to HKMA regulation and supervision.

⁴ See paragraph 2.8 of the Consultation Paper.

12. Exemptions for the distribution of VAs generated as rewards for ledger maintenance or transaction validation are under consideration. Additional exemptions for VA issuers in relation to their activities regarding VAs created or minted by them may apply if conducted through SFC-regulated intermediaries or offered exclusively to professional investors.

2. Regulatory Requirements

Question 3:

If licensees or registrants providing VA dealing services are allowed to acquire or dispose of VAs for clients via non-SFC licensed VATPs or liquidity providers, what are your comments on the safeguards that should be put in place?

13. The vast majority of respondents supported that licensees or registrants providing VA dealing services should be allowed to acquire or dispose of VAs for clients via non-SFC licensed VATPs or liquidity providers, but subject to additional safeguards. Some respondents suggested that differentiation should be made between intra-group liquidity providers and non-group liquidity providers, with the latter subject to heightened requirements due to higher risks. A few respondents objected to this proposal.
14. The safeguards suggested include robust due diligence on the relevant foreign jurisdiction's regulatory framework, the financial health and anti-money laundering and counter-financing of terrorism ("**AML/CFT**") compliance of the service providers; enhanced AML/CFT measures; and disclosures of relevant risks.
15. To ensure sufficient investor protection, a number of respondents suggested that SFC-regulated VA dealers could only use Hong Kong-regulated VA custodians for safeguarding client VAs when dealing with non-SFC-regulated VA service providers or liquidity providers.
16. Others recommended relaxing pre-funding requirements for liquidity providers with appropriate risk assessments.

Response

17. VA trading is borderless by nature and liquidity is fragmented across liquidity pools around the globe. Under Pillar **A (Access)** of its **ASPIRe** roadmap⁵, the SFC aims to integrate Hong Kong with global liquidity to foster the continued growth of the city's digital asset ecosystem. As a first step, SFC-licensed VATPs are now permitted to integrate with intra-group liquidity via a shared order book, and the applicable safeguards were set out in the SFC's "Circular on shared liquidity by virtual asset trading platforms" issued on 3 November 2025⁶. This strategy aims to improve market efficiency, provide Hong Kong

⁵ Please see the SFC's **ASPIRe** Roadmap – "**A-S-P-I-Re**" for a brighter future: [SFC's regulatory roadmap for Hong Kong's virtual asset market](#) issued in February 2025.

⁶ See [Circular on shared liquidity by virtual asset trading platforms](#) issued on 3 November 2025.

investors with access to deeper global liquidity, tighten price spreads, and enhance price discovery.

18. In terms of other regulatory requirements, VA dealing service providers are encouraged to refer to the requirements set out in the “Joint circular on intermediaries’ virtual asset-related activities” issued by the SFC and the HKMA, as amended⁷ (the “**Joint Circular**”), especially the terms and conditions for licensed corporations or registered institutions providing virtual asset dealing services under an omnibus account arrangement. The SFC is actively reviewing its requirements applicable to VA service providers to ensure an appropriate balance between investor protection and market development. In relation to pre-funding, the current requirement was put in place to mitigate settlement risks, enhancing market confidence and stability. Looking ahead, the SFC will continue to incorporate market feedback through directly engaging with the industry and applicants via the pre-application process, during which it will evaluate their business models, ensuring the SFC’s requirements are both practical and appropriately tailored to the diverse range of VA service providers.

Question 4:

If licensees or registrants providing VA dealing services are required to hold client VAs via regulated VA custodians, what are your comments on a commercially viable and AML compliant operational flow to conduct VA dealing activities?

Use of regulated VA custodian service providers

19. A number of respondents were of the view that client assets should be held with regulated VA custodian service providers to ensure asset segregation and protection from possible insolvency of VA dealing service providers. They held the view that since SFC-regulated VA custodian service providers are subject to capital, operational, and security requirements, they would provide stronger assurance of safe custody.
20. However, some respondents were of the view that licensed or registered VA dealing service providers should be allowed to hold client VAs with custodians regulated in other jurisdictions, provided that these custodians were regulated in jurisdictions which adhere to the standards of Basel Committee on Banking Supervision (“**BCBS**”), International Organization of Securities Commissions (“**IOSCO**”) or the Financial Action Task Force (“**FATF**”), and also adhere to comparable standards of investor protection measures.
21. One respondent noted that requiring the use of a Hong Kong-regulated VA custodian for all VA movements within a dealing service would, for certain business models like payment facilitation, be commercially unviable, and requested the requirement should only apply when a licensee holds client VAs for a period exceeding a specified de minimis threshold (e.g. 7 days).

⁷ 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.

22. To optimise settlement efficiency and operational effectiveness, some respondents urged the SFC to remove, or at least modify, the pre-funding requirement, especially if client VAs are held with a Hong Kong-regulated VA custodian.

The use of technology to enhance effectiveness

23. Respondents discussed various recommendations and strategies for integrating artificial intelligence-driven tools and blockchain analytics to enhance processes and transparency. Some emphasised the importance of real-time client risk profiling and monitoring of custodial movements. Others highlighted the need for direct application programming interface (“API”) connections between licensed or registered VA dealers and VA custodians to automate VA transfers, thereby reducing operational delays. This would include secure instruction transmission systems, real-time position reporting, automated settlement coordination, and comprehensive audit trails.

Operational flow

24. Some respondents outlined the key stages of the operational flow for VA dealing, which include client onboarding, transaction execution, settlement, reconciliation and reporting, and provided ongoing monitoring and compliance considerations in relation to the operational flow.

Response

25. We acknowledge the diverse perspectives shared by respondents and will take into account respondents’ comments when formulating our regulatory requirements to strike an appropriate balance between investor protection, market efficiency and commercial viability.
26. Regarding requiring SFC-regulated VA dealers to use SFC-regulated VA custodians to safekeep client assets, this was proposed to ensure proper asset segregation and reduce risks such as insolvency of VA dealing service providers, fraud and cyberattacks. Although some respondents proposed allowing VA dealers to use regulated custodians from overseas jurisdictions, we have reservations regarding enforceability, regulatory oversight and investor protection. Given that the regime is still in its early stages, the SFC will require that VA dealers custody client VAs with SFC-regulated VA custodian service providers.
27. In response to concerns about operational feasibility, we take note of the variety of business models in the market such as payment facilitation or short-term settlement. We also take note of other comments such as comments on the pre-funding requirement. We will further consider the appropriate regulatory requirements applicable to SFC-regulated VA dealers.

3. Other Regulatory Requirements

Question 5:

Do you think the regulatory requirements proposed suffice in addressing potential money laundering/terrorist financing risks and offering adequate investor protection?

28. The majority of respondents were supportive of the proposed overarching requirements set out in the Consultation Paper. A few respondents commented that the capital requirements of a minimum paid-up share capital of HK\$5 million, minimum required liquid capital of up to HK\$3 million (depending on the business model) and excess liquid capital equivalent to at least 12 months of its actual operating expenses were too high. Some suggested a risk-based, tiered capital framework that takes into account the nature of the services offered, the type of the clients served (e.g. retail vs. professional investors), scale and complexity of operations etc.

Response

29. We will continue to apply the principle of “same activity, same risks, same regulations”. Given the functional similarities between Type 1 licensed corporations and VA dealing service providers, the financial resources requirements to be imposed on VA dealing service providers will align with those imposed on Type 1 licensed corporations. Therefore, we will impose baseline financial resources requirements of a minimum paid-up share capital of HK\$5 million and a minimum required liquid capital up to HK\$3 million (depending on the business model). This baseline of paid-up capital and liquid capital will ensure that a licensed VA dealing service provider is financially viable. Taking into consideration the responses, the SFC will retain flexibility to impose additional financial resources requirements (e.g. excess liquid capital equivalent to at least 12 months of its actual operating expenses) where necessary.

4. Transitional Period

Question 6:

Do you agree with the proposed transitional arrangement?

30. Respondents’ views were divided regarding the proposed transitional arrangement whereby a deeming arrangement would not be provided, with some mentioning that it encourages early engagement with the SFC, thereby allowing for proper preparation to ensure early compliance. Some respondents preferred a deeming arrangement as they saw a risk that compliance-oriented firms will have to consider pausing operations as of commencement date, losing business and momentum.

Response

31. We do not plan to grant a deeming arrangement to existing VA dealing service providers as it could create confusion over regulatory status and may not be optimal for investor protection. The licensing regime will take full effect on the commencement date of the relevant statutory provisions.
32. Noting the implications to existing VA dealing 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 regime to take effect, taking into account the time market participants need to adjust their business models.
33. In the interim, we encourage all industry stakeholders already engaged in or interested in providing VA dealing services activities to reach out to the SFC⁸ or the HKMA (as applicable) as soon as possible (e.g. for initiating pre-application processes). Through early engagement, the SFC will walk pre-applicants through the licensing process. Such early engagement would also provide invaluable feedback on the setting of applicable regulatory requirements.
34. VA dealing service providers who 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 licensing regime.

5. **Expedited licensing and registration process for relevant regulated entities**

Question 7:

Do you agree with the expedited licensing or registration arrangement?

35. There was a broad consensus that SFC-licensed VATPs as well as licensed corporations and registered institutions currently providing VA dealing services will be subject to an expedited approval process.

Response

36. We will introduce an expedited approval process for these applicants. We will be in touch with these entities on the application procedures.

6. **Licensing fees**

Question 8:

Based on the “user-pays” principle, do you have any comments on aligning the licensing application fee and annual fee for a licensee or registrant providing VA dealing services with those for Type 1 regulated activity under the SFO?

⁸ Enquiries should be sent to the SFC via fintech@sfc.hk.

37. A majority of respondents supported the proposed licensing and annual fees to be benchmarked with the relevant fees for Type 1 regulated activity under the SFO. A few respondents proposed a tiered fee structure based on scale, client type and risk profile.

Response

38. Following the “user-pays” principle, the licence application fee and annual fee for VA dealing service providers licensed by or registered with the SFC will be benchmarked with the relevant fees for Type 1 regulated activity under the SFO.

7. Prohibition

Question 9:

Do you agree that, for the purpose of protecting the investing public, persons not licensed by or registered with the SFC should not be allowed to actively market VA dealing services to the public of Hong Kong?

39. The majority of respondents agreed that persons not licensed by or registered with the SFC should not be allowed to actively market VA dealing services to the public of Hong Kong, to protect investors and avoid regulatory arbitrage. Some emphasised the importance of clearly defining or clarifying the scope of “actively market”, in particular, whether it includes online advertising, social media and direct outreach.

Response

40. To ensure market integrity and investor protection, we will prohibit any person from actively marketing its VA dealing 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 VA dealing services.
41. 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.

8. Powers of the Regulatory Authorities

Question 10:

Do you agree that the SFC and the HKMA should be provided with the proposed powers?

42. Most respondents agreed that the SFC and the HKMA should be provided with the proposed powers, which align with their regulatory oversight of other regulated activities and disciplinary powers.

Response

43. We would proceed with introducing the proposed powers in the AMLO.

9. **Sanctions**

Question 11:

Do you agree with the proposed sanctions, which are comparable to those under the existing regulatory regimes for VATPs?

44. Most respondents agreed with the proposed sanctions, which are consistent with the existing regulatory regimes for VATPs, ensuring proportionality and fairness in enforcement.

Response

45. We are of the view that the proposed sanctions, which align with those under the existing regime for VATPs, maintain parity and ensure consistency, deterrence and fairness. We will take forward our proposal in this regard.

10. **Statutory Appeal**

Question 12:

Do you agree that a review tribunal mechanism should be put in place to handle appeals against the decisions to be made by the SFC or the HKMA in implementing the licensing regime?

46. Respondents welcomed the proposal to establish a review tribunal mechanism to provide checks and balances on the SFC's or the HKMA's decisions. Some respondents suggested that the tribunal establish an expert panel for cases involving cryptocurrency and blockchain to ensure fair, informed and objective assessments during appeals.

Response

47. We are of the view that the proposed review tribunal mechanism to handle appeals against decisions to be made by the SFC or the HKMA is in line with other SFC regulatory frameworks. It will provide a fair and transparent process for market participants, as well as enhance trust and confidence in the VA dealing service provider regime. This mechanism also provides a structured way to address disputes, interpret provisions and offer authoritative clarification, which helps ensure fairness and consistency as issues are identified and addressed.
48. The Anti-Money Laundering and Counter-Terrorist Financing Review Tribunal ("**Tribunal**"), established under the AMLO, will be tasked to handle appeals of specified decisions made by the SFC or the HKMA in relation to the licensing regime for VA dealing services. The Tribunal already consists of experts from

cryptocurrency and blockchain sectors, and we will consider strengthening representation from these sectors as appropriate.

Next Step

49. Based on these consultation conclusions, and taking into account the market feedback to be received in the further consultation on licensing regimes for VA advisory and VA management service providers, the FSTB and the SFC will finalise the legislative proposals for establishing the licensing regimes for VA dealing, VA advisory and VA management service providers under the AMLO, with a view to introducing a bill into the Legislative Council in 2026. The SFC will in due course engage applicants to initiate the pre-application process, issue the regulatory requirements for the VA dealing service provider regime, and conduct consultations as appropriate.

Section B

Further Consultation on Virtual Asset Advisory Service Providers and Virtual Asset Management Service Providers

50. We note that some advisors and asset management service providers may require a VA dealing service provider licence or registration depending on their activities which involve VAs. As mentioned in the Consultation Paper, an advisor may, among others, provide advice and also take an order to purchase or sell VAs. Asset managers may, among other activities, place trade orders to dealers in the course of managing their clients' portfolios with investment in VAs. A number of respondents have requested clarification on the treatment of entities providing such services under the VA dealing service provider licensing regime.
51. Under the SFO, carrying on a business in securities advisory, asset management and dealing activities requires a licence or registration covering these three regulated activities (i.e. a Type 4 (advising on securities), Type 9 (asset management), and Type 1 (dealing in securities) licence would be required). Implementing a licensing regime to regulate each of VA advisory, VA management and VA dealing services as separate regulated services will ensure consistent treatment under the principle of "same activity, same risks, same regulations", strengthening Hong Kong's VA regulatory ecosystem, providing clarity for market participants by avoiding confusion on the scope of activities. This will further advance Hong Kong's position as a comprehensive and trusted digital asset hub. As such, we propose to extend the licensing regime under the AMLO to capture the services provided by VA advisory service providers and VA management service providers.

VA advisory service providers

52. Under the proposed regime, any person who carries on a business of providing VA advisory service in Hong Kong is required to be licensed by or registered⁹ with the SFC, subject to a fit-and-proper test and other factors deemed relevant by the SFC. Specifically, "advising on virtual assets" is proposed to mean:
- (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.
53. Similar to Type 4 regulated activity under the SFO, we propose to provide exemptions such as solely advising wholly-owned group companies; for acts where the act is wholly incidental to licensed VA dealing or solely for the purposes of licensed VA fund management; solicitors, counsels and certified public accountants for acts wholly incidental to their professional practice; where the act is wholly incidental to a registered trust company's discharge of

⁹ Only banks could register with the SFC to provide VA advisory service. The HKMA does not expect HKMA-licensed stablecoin issuers or SVFs to provide VA advisory service.

duty; and where the act is conducted through a generally available publication or broadcast.

Q1 Do you agree with the proposed definition and scope of VA advisory services?

Q2 Are there any other exemptions which may be appropriate?

Regulatory Requirements

54. In line with the “same activity, same risks, same regulations” principle, the regulatory requirements to be imposed on VA advisory service providers are expected to broadly follow those applicable to Type 4 licensed corporations or registered institutions providing VA advisory services under the Joint Circular.

55. To ensure regulatory parity among licensees or registrants providing VA advisory services and other SFC-regulated entities, we propose that VA advisory service providers will be required to observe the AML/CFT requirements stipulated in Schedule 2 to the AMLO relating to CDD and record-keeping.

56. In relation to financial resources requirements, we propose to align the requirements to those applicable to corporations licensed for Type 4 regulated activity under the SFO. This means that a licensed VA advisory service provider should have a minimum paid-up share capital of HK\$5 million; and a minimum required liquid capital of HK\$100,000 (for not holding client assets) or HK\$3 million in any other case.

57. Similar to the VA dealing service providers licensing regime, other requirements expected to be applied to VA advisory service providers include requirements on knowledge and experience (such as having passed a paper on regulatory knowledge); risk management; financial reporting and disclosure; conduct and business; information and notifications; record keeping; and investor protection safeguards (such as the requirement to assess clients’ VA knowledge, to provide clients with adequate training, to conduct client risk assessments and risk profiling, to ensure clients’ suitability and to prevent, avoid and disclose actual or potential conflicts of interest). Please refer to paragraph 2.25 of the Consultation Paper.

Q3 Do you have any comments on the regulatory requirements to be imposed on VA advisory service providers?

VA management service providers

58. Under the proposed regime, any person who carries on a business of providing VA management services in Hong Kong is required to be licensed

by or registered¹⁰ with the SFC, subject to a fit-and-proper test and other factors deemed relevant by the SFC. Specifically, “virtual assets management” is proposed to mean providing a service of managing a portfolio of VAs for another person by the person (e.g., where a firm is delegated with discretionary power to make investment decisions in VAs for a fund).

- 59. Drawing from the scope of Type 9 regulated activity under the SFO, we propose to introduce exemptions. These include, for example, exemptions for providing services to wholly-owned group companies; acts where the act is wholly incidental to VA dealing services of a licensed or registered VA dealing service provider; solicitors, counsels and certified public accountants for acts wholly incidental to their professional practice; and where the act is wholly incidental to a registered trust company’s discharge of duty.
- 60. We propose not to set a de minimis threshold (e.g., a stated investment objective or an intention to invest 10% or more of the gross asset value of a portfolio in VAs). This means that any entity which provides asset management services for a portfolio that invests in VAs, regardless of the amount of VAs involved, will need to obtain a licence or registration.
- 61. The rationale for not setting a de minimis threshold is to uphold regulatory standards and investor protection. This approach is consistent with the licensing regime for asset management under the SFO and the VA dealing service provider licencing regime, which do not provide for any de minimis thresholds. Firms which invest in a small portfolio of VAs for their clients should also maintain regulatory standards because of the inherent risks of investing in VAs. This approach also serves to prevent regulatory arbitrage - where entities may structure activities to circumvent regulations by staying just below a limit.

Q4 Do you agree with the proposed definition and scope of VA management services?

Q5 Are there any other exemptions which may be appropriate?

Regulatory Requirements

- 62. The regulatory requirements to be imposed on VA management service providers are expected to broadly align with those applicable to Type 9 licensed corporations or registered institutions relating to VA management under the Joint Circular.
- 63. Similar to VA advisory service providers, we propose that VA management service providers will be required to observe the AML/CFT requirements stipulated in Schedule 2 to the AMLO relating to CDD and record-keeping. Please also refer to paragraph 56 regarding the expected areas of regulatory requirements.

¹⁰ Only banks could register with the SFC to provide VA management service. The HKMA does not expect HKMA-licensed stablecoin issuers or SVFs to provide VA management service.

64. Under the current regulatory framework, intermediaries providing VA management services pursuant to the Joint Circular are permitted to appoint any custodian (including those from outside of Hong Kong) for safekeeping VAs for the private funds they manage, provided that the intermediary has conducted proper due diligence on the relevant custodian. Under the new regime, the SFC is considering whether VA management service providers should safekeep the VAs of the private funds they manage only with SFC-regulated VA custodian service providers, or whether they should have the flexibility to appoint any custodian.
65. We acknowledge the difficulties encountered by private equity/venture capital fund managers in their custody of new tokens the custody of which is not supported by SFC-regulated VA custodians and will consider allowing self-custody up to a limited threshold without the need to obtain a VA custodian service provider licence or registration.
66. With regard to financial resources requirements for VA management, we propose a minimum paid-up share capital of HK\$5 million; and a minimum required liquid capital of HK\$100,000 (for not holding client assets) or HK\$3 million in any other case, with reference to the financial resources requirements imposed on Type 9 regulated activity licensees under the SFO.
- Q6 Do you have any comments on the requirements relating to VA management?**
- Q7 Should VA management service providers be required to hold VAs of the private funds they manage via SFC-regulated VA custodians?**

Licensing Fees – VA advisory service providers and VA management service providers

67. The processing of a licence application for both VA advisory service providers and VA management service providers is expected to be similar to a typical advisor and asset manager licence or registration under the SFO respectively. We propose to benchmark the licence application fee and annual fee with the relevant fees for Type 4 and Type 9 regulated activities under the SFO. For reference, the current application fee for an application by a licensed corporation for each of Type 4 and Type 9 regulated activities under the SFO is HK\$4,740 and the annual fee is HK\$4,740. The application fee for an application by a registered institution for each of Type 4 and Type 9 regulated activities is HK\$23,500 and the annual fee is HK\$35,000.
- Q8 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?**

Transitional Arrangement and Expedited Licensing or Registration Arrangement

68. Similar to VA dealing services and VA custodian services, we propose not to provide a deeming arrangement to pre-existing VA advisory service providers

and pre-existing VA management service providers. The licensing regime will become fully effective on the commencement date of the relevant statutory provisions. We encourage all relevant industry stakeholders already engaged in VA advisory and/or VA management services to reach out to the SFC and the HKMA (as applicable) as soon as possible (e.g. for initiating pre-application processes). Industry stakeholders that are subject to the proposed licensing regime but fail to reach out to the SFC and the HKMA (as applicable) may suffer undue interruptions to their business operations due to having to cease business operations on the commencement date of the licensing regimes.

69. In this connection, we will introduce an expedited approval process for relevant entities which have already undergone the SFC's or the HKMA's assessment process in relation to their provision of VA advisory services or VA management services and are already engaged in these activities.

Prohibition

70. To prevent the investing public from being exposed to risks associated with unlicensed VA advisory and VA management services, we propose to prohibit any person from actively marketing, whether in Hong Kong or elsewhere, to the public of Hong Kong the provision of, or holding out as providing in Hong Kong, VA advisory and VA management services, unless the person is licensed by or registered with the SFC for providing the relevant services.

Powers of Regulatory Authorities, Sanctions and Statutory Appeal

71. In relation to the powers of the regulatory authorities, sanctions and statutory appeal mechanism, we propose to adopt the same treatment as the licensing regimes for VA dealing service providers and VA custodian service providers.

Q9 Do you have any other comments on the VA advisory and VA management service providers licensing regimes?

Next Step

72. We welcome comments from the public and sectors concerned to facilitate us in taking forward the legislative exercise. Respondents are invited to comment on the proposals set out in this further consultation document by 23 January 2026.

Financial Services and the Treasury Bureau

The Securities and Futures Commission

December 2025

Annex – List of respondents

1. Accumulus GBA Technology (Hongkong) Co., Ltd.
2. Aimichia Technology Co., Ltd.
3. AiYing
4. AnchorX Limited
5. Andy Wong
6. Animoca Brands Limited
7. Ant Digital Technologies
8. Asia Securities Industry & Financial Markets Association
9. Ava Labs, Inc.
10. Benedict Ho
11. BITYUAN FOUNDATION LTD
12. BOCI-Prudential Trustee Limited
13. Bolder Group (Hong Kong)
14. Boswell Capital Management Limited
15. Bullish HK Markets Limited
16. CertiK
17. Chief Group Limited
18. Circle
19. CompliancePlus Consulting Limited
20. Crypto HK Limited
21. David Wen
22. Digital Currencies Governance Group
23. EXIO Limited
24. FalconX Hong Kong Limited
25. Fangda Partners
26. Fintech Association of Hong Kong
27. Fosun Wealth International Holdings Limited
28. Galaxy Digital
29. Gate Digital Limited
30. General Reserve of Digital Asset Limited
31. Global E-Payment Limited
32. Guotai Junan International Holdings Limited
33. Harvest Financial Holdings
34. Henry Yu & Associates
35. Hex Trust
36. HKFAEx Group
37. HKT Payment Limited
38. Hong Kong Fintech Industry Association
39. Hong Kong General Chamber of Commerce
40. Hong Kong Institute of Certified Public Accountants
41. Hong Kong Institute of Physics Limited
42. Hong Kong Professionals and Senior Executives Association
43. Hong Kong Securities & Futures Professionals Association
44. Hong Kong Securities Association
45. Hong Kong Trustees' Association
46. Hong Kong Virtual Asset Exchange Limited

47. Hong Kong Women Professionals and Entrepreneurs Association
48. Howse Williams
49. HSBC
50. Institute of Web 3.0 Hong Kong
51. King Coin 加密貨幣場外交易
52. Lianlian Digital
53. LiquidityTech Limited
54. Matrixport
55. Mr Henry Ma
56. Mr Martin Chan & Ms Peony Lee
57. MUNG
58. NG Hung Ying Edison
59. One Satoshi & Hong Kong Virtual Asset Industry Association
60. OSL Group
61. P&Y Technology Limited
62. Peter
63. Peter Chan
64. PricewaterhouseCoopers
65. Prof. Jack POON
66. QReg Advisory Ltd
67. Rakkar Digital (Hong Kong) Limited
68. Reap Technologies Limited
69. Ripple Labs Inc.
70. Solomon JFZ (Asia) Holdings Limited
71. Studio AM Limited
72. The Hong Kong Association of Banks
73. The Hong Kong Chartered Governance Institute
74. The Institute of Financial Planners of Hong Kong
75. The Law Society of Hong Kong
76. The Private Wealth Management Association
77. Thinkda.org
78. Tricote Advisory Limited
79. Triple A Technologies Limited
80. VBIT OTC
81. Web3 Harbour and Global Digital Finance
82. Zhang Hairong
83. 李思聰
84. A Group of Hong Kong Individuals

[Seventeen respondents requested not to be named]

Note: Some of the feedback reached the FSTB and the SFC after the feedback period closed on 29 August 2025.