

# HONG KONG PROGRESSES NEW LICENSING REGIMES FOR VIRTUAL ASSET DEALING AND CUSTODY; CONSULTS ON REGIMES FOR VIRTUAL ASSET ADVISORY AND MANAGEMENT

Following the introduction of licensing regimes for virtual asset trading platforms (VATPs) and stablecoin issuers, Hong Kong is progressing its plans to extend licensing requirements to other key parts of the virtual asset<sup>1</sup> (VA) ecosystem.

In December 2025, the Financial Services and the Treasury Bureau (FSTB) and the Securities and Futures Commission (SFC) published: (i) consultation conclusions on regulating VA dealing services and VA custodian services (Conclusions) and (ii) a further consultation on regulating VA advisory and VA management services (Further Consultation).<sup>2</sup> The papers outline new licensing regimes for providers of such services, including Hong Kong regulated intermediaries and banks (or their associated entities) currently providing such services under the existing framework who will benefit from an expedited approval process.

With certain key aspects still under consideration, those providing VA dealing, custody, advisory and/or management services in Hong Kong should monitor the upcoming legislative process, with draft legislation expected during 2026, and engage with the relevant regulator as early as possible.

## Current regulatory position in Hong Kong

Currently, VA-related services are not regulated in Hong Kong on a standalone basis unless the provider falls within the VATP or stablecoin regime. Entities already licensed or registered with the SFC (e.g. due to conducting a regulated activity in traditional securities) (Existing Intermediary) that provide certain VA-related services are subject to a “VA top-up” in the terms and conditions of their existing licences.<sup>3</sup> Banks providing VA custodian services are expected to comply with guidance on the expected standards of VA custodians published by the Hong Kong Monetary Authority (HKMA). There are regulatory gaps where VA services are provided by entities falling outside the oversight of the SFC and HKMA.

## Key takeaways

1. **New licensing regimes for VA dealing, custodian, advisory and management services are in the pipeline; draft legislation expected in 2026**
  - Licensing requirements are expected to apply to persons who carry on a business in Hong Kong of providing VA dealing, VA custodian, VA advisory and VA management services. Persons without the appropriate licence cannot actively market (from anywhere in the world) such services to the Hong Kong public.
  - A draft bill (based on the Conclusions and the conclusions to the Further Consultation) is intended to be introduced to the Legislative Council in 2026. The regimes will be implemented through amendments to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO).
2. **Scope of VA dealing to broadly mirror “dealing in securities” with the precise scope of exemptions under consideration**
  - The scope of VA dealing is expected to broadly mirror that of “dealing in securities” (Type 1 regulated activity) under the Securities and Futures Ordinance and cover persons who, by way of business<sup>4</sup>, make or

<sup>1</sup> “Virtual assets” is defined in section 53ZRA of AMLO.

<sup>2</sup> The consultation period of the Further Consultation ends on 26 January 2026.

<sup>3</sup> See the Joint Circular of the SFC and HKMA on Intermediaries’ VA-related activities dated 22 December 2023.

<sup>4</sup> The consultation paper stated the concept of “by way of business” will exclude peer-to-peer transactions between individuals where no intermediary is involved, but this has been dialled back in the Conclusions which state it will depend on the substance of the transaction.

offer to make agreements, or induce or attempt to induce another person, to acquire, dispose of, subscribe for or underwrite VAs (VA Dealing).

- Examples of VA Dealing include VA conversion and VA broker-dealer services, whether at physical outlets or otherwise.
- HK-licensed stablecoin issuers conducting regulated stablecoin activity will be exempted. The scope of other exemptions, such as transactions conducted through SFC-regulated VA dealers, transactions conducted as principal, intra-group transactions and the use of VAs as a means of payment for goods or services, are under consideration. This will be a key aspect to iron out as the definition of VA Dealing is otherwise broad.

### 3. VA dealers must partner with SFC-licensed custodians and potentially SFC-licensed VATPs

- Currently, an Existing Intermediary is required to ensure any VA dealing is conducted through an SFC-licensed VATP.<sup>5</sup> To bring global liquidity to Hong Kong, the consultation paper initially floated the option of allowing VA dealers under the new regime to deal via non-SFC licensed VATPs that are regulated overseas. The Conclusions appeared to back away from this and instead flagged the SFC had recently **permitted** VATPs to access intra-group liquidity via a shared global order book, indicating VA dealers may be required to partner with SFC-licensed VATPs under the new regime.
- VA dealers will be required to custody client VAs with VA custodians licensed under the new regime.

### 4. Scope of VA custody targets the safekeeping of private keys

- Provision of VA custodian services will cover **persons who, by way of business, provide the safekeeping of instruments enabling transfer of VAs of clients (including but not limited to private keys) on behalf of clients.**
- This targets entities safekeeping private keys (or similar) as they are the ones subject to operational risks that most impact the safekeeping of client VAs. Excluded from scope are top-layer trustees or fund managers that use a third-party custodian and arrangements where the client can *unilaterally* access and transfer its VAs.
- Currently, Existing Intermediaries must custody client VAs with SFC-licensed VATPs, banks or subsidiaries of locally-incorporated banks; and licensed VATPs are in turn required to perform custodian services through their wholly-owned subsidiaries. Under the new regime, banks and subsidiaries of locally-incorporated banks and VATPs may be required to obtain their own VA custody licence if they safekeep private keys.

### 5. Scope of VA advisory and management to broadly mirror securities regime; no de minimis threshold for VA management

- Broadly, the Further Consultation proposes that “advising on VAs” means giving advice on, or issuing analyses or reports to facilitate recipients to decide, whether and the terms on which VAs should be acquired or disposed; and providing “virtual asset management” means providing a service of managing a portfolio of VAs for another person. Exemptions and regulatory requirements will broadly align with those applicable to Type 4 (advising on securities) and Type 9 (asset management) regulated activity respectively with similar incidental exemptions.
- It is proposed the 10% de minimis threshold available to Existing Intermediaries will not apply under the new regime. This means an entity providing asset management services for a portfolio that invests in VAs, regardless of the level of VA allocation, will need to be licensed.

### 6. No transitional period; early engagement with regulators

- There will be a “hard” commencement date for the new regimes, with no deeming arrangement for existing VA service providers. Providers of in-scope services that wish to commence or continue to provide such services are asked to contact the SFC or HKMA (as applicable) as soon as possible to initiate the pre-application process and give feedback on the regulatory requirements.

---

<sup>5</sup> There are currently 11 SFC-licensed VATPs.

- An expedited approval process will be available to certain regulated entities (such as Existing Intermediaries, licensed VATPs and banks) (or their associated entities) who are currently providing in-scope services under the existing framework.

For further information, please feel free to contact **Vincent Chan**.

## CONTACTS



VINCENT CHAN

PARTNER

T: +86 10 5965 0610

E: [vincent.chan@slaughterandmay.com](mailto:vincent.chan@slaughterandmay.com)

### London

T +44 (0)20 7600 1200

F +44 (0)20 7090 5000

### Brussels

T +32 (0)2 737 94 00

F +32 (0)2 737 94 01

### Hong Kong

T +852 2521 0551

F +852 2845 2125

### Beijing

T +86 10 5965 0600

F +86 10 5965 0650

Published to provide general information and not as legal advice. © Slaughter and May, 2025.

For further information, please speak to your usual Slaughter and May contact.

[www.slaughterandmay.com](http://www.slaughterandmay.com)