



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

Consultation Paper 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

12 June 2025

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Foreword

The Securities and Futures Commission (**SFC**) invites market participants and interested parties to submit written comments on the proposals discussed in this consultation paper or on related matters that might impact the proposals. Persons submitting comments on behalf of an organisation should provide details of the organisation whose views they represent.

Please note that the names of commentators and the contents of their submissions may be published, in whole or in part, on the SFC's website and in other documents to be published by the SFC. In this connection, please read the SFC's Personal Information Collection Statement on the following two pages.

If you do not wish to have your name, submission or both published by the SFC, please state that in your submission.

Comments should be submitted to the SFC in writing no later than **11 August 2025** by one of the following methods:

By mail or hand to: Supervision of Markets Division
 Securities and Futures Commission
 54/F One Island East
 18 Westlands Road
 Quarry Bay
 Hong Kong

By fax to: (852) 2521 7917

By online
submission at: <http://www.sfc.hk/edistributionWeb/gateway/EN/consultation/>

By email to: section34amlo.consultation@sfc.hk

All submissions received before the expiry of the consultation period will be taken into account before the proposals are finalised and a consultation conclusions paper will be published in due course.

**Securities and Futures Commission
Hong Kong**

12 June 2025

Personal Information Collection Statement

1. This Personal Information Collection Statement (**PICS**) is made in accordance with the guidelines issued by the Privacy Commissioner for Personal Data. The PICS sets out the purposes for which your Personal Data¹ will be used following collection, what you are agreeing to with respect to the SFC's use of your Personal Data and your rights under the Personal Data (Privacy) Ordinance (Cap. 486) (**PDPO**).

Purpose of collection

2. The Personal Data provided in your submission to the SFC in response to this consultation paper may be used by the SFC for one or more of the following purposes:
 - (a) to administer the relevant provisions² and codes and guidelines published pursuant to the powers vested in the SFC;
 - (b) in performing the SFC's statutory functions under the relevant provisions;
 - (c) for research and statistical purposes; or
 - (d) for other purposes permitted by law.

Transfer of personal data

3. Personal Data may be disclosed by the SFC to members of the public in Hong Kong and elsewhere as part of the public consultation on this consultation paper. The names of persons who submit comments on this consultation paper, together with the whole or any part of their submissions, may be disclosed to members of the public. This will be done by publishing this information on the SFC's website and in documents to be published by the SFC during the consultation period or at its conclusion.

Access to data

4. You have the right to request access to and correction of your Personal Data in accordance with the provisions of the PDPO. Your right of access includes the right to obtain a copy of your Personal Data provided in your submissions on this consultation paper. The SFC has the right to charge a reasonable fee for processing any data access request.

Retention

5. Personal Data provided to the SFC in response to this consultation paper will be retained for such period as may be necessary for the proper discharge of the SFC's functions.

¹ Personal data means personal data as defined in the Personal Data (Privacy) Ordinance (Cap. 486).

² The term "relevant provisions" is defined in section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571) and refers to the provisions of that Ordinance, together with certain provisions in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), the Companies Ordinance (Cap. 622) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).

Enquiries

6. Any enquiries regarding the Personal Data provided in your submission on this consultation paper, requests for access to Personal Data or correction of Personal Data should be addressed in writing to:

Data Privacy Officer
Securities and Futures Commission
54/F One Island East
18 Westlands Road
Quarry Bay
Hong Kong

7. A copy of the Privacy Policy Statement adopted by the SFC is available upon request.

I. Executive summary

1. This paper invites views 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 amendments seek to better protect investors through 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 other similar operation (whether located in Hong Kong or elsewhere, and whether regulated or not), when it is not in fact so associated.
2. Subject to the feedback received, an amendment bill will be introduced into the Legislative Council to proceed with the legislative process.

II. Introduction

3. Since 2016, the SFC has been closely monitoring developments and activities in the virtual assets market. The many failures and collapses in this space (such as those of the Luna token, Terra stablecoin and FTX) have underscored the need for closer regulatory scrutiny.
4. To that end, the SFC has taken a number of steps to enhance oversight and regulation in this area. In particular:
 - (a) on 1 June 2023, a new licensing regime for VATPs came into effect under the AMLO;
 - (b) the SFC continues to closely monitor virtual asset-related activities in Hong Kong to detect possible breaches of the law under its regulatory remit; and
 - (c) the SFC and the Investor and Financial Education Council also stepped up efforts to educate investors and warn them about the risks of trading on unregulated VATPs.
5. Additionally, past incidents also demonstrate that the name of a business or operation may influence investors' perception, particularly if it is similar to the name or acronym of an established or well-known operation.
6. In view of the above, and in order to further step up investor protection, the SFC proposes to amend the SFO and the AMLO to restrict the use of titles by any person if such use 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 VATP, when in fact it is not 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 other similar operation (whether located in Hong Kong or elsewhere, and whether regulated or not), when it is not in fact so associated.
7. The specific amendments proposed are: (i) to section 34 of the SFO; and (ii) the addition of a similar provision under the AMLO. Amendments are needed to both ordinances because the further restrictions are intended to cover VATPs as well, and VATPs are generally regulated under both the SFO and the AMLO. The main difference is that:
- (a) under the SFO, the SFC regulates platforms trading virtual assets that can also be said to constitute either “securities” or “futures contracts” (as those terms are defined in the SFO); and
- (b) under the AMLO, the SFC regulates platforms trading “virtual assets” as defined in section 53ZRA of the AMLO, and this excludes virtual assets that may be said to constitute either “securities” or “futures contracts”.³
8. We discuss the amendments in more detail below.

III. Section 34 and its application

Current application of section 34

9. Section 34 of the SFO prohibits the use or taking of certain titles (or anything which closely resembles such titles) without the SFC’s authority or without reasonable excuse. Any breach is an offence under the SFO. The specific titles listed under section 34 (**restricted titles**) are set out below.

Restricted English titles	Restricted Chinese titles
“stock exchange”	“證券交易所”
“stock market”	“股票交易所”
“commodity exchange”	“證券市場”
“futures exchange”	“股票市場”
“futures market”	“商品交易所”
“unified exchange”	“期貨交易所”
“united exchange”	“期貨市場”
	“聯合交易所”

³ The exclusion of “securities” and “futures contracts” from the definition of “virtual assets” is reflected in section 53ZRA(2)(a)(iii) of the AMLO.

10. In determining whether authorisation under section 34 of the SFO is necessary and appropriate in respect of a particular name, the SFC generally considers the following:
- (a) whether the name includes any of the restricted titles, or closely resembles one or more of those titles;
 - (b) the nature of the businesses and activities carried out by the person using the name or proposing to use it;
 - (c) whether any licence, authorisation or other approval from the SFC is required in respect of such businesses or activities (or any part of them), and if so, whether such licence, authorisation or approval has been, or is to be, obtained; and
 - (d) taking into account the above, the implications that may flow from the use of the name, eg, whether such use may give the impression that the businesses or activities are overseen or regulated by the SFC when in fact they are not.

Limitations of section 34

11. The current list of restricted titles under section 34 has a few limitations.
- (a) It does not take into account that many operations tend now to use “trading platform” or “trading centre” in their names rather than “exchange”. However, these titles convey essentially the same meanings and implications.
 - (b) It does not include titles that are now more commonly used to describe some of the financial products regulated under the SFO, such as “virtual assets”, “digital assets”, “cryptoassets”, “securities”, “derivatives”, etc. It also does not cover titles that refer to clearing operations such as “clearing house” and “clearing facilities” even though they are regulated under the SFO.
 - (c) Since the SFO generally governs matters relating to securities and futures, it can be argued that section 34 does not cover operations that provide services in respect of virtual assets that do not constitute securities or futures contracts. Such operations are regulated under the AMLO which does not include a provision similar to section 34 of the SFO.
 - (d) Section 34 also does not currently address concerns about a business or operation adopting a name, or acronym, that may imply that it is associated with an established or well-known exchange, clearing house, VATP, or other similar operation (whether located in Hong Kong or elsewhere, and whether regulated or not), when it is not in fact so associated.

IV. Proposed amendments

12. To address the above limitations, we propose:
- (a) to expand section 34 of the SFO so that it also covers:
 - (i) titles that are now more commonly used instead of “exchange”, such as “trading platform” and “trading centre”;

- (ii) titles that are now commonly used to describe some of the financial products regulated under the SFO, such as “virtual assets”, “digital assets”, “cryptoassets”, “securities”, and “derivatives”;
 - (iii) titles that refer more specifically to clearing operations, such as “clearing house” and “clearing facilities”; and
 - (iv) titles that include names or acronyms of established or well-known exchanges, clearing houses, VATPs, or other similar operations (whether located in Hong Kong or elsewhere, and whether regulated or not); and
- (b) to introduce under Part 5B of the AMLO a new provision along the lines of section 34 of the SFO to restrict the use or taking of:
- (i) titles relating to VATPs, to the extent that such titles describe platforms for trading virtual assets as defined in the AMLO (which definition excludes virtual assets that also constitute securities or futures contracts), or for clearing and settling trades in such virtual assets; and
 - (ii) titles that may include names or acronyms of established or well-known VATPs or other similar operations (whether located in Hong Kong or elsewhere, and whether regulated or not).
13. As for the specific titles to be restricted, we propose that these titles should include **a combination of**
- (a) any of the titles set out in Table A below, or anything closely resembling any of those titles; **and**
 - (b) any of the titles set out in Table B below, or anything closely resembling any of those titles.

<u>Table A</u>	
Titles proposed to be restricted under section 34 of the SFO only	Titles proposed to be restricted under both section 34 of the SFO and Part 5B of the 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 section 34 of the SFO and Part 5B of the 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"

By way of example, titles that include such a combination are "derivatives trading platform" and "cryptocurrency exchange".

14. We also propose that three further titles be restricted under section 34 of the SFO, namely "unified exchange", "united exchange" and "聯合交易所". These titles relate to names adopted by previous stock exchanges that operated in Hong Kong and are already restricted under section 34 (although not reflected in Tables A and B). By restricting the use of these titles, we would merely be maintaining the current position under the SFO. As the titles also have no obvious connection to VATP operations, we see no need to restrict the use of such titles under the AMLO as well.
15. In considering which of the titles in Table A should be restricted under section 34 of the SFO and which should be restricted under Part 5B of the AMLO, we have taken into account the following:
 - (a) Some titles may (by their description) necessarily imply a connection to "securities" only (such as "securities") and hence would not come within the definition of "virtual assets" under the AMLO. Where this is the case, we propose that the title be restricted under section 34 of the SFO only. Such titles are set out in the first column of Table A.
 - (b) On the other hand, some titles may (by their description) imply a connection to both "securities" and "non-securities" (such as "virtual asset"). Where this is the case, we propose that the title be restricted under both section 34 of the SFO and Part 5B of the AMLO. Such titles are set out in the second column of Table A.

16. With respect to titles to be restricted under both section 34 of the SFO and Part 5B of the AMLO, the question arises whether their use requires authorisation under both provisions. The SFC's view is that it does. This would also be consistent with the SFC's approach that VATPs should be licensed and regulated under both the SFO and AMLO, given that the terms and features of a virtual asset may evolve over time, with its classification changing from a non-security token to a security token (or vice versa).

V. Comments invited

17. The SFC welcomes any comments from the public and the industry on the proposals set out in this consultation paper. In particular, we welcome feedback on the following:

Question 1:	<i>Do you agree with the proposal to amend section 34 of the SFO as described in paragraphs 12(a), 13 to 16 above? If no, please explain why.</i>
Question 2:	<i>Do you agree with the proposal to add a new provision under Part 5B of the AMLO as described in paragraphs 12(b), 13 to 16 above. If no, please explain why.</i>
Question 3:	<i>Do you have any comments or concerns about any of the proposed titles set out in Table A or Table B in paragraph 13 above? If yes, please elaborate.</i>
Question 4:	<i>Do you have any other comments regarding the proposals discussed in paragraphs 12 to 16 above? If yes, please elaborate.</i>

Please submit your comments to the SFC in writing no later than **11 August 2025**.