



Policy Statement 2.0 on the Development of Digital Assets¹ in Hong Kong

Vision for a trusted and innovative digital assets hub

The Government of the Hong Kong Special Administrative Region is steadfast in its commitment to establishing Hong Kong as a premier global hub for digital assets (“DA”) — a trusted market where innovation flourishes in a risk-managed manner, delivering concrete benefits to the real economy and financial markets.

2. This Policy Statement 2.0 issued by the Financial Services and the Treasury Bureau (“FSTB”) reflects Hong Kong’s proactive response to the evolving global DA landscape. Anchored in the principle of “same activity, same risks, same regulation,” this statement seeks to outline a forward-looking strategy to empower businesses, enhance financial inclusion, cultivate talent, while also upholding investor protection and financial security, solidifying Hong Kong’s status as a leading international financial centre.

“LEAP” towards a trusted, sustainable, and deeply integrated DA ecosystem embedded within the real economy

3. Building on the foundational initiatives promulgated in the pioneering Policy Statement of October 2022², which included establishing robust regulations, introducing innovative products like DA exchange-traded funds (“ETFs”), expanding investor access through retail participation, and launching pilot projects such as green bond tokenisation, Hong Kong is poised to “LEAP” towards a trusted, sustainable, and

¹ The term “Digital Assets” is to be used by the Government in lieu of “Virtual Assets” to better reflect the nature of this asset class, and align with the understanding across international markets.

² https://gia.info.gov.hk/general/202210/31/P2022103000454_404805_1_1667173469522.pdf

deeply integrated DA ecosystem embedded within the real economy. The “ASPIRe” roadmap announced by the Securities and Futures Commission (“SFC”) earlier is designed to future-proof Hong Kong’s DA ecosystem in navigating an evolving landscape, with a series of initiatives including adaptive compliance and product frameworks (e.g. for derivatives trading) that balance investor protection with market competitiveness. This Policy Statement 2.0 outlines the next phase of development, focusing on strategic measures to enhance liquidity in DA trading, diversify DA product offerings, and strengthen Hong Kong’s position as a global DA hub. The Government and our regulators also welcome quality DA service providers from around the world to participate in our DA market, which helps promote market liquidity and healthy competition.

4. To achieve this vision and the ultimate goal of a future-ready DA ecosystem that integrates with the real economy and financial markets, the Government proposes a series of strategic policy directions and will implement a number of corresponding initiatives. These efforts are designed to be technology-agnostic, ensuring adaptability to future DA innovations while embedding them into the real economy and financial systems for sustainable growth. The initiatives are structured under the “**LEAP**” framework — “**L**”egal and regulatory streamlining, “**E**”xpanding the suite of tokenised products, “**A**”dvancing use cases and cross-sectoral collaboration, and “**P**”eople and partnership development — to deliver a trusted, innovative, and vibrant DA ecosystem that reinforces Hong Kong’s leadership in the global financial landscape.

“L” - Legal and regulatory streamlining:

- (a) Comprehensive regulatory framework with a unified approach;
- (b) Legal and regulatory review on tokenisation;

“E” – Expanding the suite of tokenised products:

- (c) Regularising the issuance of tokenised Government bonds;
- (d) Incentivising the tokenisation of real-world assets (“RWAs”) and financial assets;

“A” – Advancing use cases and cross-sectoral collaboration:

- (e) Supporting stablecoin and other tokenisation projects including exploring payment use cases in stablecoins;
- (f) Facilitating collaboration among the regulators, law enforcement agencies (“LEAs”) and technology providers;

“P” – People and partnership development

- (g) Strengthening talent development efforts in partnership with the market and universities; and
- (h) Positioning Hong Kong as a centre of excellence to share knowledge and foster cooperation with other jurisdictions

“L” - Legal and regulatory streamlining

(a) Comprehensive regulatory framework with a unified approach

5. Building on the progress since 2022, the Government, in partnership with the regulators and industry stakeholders, will continue to develop a comprehensive legal and regulatory regime for DA to ensure the sustainable and responsible developments of the DA ecosystem in Hong Kong. This regime covers DA exchanges, stablecoin issuers, DA dealing service providers and DA custodian service providers, with investor and consumer protection at its core. A key next step is the consultation to be launched on the licensing regimes for DA dealing service providers and DA custodian service providers, which seek to address investors’ needs in / for sourcing liquidity, block trading and asset safekeeping. The Government proposes designating SFC as the leading authority for licensing and registering DA dealing service providers, setting the standards, streamlining oversight and minimising potential regulatory arbitrage across different DA licensing frameworks, while the Hong Kong Monetary Authority (“HKMA”) will be the frontline regulator for banks and supervise their DA dealing activities.

6. Similarly, SFC will be the leading authority for licensing and registering DA custodian service providers and setting standards, while HKMA will be the frontline regulator for banks and supervise their DA custodian activities.

7. This unified and holistic approach will enhance market integrity, facilitate a wide range of activities and large-volume transactions, and provide clarity for market participants. The regime will also support efficient risk management and liquidity provision, ensuring a balanced ecosystem that fosters innovation while safeguarding investors. Regular reviews and stakeholder engagement will keep the framework adaptable to technological and market developments.

8. Meanwhile, Hong Kong will continue to implement DA-relevant international standards, including the Policy Recommendations for Crypto and Digital Asset Market of the International Organization of Securities Commissions, the Global Regulatory Framework for Crypto-asset Activities of the Financial Stability Board, the prudential treatment of cryptoasset exposures of the Basel Committee on Banking Supervision, and the Crypto-Asset Reporting Framework of the Organisation for Economic Co-operation and Development for tax transparency.

(b) Legal and regulatory review on tokenisation

9. The tokenisation of RWAs and financial instruments presents an opportunity for new technologies to converge with traditional finance, transform economic activities and financial market structures, which could in turn create efficiency gains, reduce costs, enhance transparency and facilitate investor participation. To fully harness this potential, a clear, certain and facilitating legal and regulatory regime is essential. FSTB and HKMA will spearhead a legal and regulatory framework review, drawing on international experiences and best practices, with a view to promoting further adoption of tokenisation in Hong Kong. While the initial focus of the review will be on the bond market, which has already moved beyond the proof-of-concept stage, the review will shed light on tokenisation of other RWAs and financial instruments. The review will adopt a holistic approach and consider different aspects of tokenised bond issuances and transactions, including but not limited to settlement, registration and record requirements, etc. Throughout the review, the

Government will collaborate with legal experts and industry stakeholders to ensure the findings and related suggestions are both practical and future-proof, positioning Hong Kong as a leader in this innovative field.

“E” – Expanding the suite of tokenised products:

(c) Regularising the issuance of tokenised Government bonds

10. Building on the pioneering move to demonstrate the benefits of tokenisation with two landmark tokenised Government green bond issuances (totalling around HK\$6.8 billion), the Government will regularise the issuance of tokenised Government bonds, explore different currency and tenor options, and other innovative features. In doing so, the Government hopes to provide the market with a steady supply of high quality digital bonds, further broaden accessibility, and attract a wider investor base. To further reap the benefits of tokenisation, FSTB and HKMA will continue to engage with industry experts to seek market insights on areas including the integration of digital money to enhance transaction efficiency, use cases in the secondary market, and ways to further broaden investor access to the local bond market. By leading with tokenised bonds and relevant regularisation of issuance, the Government aims to set a global benchmark, inspiring confidence in the technology and encouraging its adoption across public and private sectors.

(d) Incentivising the tokenisation of RWAs and financial assets

11. The tokenisation of RWAs and financial market instruments can enhance efficiency, accessibility and potential liquidity in Hong Kong’s markets. Under the HKMA’s Project Ensemble, of which SFC is a key partner and co-lead for the participation of the asset management industry, the Government is actively encouraging innovative use cases. These range from tokenising typical financial products such as money market funds and other funds, to revenue stream from RWA such as electric vehicle charging stations. HKMA is exploring an Ensemble Infrastructure that will facilitate the seamless interbank settlement of tokenised deposits to streamline processes and enhance liquidity.

12. The London Metal Exchange (“LME”) has included Hong Kong as a delivery point within its global network and approved warehouse operators for the storage of LME-registered brands of metals in Hong Kong. To further develop the commodity trading ecosystem, the Government encourages application of tokenisation and RWA tracking for the warehousing initiative in our market. The technology for token creation can act as global inventory identifier, assisting in tracking metal assets as well as sustainability and other related data, facilitating Hong Kong’s further integration into the global inventory system.

13. The Government will expand these tokenisation efforts, promoting the tokenisation of a broader range of assets and financial instruments, demonstrating the versatility of this technology across sectors such as precious metals (e.g. gold) and non-ferrous metals and renewable energy (e.g. solar panel).

14. Currently, stamp duty waiver is provided for the transfer of all ETFs listed on the Stock Exchange of Hong Kong. To promote tokenisation, the Government will issue clarification that the waiver is also applicable to the transfer of tokenised ETFs. With this clarification, the Government welcomes market participants to explore benefits from tokenising ETFs, for example money market ETFs, including introduction of secondary market trading of these tokenised ETFs on licensed digital asset trading platforms or through other channels. Looking ahead, the Government is open to review the tax treatment regarding the transfer of other SFC-authorised funds, taking into account both financial implications and market development considerations.

15. On profits tax concessions offered to privately-offered funds and family-owned investment holding vehicles, the Government will submit legislative proposals to expand the types of qualifying transactions eligible for tax concessions to include specified DA. Subject to approval by the Legislative Council, the tax concessions will take effect from the year of assessment 2025/2026.

“A” – Advancing use cases and cross-sectoral collaboration:

(e) Supporting stablecoin and other tokenisation projects including exploring payment use cases in stablecoins;

16. Stablecoin holds potential to transform payments, supply chain management, and capital market activities by offering a cost-effective and efficient alternative to traditional systems. The Government’s regulatory regime for stablecoin issuers, which will commence operation on 1 August 2025, is a cornerstone of this vision, incorporating robust requirements for reserve asset management, stabilisation mechanisms, redemption processes, and prudential risk management. These measures help ensure the stability and trustworthiness of stablecoin issuances, making them more reliable for both domestic and international use. Corporates engaging in cross-border trade and settlement have expressed strong interest in leveraging stablecoin to reduce costs and accelerate transactions. To realise this potential, the Government and the regulators will provide a conducive environment and necessary regulatory guidance to enable licensed stablecoin issuers in Hong Kong to explore and implement different stablecoin use cases, with a view to addressing real-world pain points in economic activities. To demonstrate the Government’s support and to take the lead, we welcome proposals from market participants on how the Government may test the usage of licensed stablecoins, for example in enhancing efficiency of Government payments.

(f) Facilitating collaboration among the regulators, LEAs and technology providers

17. Cyberport, Hong Kong’s digital technology incubator, has been a strong supporter for tokenisation projects in Hong Kong and provides startups with a dynamic environment to explore innovative fintech solutions, mainly through its collaboration with HKMA for Project Ensemble. To further support the development of tokenisation projects, Cyberport in collaboration with relevant DA sector stakeholders will provide support through its incubation ecosystem. This will include access to business matching opportunities, technical assistance, mentorship from industry experts, and the opportunity to join a range of accelerator programmes with focus on DA and Web3. Startups and enterprises working on tokenisation solutions will benefit from tailored resources, enabling them to pilot and commercialise innovative ideas. To further these efforts, Cyberport will launch a funding scheme for Blockchain & DA, offering

funding to exemplary and high-impact applications with potentials to serve as benchmark for future use cases. Funding aside, Cyberport will also support the effective implementation of these pilot projects through assistance and coordination with relevant stakeholders as needed.

18. The Government's dedicated team at InvestHK welcomes and stands ready to support players in the DA ecosystem in setting up and expanding businesses in Hong Kong. Among different types of available support, InvestHK can connect prospective DA service providers with banks and various professional and supporting services to facilitate business setup.

19. The Hong Kong Exchanges and Clearing Limited has developed the first set of DA index series in Hong Kong to provide investors with transparent and reliable benchmarks for Bitcoin and Ether pricing in the Asian time zone, supporting Hong Kong's development as Asia's leading digital assets hub.

20. To uphold market integrity and build trust in the DA system, the Government will encourage development of DA infrastructures, including but not limited to various Regtech, Cybersecurity, surveillance and monitoring solutions with local presence and deep regional expertise. These tools will strengthen Hong Kong's regulatory framework and capability, promoting safe and sustainable development of DA. The Government will facilitate partnerships among technology providers, our regulators, LEAs to optimise these solutions, ensuring that they meet the specific needs of our DA ecosystem.

“P” – People and partnership development

(g) Strengthening talent development efforts in partnership with the market and universities

21. The Government will continue to encourage training and talent development by the DA industry focusing on blockchain adoption, AI integration and DA innovations, with a view to grooming local talents, attracting global DA-skilled experts to Hong Kong, and supporting the growth of startups and financial institutions.

The first edition of Talent List announced in 2018 already included fintech professionals (including those with DA expertise from around the world). Going forward, Cyberport will assist the Government in achieving this objective by leveraging its training-related initiatives on Web3, blockchain and AI technologies, thereby helping to create a stable pipeline of professionals who can constantly drive innovation and contribute to the local DA landscape. These initiatives include experience sharing sessions and partnerships with global DA firms to provide cutting-edge knowledge to our talent pool.

(h) Positioning Hong Kong as a centre of excellence to share knowledge and foster cooperation with other jurisdictions

22. The Government will foster strategic partnerships amongst the universities and industry players to bridge academic research with practical applications in the DA field. Joint research initiatives will focus on developing new blockchain applications, tokenisation frameworks, surveillance and AI-driven financial tools. By providing students with real-world exposure to DA projects, these collaborations will cultivate a new generation of entrepreneurs, researchers and technologists, ensuring a continuous flow of ideas and expertise. By aligning academic excellence with industry needs, Hong Kong will build a sustainable talent pool to support our DA ambitions.

23. The Government will foster collaboration between the regulators and LEAs and support the development of a transparent, secure and resilient DA market through coordinating efforts among local regulators and LEAs. The Government will, together with our regulators, support and participate in international cooperation, including through relevant international organisations and establishing memoranda of understanding with regulators and other governmental agencies in other jurisdictions to enable information sharing and supervisory collaboration in the DA field. The Government will also ensure inter-agency coordination through the existing high-level internal mechanism.

Conclusion: A future where innovation, trust and prosperity converge

24. Policy Statement 2.0 represents a continued commitment and a “**LEAP**” to transform Hong Kong into a global leader in the DA field. Through a unified regulatory framework, legal and regulatory review, regular issuance of tokenised government bonds, expansion of RWAs and financial product tokenisation, facilitation of stablecoin use cases, strengthening regulatory collaboration and promoting international cooperation, the Government is laying a solid foundation for innovation and growth. Coupled with a vibrant ecosystem supported by training and project support, university-industry collaboration and advanced DA infrastructures, Hong Kong is poised to deliver significant benefits to the global real economy and financial markets. Together with our regulators, industry stakeholders and the community, we will build a future where innovation, trust and prosperity converge, scaling Hong Kong to new heights of global DA leadership.

Financial Services and the Treasury Bureau

Government of the Hong Kong Special Administrative Region

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