Leading financial market transformation through technology and ESG

We embrace innovation and sustainability, which are essential to serving the needs of the rapidly-evolving real economy of Hong Kong and the Mainland. By advancing the Fintech ecosystem and aligning with global sustainability disclosure standards, we build robust and future-ready markets that reinforce Hong Kong's role as a global financial hub and a bridge between emerging and developed markets.

Driving digital asset ecosystem development under A-S-P-I-Re

During the year, we continued to advance the security, innovation and growth of Hong Kong's digital asset market by pursuing a range of initiatives under the five pillars of our **ASPIRe** roadmap[1]. These pillars are: **A**ccess, **S**afeguards, **P**roducts, **I**nfrastructure and **Re**lationships.

Access

Completing puzzle for VA regulatory frameworks

- Launched and concluded a joint consultation with the Financial Services and the Treasury Bureau (FSTB) in 2025 on proposed licensing regimes for virtual asset (VA) dealing and custodian service providers, which received broad market support. The regimes will set the standards for these providers and ensure robust investor protection based on the "same business, same risks, same rules" principle.
- Launched a further consultation with the FSTB in late 2025 to extend the proposed licensing framework towards VA advisory and management service providers, modelled on existing securities regulations. The SFC and the FSTB are finalising the legislative proposals for the new regimes and plan to introduce a bill into the Legislative Council in 2026.

Increasing market accessibility and tapping global liquidity

- Issued guidance to SFC-licensed virtual asset trading platforms (VATPs) in November 2025, allowing them to combine orders with those of their overseas affiliates in a shared order book. With this key step to attract global platforms, order flows and liquidity providers, Hong Kong investors stand to benefit from enhanced liquidity and more competitive pricing under robust safeguards.
- Permitted affiliates of licensed VATPs to act as market makers on the platforms, giving VATPs an additional avenue for liquidity.
- Licensed a total of 12 VATPs as of March 2026; also reviewing licence applications of seven VATP applicants, including four deemed applicants under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO).

Licensees under the AMLO

	As at 31.3.2026	As at 31.3.2025	As at 31.3.2024
Licensed providers	**12**	10	0
Licensed individuals	**141**	104	0
Total	**153**	114	0

Licensing applications under the AMLO

	2025/26	2024/25	2023/24
Applications for SFC licences	**80**	158	35

1 The SFC's **ASPIRe** roadmap was launched in February 2025.

Safeguards

Fostering security and resilience for long-term development

- Ensured adequate investor safeguards are built into all new digital asset-related initiatives within the year, including new VA regulatory frameworks, further integration with global liquidity, as well as new product and service offerings allowed (eg, staking, margin financing, high-level leveraged product framework).
- Provided further clarification to VATPs on the minimum requirements for the safe custody of client VAs, which covers governance responsibilities, cold wallet infrastructure, use of third-party solutions and real-time threat monitoring.

Products

Expanding VA product and service offerings

- Brought the total number of SFC-authorised VA spot exchange-traded funds (ETFs) to 11, after authorising five more in the year, including the Asia's first Solana spot ETF.
- Provided guidance to licensed VATPs on providing staking services and to SFC-authorised funds with VA exposure on engaging in staking.
- Became the first in the Asia-Pacific to allow staking for VA spot ETFs through licensed VATPs for yield enhancement; permitted three ETFs to engage in staking, and two licensed VATPs to provide staking services as of March 2026.
- Allowed VA brokers to offer VA financing to securities margin clients to enable margin clients with strong credit profiles and collateral to participate more actively in VA trading, subject to the sufficiency of collateral and robust investor safeguards.
- Issued additional guidance jointly with the Hong Kong Monetary Authority (HKMA) to further allow intermediaries to use off-platform VA trading services of VATPs and clarify requirements on clients' subscriptions and redemptions of investment products using VAs.
- Allowed VATPs to offer trading in VAs without a 12-month track record for professional investors and for HKMA-licensed stablecoins, as well as distribute tokenised securities and digital asset-related investment products; enabled associated entities of SFC-licensed VATPs to provide custody services for VAs or tokenised securities not traded on their platforms.
- Set out a high-level framework to guide VATPs in developing proposals for VA-related leveraged products to support professional investors' risk management and deepen spot market liquidity.

As of 31 March 2026:

11 VA spot ETFs

Market capitalisation

$4.3 billion

▲90%

since launch in April 2024

Driving tokenised products

- Worked with the Government to drive a breakthrough in stamp duty waiver for tokenised ETFs to support their secondary trading; the Government confirmed the waiver for the transfers of Hong Kong-listed ETFs also applies to tokenised ETFs.
- Authorised eight tokenised retail money market funds[2] and one gold ETF with a tokenised class during the year.

2 These include the introduction of tokenised classes to existing SFC-authorised money market funds.

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Infrastructure

Tokenisation to increase industry efficiency

- Co-led tokenisation initiatives for the asset management sector with the HKMA under Project Ensemble, providing regulatory guidance to Sandbox participants which completed their experiments in 2025 with diverse tokenisation use cases across various themes.
- Project Ensemble progressed in November 2025 to its pilot phase, Ensemble^{TX}, enabling real-value transactions involving tokenised deposits and digital assets in a controlled environment.
- Collaborated with the HKMA and the industry to bring tokenisation use cases to life on payment and asset management; several banks have launched live tokenised deposits.

Enhancing cross-border collaboration

- Signed a memorandum of understanding with the Capital Market Authority of the United Arab Emirates in January 2026 — the SFC's first agreement with an overseas regulator dedicated to supervisory collaboration on regulated digital asset entities.

As of 31 March 2026:

13 tokenised retail products

AUM

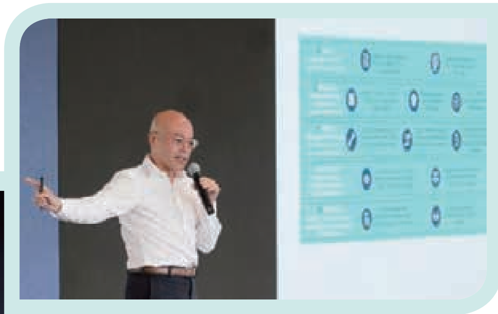
$10.8 billion

▲**594%** YoY

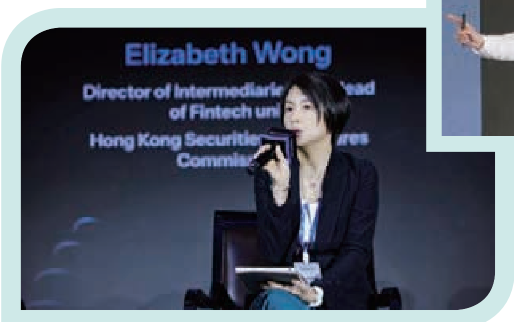
Relationships

Empowering the industry through engagement

- Continued our active engagement with the industry and the wider public through co-organising or participating in various local and international conferences, seminars, interviews, webinars, training sessions and events.
- Engaged in ongoing dialogue with VATPs through meetings of the Digital Asset Consultative Panel to understand the latest market developments and assist us in formulating regulatory policies.
- Supported market initiatives to raise the digital asset sector's awareness towards regulatory compliance standards; for instance, we spoke at a seminar organised by the Association of Fund Administrators of Hong Kong and the Greater Bay Area (AFA seminar).



Executive Director of Intermediaries Dr Eric Yip at AFA seminar



Director of Intermediaries and Head of Fintech unit Ms Elizabeth Wong at Finternet Conference 2025

ASPIRe roadmap

Leading financial market transformation through technology and ESG

Fostering responsible AI innovation across financial sector

Taking a bold leap in advancing artificial intelligence (AI) innovation, the SFC, together with the HKMA, Insurance Authority and Mandatory Provident Fund Schemes Authority, launched the Generative Artificial Intelligence (GenAI) Sandbox++ initiative in March 2026 to accelerate responsible AI adoption across Hong Kong's financial ecosystem. It also fosters collaboration across regulators, financial institutions and technology firms to unlock AI's potential to boost efficiency, resilience and growth.

Debuting as the GenAI Sandbox in 2024, the GenAI Sandbox++ has expanded to cover banking, securities and capital markets, asset and wealth management, insurance, mandatory provident funds and stored value facilities, while continuing to explore "AI vs. AI" strategies by leveraging AI to manage the risks associated with AI adoption.

Launched in collaboration with Hong Kong Cyberport Management Company Limited (Cyberport), the new initiative provides a risk-controlled environment for participants to develop their GenAI solutions across risk management, anti-fraud measures and customer experience. Participants will receive targeted supervisory guidance and technical support, as well as access to computing resources at Cyberport's AI Supercomputing Centre.

Promoting sustainable development for markets

Advancing Hong Kong's leading role in sustainable finance

Hong Kong remains at the forefront of sustainable finance as a premier international financial centre, underpinned by robust regulatory frameworks to help drive transition to the low-carbon economy. The SFC chairs the Sustainable Finance Working Group under the International Organization of Securities Commissions' (IOSCO) Asia-Pacific Regional Committee (APRC), exerting our influence in shaping regional sustainable finance policies. See "Sustainability" on pages 100-106 for details.

During the year, we contributed to two major IOSCO publications: first, the *IOSCO Sustainable Bonds Report* published in May 2025, which identifies the key characteristics and trends associated with the sustainable bond market; second, the *IOSCO Final Report on ESG Indices as Benchmarks* published in November 2025, which discusses the unique characteristics and market trends of ESG benchmarks.

Locally, we co-chair the Green and Sustainable Finance Cross-Agency Steering Group[3] (Steering Group) with the HKMA and participate in all its working groups. Key initiatives in the past year included:

- Implementing the Roadmap on Sustainability Disclosure in Hong Kong
- Developing the regulatory framework for sustainability assurance in Hong Kong
- Publishing the Hong Kong Green Fintech Map
- Enhancing the free climate data tools, including the greenhouse gas emissions calculator and estimation tool, and the non-listed company sustainability reporting questionnaire
- Developing the Hong Kong Taxonomy for Sustainable Finance Phase 2A and the transition finance sectoral guidance

3 Established in May 2020, the Steering Group is co-chaired by the SFC and HKMA, and also includes the FSTB, Environment and Ecology Bureau, Insurance Authority, Mandatory Provident Fund Schemes Authority, Accounting and Financial Reporting Council and Hong Kong Exchanges and Clearing Limited.

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Steering Group 2026-28 Strategic Priorities

Pillar I – Strengthen Sustainable Finance and Disclosure Ecosystem

- Enhance sustainability disclosure
- Deepen sustainable finance markets
- Strengthen external engagement
- Support talent development

Pillar II – Develop Strengths in Transition and Adaptation Finance

- Scale transition finance
- Support adaptation finance

To enhance Hong Kong's position as a competitive and future-ready sustainable finance hub, the Steering Group published its 2026-2028 strategic priorities in January 2026. It aims to strengthen the sustainable finance and disclosure ecosystem and also further develop transition and adaptation finance. See "Sustainability" on pages 100-106 for details on the Steering Group's upcoming initiatives.

Adopting global sustainability disclosure standards

As an international sustainable finance centre, Hong Kong aligns with international standards and regulatory approaches to enable clear, consistent and comparable sustainability-related disclosures for investors' decision making.

Through collaboration among local authorities and regulators, Hong Kong became one of the first jurisdictions recognised by the IFRS[4] Foundation with a commitment to "fully adopting" the IFRS Sustainability Disclosure Standards (ISSB Standards). The recognition was based on the Roadmap on Sustainability Disclosure in Hong Kong[5]. The city was among the first batch of jurisdictional profiles issued by the foundation in June 2025.

To share Hong Kong's experience in adopting the ISSB Standards, Chief Executive Officer (CEO) Ms Julia Leung spoke at the 2025 Beijing International Sustainability Conference last June. She highlighted the critical importance of adopting the ISSB Standards as a global baseline for Hong Kong's role as an international financial centre in facilitating cross-border capital flows. In addition, she emphasised Hong Kong's coordinated, cross-agency implementation approach to address shared challenges and to scale sustainable finance solutions.

CEO Ms Julia Leung (right) spoke at the 2025 Beijing International Sustainability Conference

4 International Financial Reporting Standards.

5 In December 2024, the HKSAR Government published the Roadmap on Sustainability Disclosure in Hong Kong, which sets out a clear pathway for large Publicly Accountable Entities to fully adopt the ISSB Standards no later than 2028.

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Stakeholder engagement and capacity building

We work with the Investor and Financial Education Council (IFEC), an SFC subsidiary dedicated to improving financial literacy in Hong Kong, to raise public awareness and understanding of sustainable finance through mass communication and public outreach initiatives.

During the year, the SFC's senior executives continued to take part in local, regional and international forums to share insights, facilitate knowledge exchange, and introduce our regulatory initiatives on sustainable finance.

We co-organised the inaugural International Carbon Markets Summit with Hong Kong Exchanges and Clearing Limited in April 2025, gathering over 200 participants representing local and overseas regulators, carbon trading venues, corporates and investors. Discussion topics included harmonising international standards and best practices in carbon credit issuance and secondary trading, expanding cross-border transactions, and deploying technology to facilitate linkages. On the sidelines of the event, CEO Ms Leung chaired a regulatory roundtable to discuss scaling of voluntary carbon markets with local and international stakeholders from both the public and private sectors.

Chairman Dr Kelvin Wong (third from right) and CEO Ms Leung (second from right) at the International Carbon Markets Summit

Our Director of Supervision of Markets Mr Ryan Ko spoke at the ASEAN Capital Markets Forum International Conference 2025 in Kuala Lumpur, Malaysia, in November 2025. He updated the development of Hong Kong's voluntary carbon market (VCM) and shared his views on the credibility and connectivity of VCMs.

In addition, we contributed to the creation of the Hong Kong Green Fintech Map 2025 officially launched in June 2025. Developed in partnership with Cyberport and InvestHK, the map serves as a comprehensive directory featuring more than 60 firms that provide green and sustainable financial technology solutions in Hong Kong.

Hong Kong Green Fintech Map 2025

Nurturing sustainable finance talent

We continue to support talent development in sustainable finance through our capacity building initiatives. We organised a student-focused seminar titled "Building the Future: How Green Fintech is Transforming Financial Services" in July 2025 for over 100 participants to explore the pivotal role of green Fintech applications in the financial services sector. In addition to examining these real-world applications, the event highlighted how technologies drive sustainable development and enhance market efficiency.

We administer the HKSAR Government's Pilot Green and Sustainable Finance Capacity Building Support Scheme with the HKMA and the Insurance Authority. The scheme provides subsidies to market practitioners who undertake green and sustainable finance-related training and professional qualifications. We also offer university students exposure to sustainable finance policy development through our Sustainable Finance Internship Programme, which has been running since 2022.

Gatekeeping ESG funds

Gatekeeping against greenwashing remains one of the SFC's priorities. As of 31 March 2026, there were 190 SFC-authorised ESG funds with total AUM of $1,090.4 billion (US$139.1 billion).

Uniting stakeholders for sustainability in Hong Kong Green Week

During the Hong Kong Green Week held in September 2025, the SFC co-hosted three events and spearheaded discussions on climate and transition finance, reinforcing Hong Kong's leading role in these areas.

At the Forum on Sustainability Disclosures we jointly hosted with the FSTB, SFC Chairman Dr Kelvin Wong emphasised the critical importance of adopting global sustainability disclosure standards for both corporates and investors. Attended by over 200 policymakers and industry leaders, the forum examined the adoption of the ISSB Standards and how disclosures can drive sustainable development and climate financing. In a fireside chat alongside senior regulators from the United Arab Emirates, CEO Ms Leung highlighted regulators' role in facilitating access to climate and sustainability related information, and underscored the significance of connecting financial markets across the Asia-Pacific and the Middle East.

As part of our commitment to regional collaboration, we co-hosted a roundtable under the ADBI[a]-ADB[b] Asian Climate Finance Dialogue to exchange views on developing sustainability-themed financial instruments to advance sustainable finance across Asia-Pacific capital markets. Frameworks and mechanisms to facilitate the use of these instruments and mobilise transition finance were also discussed.

a Asian Development Bank Institute.

b Asian Development Bank.

Chairman Dr Wong spoke at the Forum on Sustainability Disclosures

In partnership with the International Transition Plan Network, we convened an industry roundtable for leaders from local, regional and international markets to engage in a strategic dialogue on transition finance. They discussed best practices for credible corporate transition plans and examined how enhanced disclosures can effectively mobilise transition finance in Hong Kong and across the region.