2 Questions posed in CP

Question 1: Do you agree that licensed platform operators should be allowed to provide their services to retail investors, subject to the robust investor protection measures proposed? Please explain your views.

2.1 We strongly agree that licensed platform operators should be allowed to provide their services to retail investors, and are supportive of the SFC permitting access by retail customers to licensed VA exchanges in conjunction with appropriate investor protection measures.

2.2 We have the following specific comments and observations on the proposed investor protection measures:

Knowledge Test

(a) We understand that each retail customer will need to pass a knowledge assessment before being permitted to transact in virtual assets on the relevant platform. We support this proposal and suggest that a multiple choice test is an appropriate structure for such a knowledge assessment test. For potential retail customers that fail the test initially, we would propose to direct such customers to specific training pages on the VA exchange's website before attempting the test again, without restrictions on the number of attempts. We would welcome clarification and feedback from the SFC on this point, and any further guidance the SFC can give on what it considers to be good practice in this regard. Particular regard should be had to the fact that VA exchanges operate in an online-only environment with no physical branches for in-person training for customers.

Risk tolerance assessment and limits

(b) We agree that VA exchanges should assess the risk tolerance level and risk profile of the relevant customers as part of the onboarding process. We assume from the note to paragraph 9.6 of the proposed VATP Guidelines that it would be acceptable to use online risk assessment questionnaires akin to the ones that licensed online brokerages and wealth management platforms currently use. This would involve potential customers choosing their level of risk tolerance (e.g. expected return, ability to bear losses etc.) before generating a risk profile. We would welcome further feedback and guidance on this, noting again the online-only nature of VA exchanges.

(c) We note that the VATP Guidelines require the methodology adopted for categorising clients and an explanation of the risk profiles of clients to be made available to the client. Please can the SFC clarify whether this means that the methodology should be provided (i) automatically to each individual client; (ii) upon client request; or (iii) just be generally available, e.g. on the Platform Operator's website.

(d) We understand that VA exchanges should set individual limits to ensure each customer's exposure to VAs is reasonable. We assume that these limits could be derived from the annual income or the total liquid savings of retail customers as declared to the VA exchange, but we note that there will be some practical difficulties in verifying information provided by customers in the absence of an overall financial relationship between the VA exchange and its customers (unlike, say, a financial institution). We also note that the note to paragraph 9.7 of the proposed VATP Guidelines provides that the Platform Operator should take into account the client's overall holdings in virtual assets on a best effort basis. We would welcome further guidance on what "best efforts" means in this context, noting again that reliance would need to be placed on representations made by individual customers.

(e) We agree with the proposal that the Platform Operator should review the individual limit regularly to ensure that it remains appropriate. We would welcome guidance on what an appropriate review

period should be. Our proposal would be annual refreshers for high risk customers, 2-3 year refreshers for medium risk customers and 5-year refreshers for standard risk clients.

Account opening

(f) We would like to seek clarification as to the extent that the SFC's overall guidelines for licensed corporations will apply in relation to account opening and client onboarding. We note from paragraph 9.5 of the proposed VATP Guidelines that non face-to-face account opening will be permitted, and that Platform Operators should refer to the SFC's website regarding account opening approaches which the SFC would consider to be acceptable for the purpose of this requirement. We would welcome clarification whether this means that online onboarding of Hong Kong clients can only be done using a designated bank account in Hong Kong[1]. Many VA exchanges have market-leading advanced technology available to perform non face-to-face identity verification (including in relation to identity authentication and identity matching). We respectfully submit that where the identity of a customer has been verified using such methods, a separate funding from a designated bank account should not be necessary.

(g) Related to this, query whether onboarding of non-Hong Kong customers will need to be done in accordance with the Circular to intermediaries on remote onboarding of overseas individual clients?[2]

Question 2: Do you have any comments on the proposals regarding the general token admission criteria and specific token admission criteria?

General token admission criteria

(a) We note that one of the token admission criteria is due diligence of the background of the management or development team of a virtual asset (para 40(a) VATP Guidelines). Please note that not all virtual assets have a token project team behind it. Bitcoin, for example, does not have an issuer and other popular virtual assets have similar status. We submit that this token admission criterion should only be applicable where a management team is in existence.

(b) It would also be helpful to give some more colour on what is meant by the "development team", to ensure that it does not include every single developer. The latter approach could potentially involve a large number of people. It would present practical difficulties to VA exchanges to perform due diligence on each individual. A practical approach would be for the VA exchange to diligence the background of senior management on a best efforts basis.

(c) We understand that one of the token admission criteria is that the proposed virtual asset should have a track record (for example, it should be issued for at least 12 months except for security tokens) (para 40(c) VATP Guidelines). We would be grateful if the SFC could reconsider this requirement. If the token is newly created but otherwise satisfies the token admission criteria, it should be made available. Disallowing such listings could result in investors being driven to trade on unregulated VA exchange which is in contrary to the policy objectives behind the introduction of the VATP licensing regime. In addition, the "same business, same risks, same rules" principle would suggest that new products should be made available to customers provided investor protection requirements are met (including risk rating, suitability, complex product disclosure etc.).

(d) Another due diligence item relates to the the marketing materials for a virtual asset issued by the issuer, which should be accurate and not misleading (para 40(e) VATP Guidelines). We submit that a VA exchange would be reliant on the issuer to provide it with the relevant materials, as the VA exchange would not be in a position to confirm that it has obtained all relevant materials. It

[1] Acceptable account opening approaches | Securities & Futures Commission of Hong Kong (sfc.hk)
[2] https://apps.sfc.hk/edistributionWeb/api/consultation/openFile?lang=EN&refNo=23CP1

would also go against the "same business, same risks, same rules" principle to require a VA exchange to vet marketing materials on a proactive and open-ended basis.

(e) A VA exchange will be expected, as one of the token admission criteria, to consider the market risks of a virtual asset, including concentrations of virtual asset holdings or control by a small number of individuals or entities, price manipulation, and fraud, and the impact of the virtual asset's wider or narrower adoption on market risks (para 40(g) VATP Guidelines). We are of the view that some aspects of this requirement relate to information that may not be publicly available. For example, a VA exchange will not be in a position to confirm the concentration of holdings within a single individual, if the same token is listed on a number of exchanges.

(f) Furthermore, we query whether high concentration of virtual asset holdings or control by a small number of individuals or entities is an appropriate indicator of the market risks posed by a virtual asset. High concentration of holdings is common in the early stages of development of some virtual asset, which may be the result of a strategy to allocate a large amount of virtual assets to developers to incentivise them to develop the blockchain infrastructure of a project. Accordingly, high concentration of holdings may instead be an indicator of the development stage of a particular virtual asset (and the allocation strategy that has been adopted) rather than the potential market risks posed by it. To reduce the impact of insufficient liquidity or price fluctuations in relation to virtual assets, the SFC should require a VA exchange to implement various alleviating measures, such as requiring the management or development team of a virtual asset to: (i) have third party market-makers or liquidity providers in place to enhance the liquidity of a virtual asset; or (ii) subject token founders, developers or those with high concentration of holdings to a lock-up period during which the relevant holder will be unable to transfer or sell their virtual assets. A lock-up will serve as a mechanism to reduce the price volatility of a virtual asset, which could happen when many holders sell their virtual assets immediately after distribution. We propose that the presence of these alleviating measures be included as one of the token admission criteria.

(g) A VA exchange must also consider the legal risks associated with the virtual asset, including any pending or potential civil, regulatory, criminal, or enforcement action relating to its issuance, distribution or use (para 40(h) VATP Guidelines). As per the immediately preceding comment, a VA exchange will not be privy to information concerning confidential enforcement or other regulatory action regarding a virtual asset.

(h) Separately, one of the due diligence items is whether the utility offered, the novel use cases facilitated, or technical, structural or cryptoeconomic innovation exhibited by the virtual asset appears to be fraudulent or scandalous (para 40(i) VATP Guidelines). The term scandalous does not represent a legal standard and it would be difficult (and subjective) to interpret its meaning. A more appropriate threshold would be one of legality.

Legal opinions

(i) We note that before making any virtual assets available for trading by retail clients, a Platform Operator should obtain and submit to the SFC written legal advice in the form of a legal opinion or memorandum confirming that each of the virtual assets made available for trading by retail clients does not fall within the definition of "securities" under the SFO. Given the token admission criteria set out in the VATP Guidelines, the number of virtual assets that can be offered to retail investors will be relatively small and will include the well-known large cap virtual assets such as BTC and ETH. We submit that it may not be necessary to require a legal opinion, in particular in relation to virtual assets whose regulatory treatment in Hong Kong is well understood.

(j) One option would be for the SFC to maintain a whitelist of tokens that are considered acceptable for listing. In addition, for less well-known virtual assets, the onus should be on the VA exchange to satisfy itself (whether by seeking a legal opinion or by way of internal resources) of the regulatory treatment of the virtual asset. To the extent the treatment is not clear, it should be open to VA exchange to discuss the matter with the SFC. By way of confirmation, we read the

CP and VATP Guidelines such that the SFC will rely on the VA exchanges to evaluate virtual assets as against the relevant token admissions criteria, and will not seek to approve each virtual asset listed on the relevant platform.

Indices

(k) We note that one of the trading admission criteria in respect of virtual assets made available for trading by retail clients is that the virtual asset should be an eligible large-cap virtual asset, i.e., the specific virtual asset should be included in at least two acceptable indices issued by at least two index providers. An acceptable index refers to an index which has a clearly defined objective to measure the performance of the largest virtual assets in the market, and should fulfil the following criteria:

(i) The index should be investible, meaning the constituent virtual assets should be sufficiently liquid.

(ii) The index should be objectively calculated and rules-based.

(iii) The index provider should possess the necessary expertise and technical resources to construct, maintain and review the methodology and rules of the index.

(iv) The methodology and rules of the index should be well documented, consistent and transparent.

The two index providers should be separate and independent from each other, meaning they are not within the same group of companies. Further, at least one of the indices should be issued by an index provider which has experience in publishing indices for the conventional securities market.

(l) We foresee a number of practical difficulties in complying with the above requirements. The number of indices that would meet the requirements are very low. For example, if we take acceptable indices for SFC authorized ETFs that also publish digital asset indices, we are looking at very small pool of providers (MSCI and FTSE). In addition, certain virtual asset index providers do not publish the token composition of the index as the trading strategy within the index changes from time to time. As a result, the listing and delisting of virtual assets could potentially cause more unwanted market volatility which is contrary to the desired policy objective.

(m) One solution would be to consider events pursuant to which a virtual asset should be delisted, such as consistent low trading volumes, material adverse events akin to those utilised for traditional exchanges.

Question 3: What other requirements do you think should be implemented from an investor protection perspective if the SFC is minded to allow retail access to licensed VA trading platforms?

2.3 We agree with the requirements to segregate client funds and virtual assets, and the prohibition to create any encumbrances over client virtual assets.

Question 4: Do you have any comments on the proposal to allow a combination of third-party insurance and funds set aside by the licensed platform operator or a corporation within its same group of companies? Do you propose other options?

Question 5: Do you have any suggestions as to how funds should be set aside by the licensed platform operators (for instance, under house account of the licensed platform operator or under an escrow arrangement)? Please explain in detail the proposed arrangement and how it may provide the same level of comfort as third-party insurance.

2.4 We are responding to questions 4 and 5 together. As the SFC is aware, it is currently very difficult and extremely costly to obtain the required insurance cover for VA exchanges, and only cold wallet protection is generally available. In practice, this means concentration risk both in terms of available service providers (insurers) and available VA exchanges that would be able to comply with the requirements, thereby reducing customer choice and increasing systemic risk.

2.5 We appreciate the more flexible approach of topping up any required insurance cover with a self-funded compensation fund. In fact, most major VA exchanges already utilise a compensation mechanism whereby the operator sets aside funds to absorb excessive losses arising from a liquidation of leveraged VA derivative positions (rather than wallet balances). Please refer to our response to question 7 below.

2.6 We would like to nevertheless flag practical difficulties in ensuring that this compensation fund is adequately funded. Paragraph 10.22 of the proposed VATP Guidelines requires an appropriate level of coverage for risks associated with the custody of client virtual assets, suggesting coverage is needed in respect of the total value of client virtual assets under custody at any one time. This approach is still likely to be prohibitively expensive.

Question 6: Do you have any suggestions for technical solutions which could effectively mitigate risks associated with the custody of client virtual assets, particularly in hot storage?

2.7 The underlying rationale for insurance cover and/or the compensation fund is to ensure investor protection, particularly in the event of a hacking incident. We would suggest that a sensible approach would therefore be to place emphasis on front-end cybersecurity defence requirements, information security, wallet security, secure key generation, sufficient employee training, etc. to prevent hacking.

Question 7: If licensed platform operators could provide trading services in VA derivatives, what type of business model would you propose to adopt? What type of derivatives would you propose to offer for trading? What types of investors would be targeted?

2.8 We would be supportive of a proposal to allow trading services in VA derivatives, including for retail investors to the extent they pass the knowledge and suitability tests. VA derivatives like futures (which includes perpetual products) and options are critical in helping customers hedge their virtual asset positions effectively. This is particularly important for institutional and other professional investors who hold virtual assets on a long-term basis but need to hedge their risk exposure using derivatives products in a similar way as they would in traditional financial markets. Disallowing such products could result in high losses in certain scenarios. We would request that the SFC considers virtual asset futures contracts (which include perpetual products) and options in the first instance, being the most popular and widely used VA derivative products.

2.9 We would propose that VA exchanges implement appropriate risk management mechanisms to protect investors in relation to VA derivatives trades. As a first layer, virtual asset futures contracts typically have an insurance fund in place to protect customers from losing more than their initial margin. When the market price of the underlying virtual asset reaches the liquidation price, the relevant position is forcibly liquidated, and negative equity is covered by this insurance fund (e.g. if the closing price is above the bankruptcy price, the remaining margin posted by the customer will be drawn from the insurance fund). The insurance fund is funded from the residual margin of liquidated positions that are closed at better than bankruptcy prices. Auto-deleveraging of any remaining positions may take place when the insurance fund is insufficient to cover the negative equity. In addition, we would encourage the SFC to consider investor protection measures in respect of VA derivatives trading akin to the existing complex products regime for traditional investment products under the "same business, same risks, same rules" principle.

2.10 We respectfully request the SFC to consider relaxing the restriction on the provision of financial accommodation/leverage to customers.

Question 8: Do you have any comments on how to enhance the other requirements in the VATP Terms and Conditions when they are incorporated into the VATP Guidelines?

2.11 We note that the requirements relating to security tokens under the VATP Terms and Conditions will be removed. In this context, it would be helpful to obtain more clarity on the position in relation to the listing and use of 100% fiat-backed virtual assets, more commonly referred to as "stablecoins". Stablecoins are vital tools for VA exchanges and are also widely used for hedging. Noting the level of importance of stablecoins in VA trading, if a Hong Kong-licensed VA exchange could not offer trading pairs in stablecoins, it will likely drive customers to offshore or other unregulated VA exchanges. A more sensible approach would be to prescribe token admission criteria in relation to stablecoins, including the requirement to have regular audit reports and to ensure the maintenance, at all times, of a 1:1 fiat reserve that backs the stablecoin.

Question 9: Do you have any comments on the requirements for virtual asset transfers or any other requirements in Chapter 12 of the AML Guideline for LCs and SFC-licensed VASPs? Please explain your views.

2.12 We generally agree with the implementation of FATF recommendations into the SFC AML Guidelines.

2.13 Separately, it would be helpful for the SFC to specify the required data parameters for originator information and recipient information so VA exchanges can effectively work with travel rule solution providers to comply with the relevant requirements.

Question 10: Do you have any comments on the Disciplinary Fining Guidelines? Please explain your views.

2.14 We have no specific comments on this.

3 Additional comments

Consequence of dual licensing

3.1 Paragraph 18 of the CP sets out that upon the commencement of the AMLO VASP regime, a VA trading platform licensed by the SFC should comply with the VATP Guidelines. We would welcome clarification whether the VATP Guidelines will contain the entirety of the regulatory requirements on licensed VA exchanges (leaving aside AMLO). This question arises particularly in light of the fact that the SFC has expressed a preference for VA exchange applicants under the AMLO VASP regime to also apply for licenses to conduct Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under section 116 of the SFO.

3.2 As a result, it would be helpful to understand whether VA trading platforms licensed by the SFC (whether under the AMLO VASP regime and/or as Type 1 and Type 7 regulated licensed corporation) would need to comply just with the VATP Guidelines or also other codes, guidelines and circulars issued by the SFC. For instance, we note that the VATP Guidelines refer in places to existing regulatory guidance provided by the SFC in the non-VA sector (such as in relation to client onboarding and suitability requirements), which could create some uncertainty as to which regulatory requirements apply. Similarly, there may be instances where the regulatory requirements under the VATP Guidelines/AMLO and the SFO cover the same ground but may diverge on the detail.

Competence requirements

3.3 Related to the point raised in the preceding paragraph, it is not entirely clear in the CP whether persons carrying out regulated functions (such as responsible officers and licensed representatives) would need to meet industry experience requirements under both the VATP Guidelines (i.e. in respect of the operation of a VA exchange) as well as for Type 1 and Type 7 regulated activity (i.e. more traditional

securities trading and the operation of automated trading services). Clarification of this point would be very helpful. We submit that it would be very difficult for VA exchanges to find responsible officers who have experience in both virtual assets as well as traditional securities brokerage and automated trading systems. Any further guidance and a flexible approach would be highly welcome.

Transitional arrangements

3.4 We note that there will be transitional arrangements in place in relation to VA exchanges that have a meaningful and substantial presence in Hong Kong. We understand that in determining whether a firm has been operating a VA trading platform in Hong Kong prior to 1 June 2023 and has a meaningful and substantial presence, the SFC will take into account (amongst others) whether (i) its Hong Kong staff have central management and control over the VA trading platform and (ii) its key personnel (for example, those responsible for the operation of the trading system) are based in Hong Kong.

3.5 In relation to the personnel requirements set out above, we submit for the SFC's consideration that it is common for VA exchanges to have staff and management based in different jurisdictions, given the global and 24/7 nature of the business. As such, we query whether the question of where central management or key personnel is based should be the major consideration in determining if a VA exchange is eligible for the transitional relief measures.

3.6 In addition, we note that the requirement to qualify for the interim relief is that the firm has to have been "operating a VA trading platform in Hong Kong". There is no requirement for the relevant platform to have been "solely" or even "primarily" operated out of Hong Kong. We submit that the question of where key personnel or central management is based should be a factor in deciding whether the VA trading platform has its primary office or headquarters in Hong Kong, and not a factor in deciding whether it has been operating in Hong Kong, which implies a much lower standard. We suggest allowing any VA trading platform that has been operating in Hong Kong to enjoy the benefit of the transitional arrangements. To the extent the SFC is of the view that a particular applicant should relocate more key personnel to Hong Kong, this can be added as a condition in the relevant undertaking by the applicant.

3.7 Further, we submit that once the customers (including Hong Kong based customers) sign up to a client agreement with a Hong Kong incorporated VA exchange operator which offers spot trading of non-securities virtual assets and fiat gateway services, this should be viewed as "operating in Hong Kong". It would be helpful to understand whether this would be acceptable, and what other localization requirements will apply (e.g. will there be a need to set up a separate website for Hong Kong)?

3.8 In addition and as a point of clarification, will the transitional arrangements mean that the responsible officers (fulfilling *all* the requirements of a responsible officer, and not just that of performing a "regulated function") must be in place on 1 June 2023? We submit that the responsible officers should be in place by the time the license is granted to enable VA exchanges to have more time to identify talent and to pass the necessary papers.

3.9 Similarly, we read the transitional arrangements such that an existing, currently unlicensed VA exchange does not need to submit its application for a Type 1 and Type 7 license before 1 June 2023 to continue operating under the transitional arrangements, as long as it does not allow trading in securities or futures as defined in the SFO.

Compliance with overseas laws

3.10 Pursuant to paragraph 9.3 of the VATP Guidelines, a Platform Operator should ensure that it complies with the applicable laws and regulations in the jurisdictions in which it provides services. It should establish and implement measures which include:

(a) disclosing to its clients the jurisdictions which do not permit the trading of relevant virtual assets;

(b) ensuring its marketing activities are only conducted in permitted jurisdictions without violation of the relevant restrictions on offers of investments; and

(c) implementing measures to prevent persons from jurisdictions which have banned trading in virtual assets from accessing its services (for example, by checking IP addresses and blocking access).

3.11 Items (a) and (c) of paragraph 9.3 of the VATP Guidelines appear to be very broad in scope, and go beyond what is expected in the traditional securities market (e.g. a Hong Kong licensed corporation brokerage is under no obligation to disclose to its customers in which jurisdiction trading of certain products is prohibited). This goes against the "same business, same risks, same rules" principle adopted by the SFC. It is also not clear whether this covers the situation where a jurisdiction prohibits the trading of virtual assets onshore, but does not prohibit persons based in such jurisdiction from accessing relevant services offshore.

Information from clients – General Principles

3.12 General Principle 5.1(d) of the VATP Guidelines provides that a Platform Operator should seek from its clients information about their financial situation, investment experience and investment objectives and assess their risk tolerance level and risk profile relevant to the services to be provided. We assume this does not refer to institutional and qualified professional investors. Further, we assume these requirements are in line with the usual requirement for knowledge and risk assessment, as well as KYC requirements.

Disclosure of financials and material changes

3.13 Paragraph 9.30 of the VATP Guidelines requires a Platform Operator to, upon request, disclose the financial condition of its business to a client by providing a copy of the latest audited balance sheet and profit and loss account required to be filed with the SFC, and disclose any material changes which adversely affect the Platform Operator's financial condition after the date of the accounts. This requirement appears to be more onerous than the requirements imposed on other licensed corporations, which goes against the "same business, same risks, same rules" principle adopted by the SFC.

Client money

3.14 We understand that client money received in Hong Kong should be paid into a segregated account held with an authorised institution (i.e. a licensed bank) in Hong Kong. We note that there is currently virtually no access by VA exchanges to banking services in Hong Kong, and would welcome the SFC's support in broadening access to traditional financial services. Alternatively, please consider allowing bank accounts to be opened in licensed banks offshore.

Proprietary trading

3.15 We understand that a Platform Operator will not be permitted to engage in proprietary trading except for off-platform back-to-back transactions entered into by the Platform Operator and other limited circumstances permitted by the SFC on a case-by-case basis. The prohibition will extend to any market making activities carried out by the Platform Operator on a proprietary basis.

3.16 We welcome the proposal to allow back-to-back transactions on a proprietary basis in order to enhance liquidity and to avoid the unwanted widening of bid-ask spreads.

3.17 We would be grateful for guidance on what the limited circumstances are under which the SFC will permit proprietary trading that is not on a back-to-back basis. We understand the concerns around potential market manipulation and conflicts of interest, but would like to point out that unlike on traditional stock exchanges, the price on VA exchanges is not universal, creating arbitrage scenarios.

Active marketing

3.18 The term "active marketing" of the services of a VA trading platform is not defined in AMLO. The concept of "active marketing" already exists under the SFO, and the SFC has previously issued guidance on this in the form of an FAQ. Although the FAQ may give an indication of how such term may be construed under the new regulatory regime, the FAQ was issued 20 years ago and may not necessarily be applicable to VA trading platform operators who provide their services to the Hong Kong public through websites / mobile applications.

3.19 Unless the SFC provides specific guidance on what "actively markets" mean in the context of VA trading platform services, it will be difficult for offshore VA trading platform operators to ascertain the conduct or circumstances under which they will be brought 'onshore' for licensing purposes.

Smart Contract Audit

3.20 The proposed VATP Guidelines provide that a Platform Operator should conduct a smart contract audit for smart-contract based virtual assets before admitting them for trading. If a Platform Operator opts to rely on smart contract audits conducted by an independent auditor, it must demonstrate that it would be reasonable to do so.

3.21 A typical VA exchange lists a large number of virtual assets. As a result, there are practical difficulties with performing a smart contract audit for each virtual asset. We would be grateful for guidance on the circumstances where it would be reasonable for a platform operator to rely on smart contract audits conducted by independent auditors. We submit that in practice, smart contract audits are performed by third parties, with the technical requirements for such audits prescribed in the listing policies and procedures of a VA exchange. The result of a smart contract audit will be one of several factors in determining the listing approval for a specific virtual asset. In line with the comments made in this CP response, we are of the view that the overall responsibility for a virtual asset listing should rest with the VA exchange without being overly prescriptive on the individual elements of the approvals process.

Server location

3.22 We are grateful for any additional guidance the SFC can provide in relation to server and data locality requirements. In particular, VA exchanges will need to understand whether some/all of their servers must be located in Hong Kong, what type of data and records will constitute regulatory records (and associated record retention rules) and whether equivalent guidelines to the external data storage providers will be implemented in relation to VA exchanges. As global businesses, VA exchanges tend to serve customers globally with servers located in several locations in order to mitigate any concentration risk and for business continuity protection purposes. As a result, we would be opposed to a rule requiring our servers to be located (or solely located) in Hong Kong.

Yours sincerely

Norton Rose Fulbright Hong Kong

Norton Rose Fulbright Hong Kong