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

8th Conference on International Coordination of Secured Transactions Reform

"*Coordinating Legal, Regulatory, and Policy Responses*"

Regulation of digital assets custody and tokenization

27 November 2025

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SFC's approach to digital assets regulation

Scope covers interface with public investors and traditional intermediaries

Operation of centralised virtual assets (VA) trading platforms

Securities and Futures Ordinance regime (2019) and Anti-Money Laundering and Counter-Terrorist Financing Ordinance regime (2023)

Management of VA funds and discretionary accounts

Detailed guidance on VA fund & discretionary account management (2018, 2019 & 2023)

Fundraising and other activities using VAs

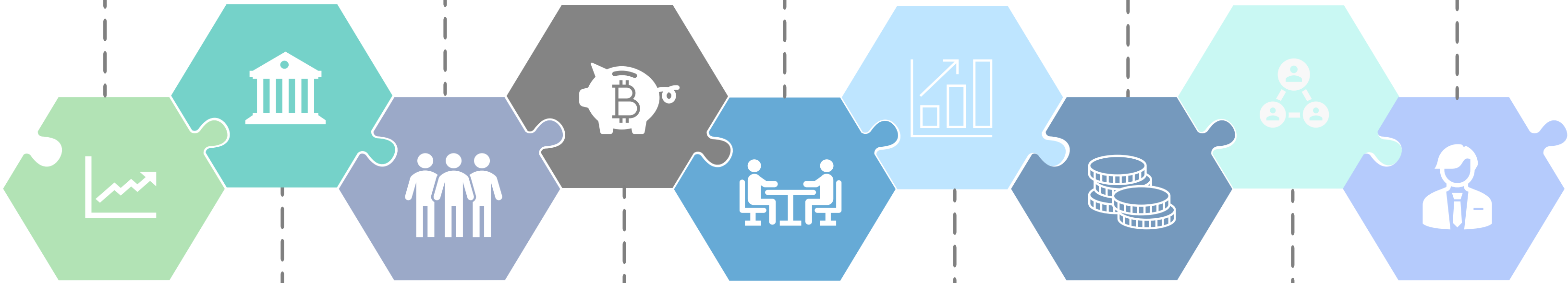
Guidance on ICOs, STOs, press release on NFTs and circular on staking services (2017, 2019, 2022 & 2025)

Authorisation of VA futures and spot ETFs

Circular on VA futures and spot ETFs (2022, 2023 & 2025)

Proposed Regimes on VA Dealing and Custody

Joint Consultation with FSTB to introduce regulatory regimes for VA dealing and custodian service providers (2025)



Distribution of VA-related products

Joint circular on intermediaries' VA-related activities (2022 & 2023)

Dealing in or advising on VA

Joint circular on intermediaries' VA-related activities (2022 & 2023)

Activities involving tokenisation

Circulars on tokenised securities-related activities & tokenisation of SFC-authorised investment products (2023)

SFC's "ASPIRe" Roadmap

Five Pillars: **A**ccess, **S**afeguards, **P**roducts, **I**nfrastructure and **Re**lationships (2025)

Current Virtual Assets Custody Requirements – Virtual Assets Trading Platforms

Segregation of client VAs

No lending, pledging, etc. of client VAs

Storage requirement

Whitelisting of client wallets

Private key management

Prevention against losses from theft, fraud, misconducts, etc.

Insurance/ Compensation arrangement

Public Consultation on the New Licensing Regimes for VA Dealing and Custodian Service Providers

- On 27 June 2025, the Financial Services and the Treasury Bureau (FSTB) and the SFC launched a joint consultation to introduce regulatory regimes for virtual asset (VA) **dealing** and **custodian service providers**.

Regulatory Regime on VA Dealing Service Providers and VA Custodian Service Providers

Proposed Scope of VA Dealing Service Providers

- ✓ Existing intermediaries that have been granted licences or registered to provide virtual asset dealing services and licensed VATPs
- ✓ Currently unregulated virtual asset dealing operators and virtual asset fund managers

Proposed Scope of VA Custodian Service Providers

- ✓ Anyone operating a virtual asset custody business in Hong Kong must be licensed or registered with the SFC.
- ✓ By way of business, the safekeeping of
  - (i) VAs on behalf of clients; or
  - (ii) instruments enabling transfer of VAs of clients (including but not limited to private keys) on behalf of clients

Prohibited Activities

- × Operating, presenting oneself as operating, or actively marketing regulated virtual asset services without being licensed or registered
- × Violation of AML/CTF provisions
- × Engaging in fraudulent or deceptive conduct
- × Making fraudulent or reckless misrepresentations

Investor Protection

- ✓ Financial Resources
- ✓ Knowledge and Experience
- ✓ Risk Management
- ✓ Financial Reporting and Disclosure
- ✓ Conduct of Business
- ✓ Information and Notices
- ✓ Record Keeping
- ✓ Safe Custody of Clients' Assets

In the case of banks and small value facilities (SVFs), they will need to be registered with the SFC . Day-to-day supervision and monitoring of the VA dealing and custodian activities of banks and SVFs registered as VA dealing service providers and VA custodian service providers will rest with the HKMA.

Tokenisation: the SFC's requirements

(1) Activity Level

Circular on intermediaries engaging in tokenised securities-related activities (Nov 2023):

- Provide more **guidance** on tokenised securities-related activities
- Support continued innovation with appropriate safeguards from an **investor protection** perspective
- Guide intermediaries in **addressing and managing the new risks**

(2) Product Level

Circular on tokenisation of SFC-authorised investment products (Nov 2023):

- Allow tokenisation of investment products authorised by the SFC for **offering to the public** in Hong Kong
- Product authorisation requirements with **additional safeguards**

Thank you.

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