

PANORAMIC

CRYPTOASSETS & BLOCKCHAIN

Hong Kong



LEXOLOGY

Cryptoassets & Blockchain

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GENERAL LEGAL AND REGULATORY FRAMEWORK

Legal framework

What legal framework governs cryptoassets? Is there specific legislation governing cryptoassets and businesses transacting with cryptoassets?

The current legal framework governing Hong Kong's cryptoassets regime is largely based on the securities and futures regime established under the [Securities and Futures Ordinance](#) (Cap. 571, Laws of Hong Kong) (SFO). The Securities and Futures Commission (SFC), the primary regulator for securities, futures and asset management businesses, administers the SFO regime.

The threshold for whether the SFO regime in Hong Kong applies depends on whether the product being dealt with constitutes 'securities' or 'futures contracts', as such terms are defined in the SFO. If the relevant product does not constitute securities, futures contracts or other regulated financial instruments, then such products, and services being provided in respect of such products, will fall outside of the securities and futures regime.

Under the [Anti-Money Laundering and Counter-Terrorist Financing Ordinance](#) (Cap. 615, Laws of Hong Kong) (AMLO), virtual asset service providers (VASP) that operate a centralised virtual asset trading platform (VATP) that uses an automated trading engine (that matches client orders) and also provides custody services as an ancillary service are required to be licensed with the SFC.

On 1 August 2025, the Stablecoins Ordinance (Cap. 656, Laws of Hong Kong) (SO) came into force, establishing a regime for licensing of stablecoin issuers and regulating the offering of stablecoins in Hong Kong.

Other than the SFO, AMLO VASP and SO regimes, no other specific statutory regime in Hong Kong currently regulates virtual asset activities. Therefore, some cryptoasset activities remain unregulated in Hong Kong. However, depending on the structure and nature of the activities, there may be a need to seek licensing under other regimes such as the trust and company service provider (TCSP) regime (for providing trust services, which is often relevant for cryptoasset custodians) or the money service operator regime (for providing remittance or currency exchange services, which can be relevant for fiat currency on and off ramps).

The Hong Kong government and the SFC are currently consulting on legislative proposals to regulate dealing in virtual assets and virtual asset custodian services, with the consultation conclusions and draft legislative amendments/rules expected late 2025 and the regime to be enacted during 2026.

Law stated - 30 September 2025

Government policy

How would you describe the government's general approach to the regulation of cryptoassets in your jurisdiction?

The Hong Kong government and regulators have historically taken a relatively cautious approach to regulating cryptoassets. Unlike other jurisdictions that have introduced a comprehensive framework to regulate all cryptoasset activities, Hong Kong has taken an

incremental approach. It started by regulating activities considered to be higher risk from an investor protection perspective, and then broadened the regulatory framework to address other activities.

Hong Kong regulators have also moved carefully to allow licensed entities under their jurisdiction to undertake digital asset activities. In 2021, the Hong Kong Monetary Authority (HKMA), the SFC and the Insurance Authority issued guidance to licensed entities interested in conducting virtual asset-related activities, requiring them to:

- notify the relevant regulator before undertaking such activities;
- adopt appropriate policies and procedures to mitigate the financial crime and other risks; and
- take steps to ensure investor protection.

In particular, SFC-licensed intermediaries who wish to distribute virtual asset-related products, provide virtual asset dealing or advisory services or conduct asset management services with respect to virtual assets will have additional terms and conditions imposed on their licence applying standards seen in the securities and futures regime. The Hong Kong regulators adopt the principle of 'same activity, same risks, same regulation' when establishing guardrails for cryptoasset activities.

Hong Kong continues to implement recommendations published by international standard-setting bodies such as the Financial Action Task Force (FATF) and the Financial Stability Board (FSB). In June 2023, the AMLO was amended to comply with FATF requirements. In August 2025, the SO came into force to establish a regime for licensing of stablecoin issuers, reflecting the recommendations set out by the FSB.

Hong Kong has taken the lead in authorising virtual asset exchange-traded funds (ETFs), available to be traded by retail investors. Currently, the SFC has approved, and the Stock Exchange of Hong Kong has listed, Bitcoin and Ether futures ETFs and Bitcoin and Ether spot ETFs.

In February 2025, the SFC published its ASPIRe (Access, Safeguards, Products, Infrastructure, and Relationships) framework with the aim of solidifying Hong Kong's role as a trusted nexus for virtual asset liquidity. To execute its vision, the SFC will establish new licensing regimes, attract liquidity providers and platforms to Hong Kong, and adopt balanced regulation that ensures both investor protection and market access.

Law stated - 30 September 2025

Regulatory authorities

Which government authorities regulate cryptoassets and businesses transacting with cryptoassets?

The SFC is the main regulatory authority overseeing cryptoassets and businesses falling within the SFO and the AMLO VASP regimes.

The HKMA is the regulator for the stablecoin regime.

Law stated - 30 September 2025

Regulatory penalties

What penalties can regulators impose for violations relating to cryptoassets?

Depending on the conduct and offence committed, the SFC has the power to seek or impose injunctions, fines and imprisonment under the AMLO.

For example, a person providing a regulated virtual asset service without an appropriate licence from the SFC commits an offence and can be liable on conviction on indictment to a fine of HK\$5 million and to imprisonment for seven years. In the case of a continuing offence, the person could face an additional fine of HK\$100,000 for each day the offence continues. The SFC can also seek a court injunction to restrain the commission of prohibited conduct.

Law stated - 30 September 2025

Court jurisdiction

Which courts have jurisdiction over disputes involving cryptoassets?

For matters falling within the jurisdiction of the Hong Kong courts:

- the Small Claims Tribunal deals with monetary claims arising from contract or tort, involving amounts not exceeding HK\$75,000;
- the District Court deals with civil claims up to HK\$3 million; and
- the Court of First Instance of the High Court has unlimited jurisdiction in civil matters.

Law stated - 30 September 2025

Legal status of cryptocurrency

Is it legal to own or possess cryptocurrency, use cryptocurrency in commercial transactions and exchange cryptocurrency for local fiat currency in your jurisdiction?

No laws currently prohibit the ownership or possession of cryptocurrencies, their use in commercial transactions or the exchange of cryptocurrencies for local fiat currency.

Law stated - 30 September 2025

Fiat currencies

What fiat currencies are commonly used in your jurisdiction?

The Hong Kong dollar is the legal tender in Hong Kong.

Law stated - 30 September 2025

Industry associations

What are the leading industry associations addressing legal and policy issues relating to cryptoassets?

The FinTech Association of Hong Kong, Web3 Harbour, the Asia Securities Industry & Financial Markets Association, the International Swaps and Derivatives Association and the Alternative Investment Management Association, among others, play an important role in engaging regulators and addressing legal and policy issues relating to cryptoassets in Hong Kong.

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Law stated - 30 September 2025

CRYPTOASSETS FOR INVESTMENT AND FINANCING

Regulatory threshold

What attributes do the regulators consider in determining whether a cryptoasset is subject to regulation under the laws in your jurisdiction?

Generally, a cryptoasset is subject to securities regulation in Hong Kong if it is characterised as 'securities' or 'futures contracts' as defined in the Securities and Futures Ordinance (SFO). The definition of 'securities' is broad and includes shares, stocks, debentures, loan stocks, funds, bonds and notes of Hong Kong or overseas companies, as well as rights, options, or interests in such instruments, certificates, receipts or warrants for such instruments and interests in certain 'collective investment schemes'. The definition of a 'futures contract' includes a contract or an option on a contract made under the rules or conventions of a futures market.

A cryptoasset that constitutes a security or futures contract will be subject to the SFO regime. Those dealing in security tokens could be subject to potential licensing and product authorisation requirements.

Under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), a 'virtual asset' includes a cryptographically secured digital representation of value that:

- is expressed as a unit of account or a store of economic value;
- either (A) is used, or is intended to be used, as a medium of exchange accepted by the public, for any one or more of the following purposes:
 - payment for goods or services;
 - discharge of a debt;
 - investment;
- or (B) provides rights, eligibility or access to vote on the management, administration or governance of the affairs in connection with, or to vote on any change of the terms

of any arrangement applicable to, any cryptographically secured digital representation of value;

- can be transferred, stored or traded electronically; and
- satisfies other characteristics prescribed by the Securities and Futures Commission (SFC).

However, there are exclusions from the definition of virtual assets, including central bank digital currencies (CBDC), limited-purpose digital tokens (eg, customer loyalty or reward points or in-game assets) and securities or futures contracts.

A person operating a virtual asset trading platform (VATP) may be subject to potential licensing obligations under the AMLO VASP regime.

Stablecoins are also subject to the offering and licensing regime set out in the SO.

Law stated - 30 September 2025

Investor classification

How are investors in cryptoassets classified and treated differently?

In general, investors are classified into 'professional investors' and non-professional investors in Hong Kong.

'Professional investors' are high-net-worth individuals with a portfolio of at least HK\$8 million, corporations with portfolios of at least HK\$8 million or total assets of at least HK\$40 million, or institutional investors such as licensed banks, broker-dealers and asset managers.

'Non-professional investors' are persons who do not meet the definition of a professional investor.

Institutions are required to comply with stringent investor protection measures when dealing with retail investors, including suitability, product authorisation and disclosure requirements. When dealing with professional investors, institutions may rely on certain exemptions to disapply some more onerous regulatory obligations.

For example, under the SFC's [Guidelines for Virtual Asset Trading Platform Operators](#) (VATP Guidelines), VATPs are permitted to onboard non-professional investors, but they will be required to limit such investors' access to only 'eligible large-cap virtual assets'. In particular, the virtual assets that retail investors are permitted to trade are required to feature in at least two 'acceptable indices' issued by at least two separate and independent index providers and must not constitute securities under the SFO.

In contrast, professional investors can be allowed to access all cryptoassets listed on a VATP, including security tokens.

When dealing with certain qualified corporate and institutional professional investors, VATPs can further be exempt from certain investor protection measures, such as complying with a suitability obligation.

Law stated - 30 September 2025

Initial coin offerings

What rules and restrictions govern the conduct of, and investment in, initial coin offerings (ICOs)?

Generally, offers of utility tokens which do not constitute securities or other regulated financial instruments are not subject to any licensing or product authorisation requirements. However, the AMLO provides that it is an offence to:

- engage in any fraudulent or deceptive devices in transactions in virtual assets; and
- fraudulently or recklessly induce others to invest in virtual assets.

Law stated - 30 September 2025

Security token offerings

What rules and restrictions govern the conduct of, and investment in, security token offerings (STOs)?

Under the SFO, it is an offence to issue an advertisement, invitation or document that contains an invitation to the Hong Kong public to enter into a securities agreement or to acquire an interest in a collective investment scheme unless the issue is authorised by the SFC.

In addition, there may be a requirement to issue a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (CWUMPO) in connection with shares or debentures issued by a company.

Therefore, if the token constitutes securities or an interest in a collective investment scheme, then the SFC's approval may be required for offerings of such tokens to the Hong Kong public.

Various exemptions to the above requirements apply, including when the product is offered only to professional investors.

In addition, unless an exemption applies, any person who markets and distributes security tokens (whether in Hong Kong or targeting Hong Kong investors) may need to be licensed under the SFO for Type 1 (dealing in securities) regulated activity. SFC-licensed intermediaries marketing and distributing security tokens will be required to ensure compliance with all existing legal and regulatory requirements, including suitability and other investor protection obligations.

Law stated - 30 September 2025

Stablecoins

What rules and restrictions govern the issue of, and investment in, stablecoins?

The SO came into force on 1 August 2025.

Under the SO, any person who issues a fiat-referenced stablecoin (FRS) in Hong Kong (or actively markets such FRS to the Hong Kong public), or issues an FRS that purports to reference the Hong Kong dollar, will need to be licensed by the HKMA.

Stablecoin issuers are subject to a number of minimum licensing criteria, including financial resources, reserve assets management, governance, risk management and anti-money laundering (AML)/combating the financing of terrorism (CFT) requirements.

Only certain Hong Kong-licensed entities, for example, banks, securities firms, stored value facilities, and virtual asset trading platforms (permitted offerors) can offer FRS in Hong Kong. Stablecoins, which are not licensed by the HKMA, will only be permitted to be offered by the permitted offerors to 'professional investors' (ie, non-retail investors).

Law stated - 30 September 2025

Airdrops

Are cryptoassets distributed by airdrop treated differently than other types of offering mechanisms?

No, cryptoassets distributed by airdrop are not treated differently than other types of offering mechanisms. The applicable regulatory regime depends on the nature and status of the cryptoassets.

If a cryptoasset falls within the SFO or the CWUMPO regime, then the SFO authorisation and prospectus requirements could be triggered, depending on how the airdrop is conducted.

Law stated - 30 September 2025

Advertising and marketing

What laws and regulations govern the advertising and marketing of cryptoassets used for investment and financing?

To the extent that the cryptoasset constitutes securities or other regulated financial instruments, the securities and futures regime under the SFO would apply, and the prospectus regime under CWUMPO would need to be considered. In particular, if the cryptoasset is marketed to the Hong Kong retail public, then SFC authorisation may be required, and the person conducting the marketing may need to be licensed by the SFC (and comply with the general conduct rules around advertising and marketing of securities).

If the cryptoasset does not constitute securities, then the general prohibition in the AMLO on engaging in any fraudulent or deceptive devices in transactions in virtual assets; and fraudulently or recklessly inducing others to invest in virtual assets would apply to advertising and marketing activity.

The SFC is also currently consulting on amendments to the AMLO to restrict the use of titles that may give the impression that the business is carrying on virtual asset activity, unless a licence has been obtained.

Law stated - 30 September 2025

Trading restrictions

Are investors in an ICO/STO/stablecoin subject to any restrictions on their trading after the initial offering?

To the extent that the cryptoasset constitutes securities or other regulated financial instruments, trading on the secondary market could trigger SFC authorisation and prospectus requirements under the SFO and CWUMPO. Persons offering or trading such products may also need to be licensed with the SFC, unless an exemption applies.

Law stated - 30 September 2025

Crowdfunding

How are crowdfunding and cryptoasset offerings treated differently under the law?

Crowdfunding and cryptoasset offerings that amount to offers of securities or other regulated financial instruments are subject to the securities and futures regime under the SFO and prospectus regime under CWUMPO.

Law stated - 30 September 2025

Transfer agents and share registrars

What laws and regulations govern cryptoasset transfer agents and share registrars?

Currently, no laws or regulations specifically govern cryptoasset transfer agents or share registrars.

If the cryptoasset transfer agent or share registrar will provide custody services, it may need to be licensed with the Companies Registry as a trust or company service provider. If they provide fiat currency remittance or exchange services, they may need to be licensed with the Hong Kong Customs and Excise Department as a money service operator.

Law stated - 30 September 2025

Anti-money laundering and know-your-customer compliance

What anti-money laundering (AML) and know-your-customer (KYC) requirements and guidelines apply to the offering of cryptoassets?

Certain financial and other institutions regulated under the AMLO, including VASPs, must comply with AML/KYC requirements when dealing with their customers. Such institutions are required to implement customer due diligence, AML risk mitigation and other internal controls to verify the identity and keep appropriate records about their customers.

The Drug Trafficking (Recovery of Proceeds) Ordinance (Cap. 405, Laws of Hong Kong), the Organized and Serious Crimes Ordinance (Cap. 455, Laws of Hong Kong) and the United

Nations (Anti-Terrorism Measures) Ordinance (Cap. 575, Laws of Hong Kong) (UNATMO) impose statutory obligations on all persons to:

- report suspicious transactions in connection with property representing proceeds of drug trafficking or an indictable offence, or if any property is terrorist property, and
- make it an offence to deal with such property.

The UNATMO and the United Nations Sanctions Ordinance (Cap. 537 of the Laws of Hong Kong) implement sanctions imposed by the United Nations Security Council. The Weapons of Mass Destruction (Control of Provision of Services) Ordinance (Cap. 526, Laws of Hong Kong) restricts the provision of services suspected of being related to the proliferation of weapons of mass destruction.

The SFC, HKMA and other regulators have also issued further AML guidance which applies to their respective licensees.

Law stated - 30 September 2025

Sanctions and Financial Action Task Force compliance

What laws and regulations apply in the context of cryptoassets to enforce government sanctions, anti-terrorism financing principles, and Financial Action Task Force (FATF) standards?

Hong Kong is a Financial Action Task Force (FATF) member and implements FATF's recommendations and guidance. Its comprehensive statutory AML regime applies to all persons and requires reporting of suspicious transactions, and establishes offences related to dealing with criminal property.

In the context of cryptoassets, the Hong Kong government and the SFC have referred to FATF guidance on cryptoassets and VASPs when implementing changes to the AMLO to establish a VASP regime in Hong Kong. The AMLO also implements the FATF Travel Rule, which requires VASPs and other financial institutions to share originator and beneficiary information when conducting virtual asset transactions. AML/CFT and sanction compliance obligations have also been extended to VASPs.

Law stated - 30 September 2025

CRYPTOASSET TRADING

Fiat currency transactions

What rules and restrictions govern the exchange of fiat currency and cryptoassets?

Other than the licensing obligations and applicable regulations under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance virtual asset service providers (AMLO VASP) and/or the Securities and Futures Ordinance (SFO) regimes, no other rules and restrictions govern the exchange between fiat currency and cryptoassets.

Law stated - 30 September 2025

Exchanges and secondary markets

Where are investors allowed to trade cryptoassets? How are exchanges, alternative trading systems and secondary markets for cryptoassets regulated?

Whether cryptoasset exchanges, alternative trading systems and secondary markets must be licensed under the SFO and/or the AMLO VASP regime depends on the kind of cryptoassets that are traded and how the platform is structured.

In particular, the SFO regime governs centralised trading platforms that trade security tokens while the AMLO VASP regime governs centralised trading platforms that trade non-security tokens. It is possible to be dually licensed under the SFO and AMLO VASP regimes to offer trading of both security and non-security tokens.

Under the virtual asset trading platform (VATP) Guidelines, platforms licensed by the Securities and Futures Commission (SFC) are permitted to onboard non-professional investors, but they will be required to limit such investors' access to only 'eligible large-cap virtual assets'.

Law stated - 30 September 2025

Custody

How are cryptoasset custodians regulated?

Currently, no specific regime regulates cryptoasset custodians. However, a person providing trust services (ie, acting as a trustee of an express trust) must be licensed with the Hong Kong Companies Registry under the trust and company service provider (TCSP) regime and will be subject to AML obligations. Many cryptoasset custodians have structured their businesses so that they are eligible to be regulated under the TCSP regime and any custodian for a licensed VATP must be a wholly-owned subsidiary of the VATP and licensed under the TCSP regime.

The HKMA has also issued guidance to banks carrying on digital asset custody services. They are expected to put in place policies and procedures around governance and risk management to ensure client assets are properly segregated and safeguarded.

The Hong Kong government and the Securities and Futures Commission (SFC) are currently consulting on establishing a regime for virtual asset custodian services.

Currently, no specific regime regulates cryptoasset custodians. However, a person providing trust services (ie, acting as a trustee of an express trust) must be licensed with the Hong Kong Companies Registry under the trust and company service provider (TCSP) regime, and will be subject to AML obligations. Many cryptoasset custodians have structured their businesses so that they are eligible to be regulated under the TCSP regime and any custodian for a licensed VATP must be a wholly-owned subsidiary of the VATP and licensed under the TCSP regime.

Law stated - 30 September 2025

Broker-dealers

How are cryptoasset broker-dealers regulated?

Currently no specific regime regulates cryptoasset broker-dealers who fall outside the securities and futures regime. Cryptoasset broker-dealers who deal with security tokens and other cryptoasset financial instruments may need to be licensed for Type 1 (dealing in securities) or Type 2 (dealing in futures contracts) regulated activities with the SFC.

The Hong Kong government and the SFC are currently consulting on establishing a regime for dealing in virtual assets.

Law stated - 30 September 2025

Decentralised exchanges

What is the legal status of decentralised cryptoasset exchanges?

A decentralised cryptoasset exchange may need to be licensed for certain regulated dealing activities or for the provision of trading platform services, depending on how it is structured and operated, whether any securities or other regulated financial instruments are traded on the platform and whether it comes into possession of any client assets.

Law stated - 30 September 2025

Peer-to-peer exchanges

What is the legal status of peer-to-peer (person-to-person) transfers of cryptoassets?

Subject to the relevant AML laws and regulations, the transfer of cryptoassets on a peer-to-peer basis is not regulated in Hong Kong.

Law stated - 30 September 2025

Trading with anonymous parties

Does the law permit trading cryptoassets with anonymous parties?

The AMLO requires regulated institutions, including VATPs, to conduct KYC/AML checks prior to entering into a business relationship with a customer. The institutions are required to verify the customer's identity using documentation provided by a government or other similar body. In addition, the AMLO also implements the FATF Travel Rule in Hong Kong, and requires institutions to share originator and beneficiary information when conducting virtual asset transactions.

Subject to the relevant AML laws and regulations, including those noted above, there are no restrictions on trading cryptoassets with anonymous parties.

Law stated - 30 September 2025

Foreign exchanges

Are foreign cryptocurrency exchanges subject to your jurisdiction's laws and regulations governing cryptoasset exchanges?

Foreign cryptocurrency exchanges that actively market their services to the Hong Kong public are generally required obtain a licence with the SFC under the SFO and/or AMLO VASP regime.

The SFC has stated by way of guidance that active marketing can include:

those who frequently call on Hong Kong investors and market their services (including offering products); running a mass media programme targeting the investing public in Hong Kong; and Internet activities that target Hong Kong investors

Factors increasing the risk of active marketing include:

- having a detailed marketing plan to promote the services;
- extensively advertising services via marketing means such as direct mailing, advertisements in local newspapers, broadcasting or other 'push' technology over the internet;
- marketing conducted in a concerted manner and executed in accordance with a plan or a schedule; and
- services packaged to target the Hong Kong public, e.g., written in Chinese and denominated in Hong Kong dollars.

Notably, the SFC's guidance on active marketing dates back to 2003 and may be an area that the SFC considers updating in due course.

Law stated - 30 September 2025

Foreign exchanges

Under what circumstances may a citizen of your jurisdiction lawfully exchange cryptoassets on a foreign exchange?

Subject to the foreign cryptocurrency exchange being properly licensed in Hong Kong, if applicable, a Hong Kong citizen can lawfully exchange cryptoassets on a foreign cryptocurrency exchange.

Law stated - 30 September 2025

Taxes

Do any tax liabilities arise in the exchange of cryptoassets (for both other cryptoassets and fiat currencies)?

The Hong Kong Inland Revenue Department classifies cryptoassets into three categories as follows:

- payment tokens (eg, the tokens are used or intended to be used as a means of payment for goods and services).
- security tokens (ie, the tokens are characterised as securities conferring some form of an ownership interest in the business and/or rights to share in the profits of the business).
- utility tokens (ie, the token rights confer access to goods or services, and the token issuer or other group or affiliated entity will accept the tokens as payment for goods and services).

In the context of a token sale (eg, an ICO), if the tokens are characterised as securities, the proceeds received from the token sale will be treated as capital and will not be taxable. If the tokens are not characterised as securities (eg, a utility token), the proceeds received from the token sale will be treated as a prepayment for goods or services.

If investors hold cryptoassets for long-term investment purposes, the proceeds generated from such holdings would not be taxable. In considering whether the assets should be regarded as capital assets or trading stock of a business will depend on the degree, frequency of activity, system and organisation, and whether the purpose of the holding/trading is to make a profit.

If a person is considered to be carrying on a business (eg, facilitating trading, exchanging or mining cryptoassets), only Hong Kong-sourced profits are subject to Hong Kong profits tax.

Law stated - 30 September 2025

CRYPTOASSETS USED FOR PAYMENTS

Government-recognised assets

Has the government recognised any cryptoassets as a lawful form of payment or issued its own cryptoassets?

The Hong Kong Monetary Authority (HKMA) has been researching central bank digital currencies (CBDCs) to understand their benefits and possible applications to retail and business transactions. In 2023, the HKMA launched the e-HKD Pilot Programme, which is looking at the possible implementation of a retail CBDC known as 'e-HKD' in the future. The e-HKD Pilot Programme is expected to explore use cases and review implementation and design issues with financial, payment and technology sectors being selected to participate in the first round of pilots.

Other than the current proposals around launching a Hong Kong CBDC, Hong Kong has not recognised any cryptoassets as legal tender. Instead, cryptoassets such as Bitcoin are generally viewed as virtual commodities, which is a term that does not have a specific legal definition in Hong Kong.

Law stated - 30 September 2025

Bitcoin

Does Bitcoin have any special status among cryptoassets?

No, but the Securities and Futures Commission (SFC) and HKMA have acknowledged that Bitcoin is a virtual commodity and not a 'security' or 'futures contract'.

Law stated - 30 September 2025

Banks and other financial institutions

Do any banks or other financial institutions allow cryptocurrency accounts?

Hong Kong regulators expect that banks and financial institutions providing virtual asset dealing services to customers will partner with an SFC-licensed virtual asset trading platform (VATP). Customers can open cryptocurrency trading accounts with the SFC-licensed VATP directly, or the institutions can open an omnibus account with the VATP and trade on behalf of their customers.

Banks can also provide standalone custody services by adhering to the HKMA's guidance issued around digital asset custodial services.

Law stated - 30 September 2025

CRYPTOCURRENCY MINING

Legal status

What is the legal status of cryptocurrency mining activities?

Currently, no law specifically governs cryptocurrency mining in Hong Kong. However, cryptocurrency miners may need to consider land use, energy and other restrictions when setting up data and cryptocurrency mining centres.

Law stated - 30 September 2025

Government views

What views have been expressed by government officials regarding cryptocurrency mining?

The Hong Kong government has not expressed any definite views on cryptocurrency mining.

Law stated - 30 September 2025

Cryptocurrency mining licences

Are any licences required to engage in cryptocurrency mining?

No.

Law stated - 30 September 2025

Taxes

How is the acquisition of cryptocurrency by cryptocurrency mining taxed?

Companies operating in the cryptocurrency mining sector will be subject to the usual Hong Kong corporate taxes.

Law stated - 30 September 2025

BLOCKCHAIN AND OTHER DISTRIBUTED LEDGER TECHNOLOGIES

Node licensing

Are any licences required to operate a blockchain/DLT node?

Generally, no.

Law stated - 30 September 2025

Restrictions on node operations

Is the operation of a blockchain/DLT node subject to any restrictions?

A person in Hong Kong involved in the operation of a blockchain/distributed ledger technology (DLT) node would be subject to general Hong Kong anti-money laundering (AML) obligations to comply with sanctions laws and not to deal in proceeds of crime.

Depending on the nature and status of the blockchain/DLT node (such as whether the blockchain/DLT node is a private blockchain/DLT node) and the identity of the operator, further AML obligations could apply to the person operating the blockchain/DLT node.

Law stated - 30 September 2025

DAO liabilities

What legal liabilities do the participants in a decentralised autonomous organisation (DAO) have?

Currently, DAOs are not recognised as legal entities in Hong Kong. Therefore, the legal status of a DAO will need to be determined on a case-by-case basis depending on how it is structured and operated. There is no clear legal or regulatory guidance on how DAOs will be treated under Hong Kong law. A DAO could possibly be treated as an unincorporated association or partnership, in which case the operator and/or the participants could be responsible for the DAO's liabilities.

Law stated - 30 September 2025

DAO assets

Who owns the assets of a DAO?

There has been limited jurisprudence or guidance on how assets of a DAO would be treated under Hong Kong law. However, if a DAO has no legal personality, it would not be able to hold assets in its own name.

Law stated - 30 September 2025

Open source

Is DLT based on open-source protocols or software treated differently under the law than private DLT?

Currently no specific law governs DLT whether based on open-source protocols/software or proprietary/private protocols.

Law stated - 30 September 2025

Smart contracts

Are smart contracts legally enforceable?

A smart contract can be legally enforceable under Hong Kong law if it satisfies the basic elements of contract formation. However, there has been limited jurisprudence on how courts would apply common law principles to smart contracts. For example, smart contracts may not be enforceable if the instrument would need to comply with certain formalities, such as with respect to wills and contracts for the sale and purchase of immovable property.

Law stated - 30 September 2025

Patents

Can blockchain/DLT technology be patented?

In general, for a patent to be granted in Hong Kong (including with respect to blockchain/DLT technology), the invention must:

- be susceptible to industrial application;
- be new; and
- involve an inventive step.

Law stated - 30 September 2025

UPDATE AND TRENDS

Recent developments

Are there any emerging trends, notable rulings or hot topics related to cryptoassets or blockchain in your jurisdiction?

In March 2023, the Hong Kong Court of First Instance ruled in *Re Gatecoin Limited* [2023] HKCFI 914. The case involved a Hong Kong cryptocurrency exchange in liquidation, with liquidators applying to the court to determine how certain assets should be distributed among the exchange's creditors. The court expressly confirmed for the first time that cryptocurrency is 'property' under Hong Kong law and can be held on trust. This decision aligns Hong Kong with the position in other major common law jurisdictions. The court also found, based on the facts and circumstances of this particular case, that the cryptocurrency exchange did not hold assets on trust for its customers under its latest applicable terms and conditions. This rendered such customers unsecured creditors, rather than beneficiaries, of the exchange.

On 2 November 2023, the Securities and Futures Commission (SFC) issued two widely anticipated circulars on tokenisation. One circular provides [conduct-related guidance to intermediaries engaging in tokenised securities-related activities](#) (Activities Circular). The other circular addresses the [tokenisation of SFC-authorised investment products](#) (Products Circular), such as retail investment funds.

Tokenisation refers to the process of digitally representing an asset (or ownership of that asset) using distributed ledger technology (DLT) through the use of digital tokens. Popular examples of tokenised assets include tokenised financial instruments such as bonds and funds, as well as other real-world assets such as real property and artwork.

In the circulars, the SFC differentiates between:

- tokenised securities: traditional financial instruments (eg, bonds or funds) that are characterised as 'securities' under Hong Kong securities law and utilise DLT.
- digital securities: a larger category of 'securities' that utilise DLTs and may or may not be traditional financial instruments. Digital securities that do not qualify under the narrower subset of tokenised securities are securities with no links to extrinsic rights or underlying assets and that have no controls to mitigate the risks that ownership rights may not be accurately recorded. For example, per the SFC, fractionalised interests in real-world or digital assets, such as artwork or land, are held in a manner different from a traditional fund structure.

Tokenised securities

Since tokenised securities are fundamentally traditional securities with a tokenisation wrapper, the existing securities and prospectus regime will continue to apply. However, with new and heightened ownership and technology risks around tokenised securities because of the use of DLT networks, the SFC will require intermediaries to consider a range of conduct requirements when engaging in tokenised securities-related activities.

Digital securities-related activities

Intermediaries cannot offer digital securities to retail investors in breach of the securities and prospectus requirements. If such securities are distributed on an online platform, the

platform must be properly designed and have appropriate access rights and controls to ensure compliance with selling restrictions. Since digital securities (which are not tokenised securities) have heightened risks and legal uncertainties, they are likely to be regarded as 'complex products' in connection with suitability requirements.

To protect clients' interests, intermediaries dealing in digital securities are reminded to implement appropriate additional internal controls to address the specific risks and unique nature of the digital security.

Products circular

In Hong Kong, investment products offered to the Hong Kong public (including to retail investors) must be authorised by the SFC and are subject to stringent investor protection and disclosure requirements. Managers have shown interest in tokenising retail investment products by creating blockchain-based tokens that represent ownership in the investment product. Such tokens can theoretically be offered directly to end-investors, distributed by SFC-licensed intermediaries, or traded between blockchain participants.

The SFC currently believes that it is appropriate to allow primary dealing of tokenised SFC-authorized investment products (eg, subscriptions and redemptions; and intermediaries can distribute such tokenised products to end-investors). However, the SFC will need more time to consider permitting secondary trading of tokenised SFC-authorized investment products (eg, permitting trading of such tokenised products on SFC-licensed trading platforms) because of concerns over issues such as liquidity and fair pricing.

Investment product providers looking to engage in primary dealing of tokenised SFC-authorized investment products will need to comply with a range of requirements articulated in the Products Circular.

Dealing activities in tokenised products

In February 2024, the Hong Kong Monetary Authority (HKMA) followed up with its own circular providing guidance to banks looking to carry on dealing activities in tokenised products that are digital representations of real-world assets. As a general principle, the HKMA will look to the underlying product and apply the same prevailing supervisory requirements and consumer and investor protection measures to the tokenised form of that product. However, the HKMA expects that banks will implement additional procedures around due diligence, product and risk disclosure and risk management to ensure customers are protected from DLT-related risks.

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