



# Leading financial market transformation through technology and ESG



Innovation and sustainability are essential to solidifying Hong Kong's future prospect as a leading international financial centre. By advancing the Fintech ecosystem and aligning with global sustainability disclosure standards, we are building 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

The joint consultations on introducing regulatory regimes for virtual asset (VA) dealing and custodian service providers ended in August. The Financial Services and the Treasury Bureau (FSTB) and the SFC are reviewing the responses received and working on the consultation conclusions. The proposed regimes will enable qualified participants to set up business in Hong Kong, enhance investors' choice, and integrate the city's VA liquidity with the world's.

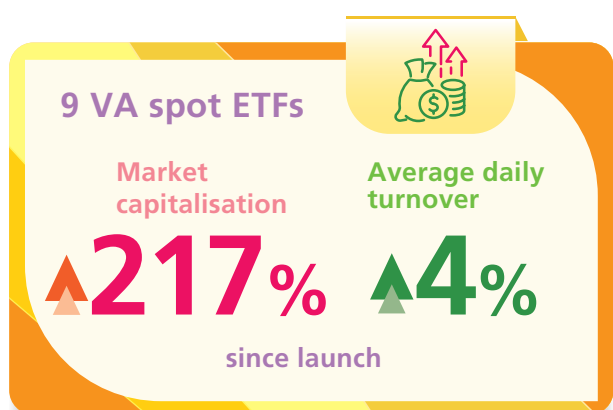
As part of the initiatives under Pillar **A (Access)** of the SFC's **ASPIRE** roadmap, the SFC and the Hong Kong Monetary Authority (HKMA) issued a supplemental joint circular in September, further refining the framework for intermediaries engaging in VA-related activities. Intermediaries may now provide staking services to their clients and use off-platform VA trading services of SFC-licensed VA trading platforms (VATPs), subject to specified safeguards. The supplemental joint circular also clarified requirements regarding clients' subscriptions and redemptions of investment products using VAs.

We also facilitate participation in the VA market. As at end-September, the SFC had licensed a total of 11 VATPs and was reviewing the licence applications of eight VATP applicants.

To strengthen platform resilience and safeguard client assets amid rising cybersecurity risks under Pillar **S (Safeguards)**, we outlined in a circular our minimum requirements and examples of good practices to strengthen custody controls. These include governance responsibilities, cold wallet infrastructure, use of third-party solutions and real-time threat monitoring.

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To enhance Pillar **P** (Products) of the roadmap, the SFC further authorised three new VA spot exchange-traded funds (ETFs) investing directly in Bitcoin and Ether in July. This was part of our ongoing efforts to expand VA product offerings, building on the launch of Asia's first batch of six SFC-authorized VA spot ETFs last year.



After adding these three ETFs, the total market capitalisation of all nine ETFs have surged 217% to US\$920 million since the city's initial launch of VA spot ETFs, while the average daily turnover rose 4% to US\$6.0 million as at end-September, respectively. Additionally, three of these ETFs are engaged in staking through licensed VATPs.

In October, we further authorised Asia's first VA spot ETF investing directly in Solana<sup>1</sup>.

To advance Pillar **Re** (Relationships), we continued to drive harmonisation of global regulatory standards on digital assets and other Fintech matters through participating in global fora and speaking at over 10 seminars, panel discussions, training sessions and events organised by or partnered with government authorities, regulatory bodies and industry associations, both locally and internationally.

### Licensees under the AMLO

	As at 30.9.2025	As at 31.3.2025	change (%)	As at 30.9.2024	YoY change (%)
Licensed providers	11	10	10.0	2	450.0
Licensed individuals	122	104	17.3	43	183.7
<b>Total</b>	<b>133</b>	<b>114</b>	<b>16.7</b>	<b>45</b>	<b>195.6</b>

### Licensing applications under the AMLO

	Quarter ended 30.9.2025	Six months ended 30.9.2025	Six months ended 30.9.2024	YoY change (%)
Applications for SFC licences	22	41	120	-65.8

<sup>1</sup> Post-reporting period.

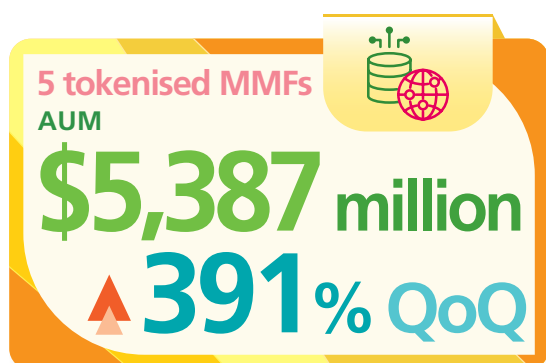
## Tokenisation to increase market efficiency

Under the Roadmap for the Development of Fixed Income and Currency (FIC) Markets published in September, the SFC, in collaboration with the HKSAR Government, has confirmed that the stamp duty waiver for the transfers of Hong Kong-listed ETFs also applies to tokenised ETFs. This supports secondary trading of tokenised products in Hong Kong and helps expand access to tokenised FIC products through licensed dealers and platforms with longer trading hours. It will also improve settlement efficiency and enhance collateral and liquidity management.

The SFC has co-led with the HKMA tokenisation initiatives for the asset management sector under Project Ensemble since its launch in 2024. During the quarter, we continued to provide regulatory guidance to Sandbox participants to support their experimentation on tokenisation use cases and held a number of stakeholder meetings. We expect the experiments to be completed in batches within 2025.

During the quarter, the SFC authorised two tokenised retail money market funds (MMFs), bringing the total number to five as of end-September<sup>2</sup>. Total assets under management (AUM) of their tokenised classes reached \$5,387 million (US\$692 million), up 391% from previous quarter, mainly due to significant inflows into one of the MMFs.

We further approved one new tokenised retail MMF<sup>2</sup> in October<sup>3</sup>.



2 Including the introduction of tokenised classes to existing SFC-authorized money market funds.

3 Post-reporting period.

4 We are a member of the International Platform on Sustainable Finance, a member of the United Nations Sustainable Stock Exchanges Initiative's Consultative Group, Transition Plans Advisory Group and Small and Medium Enterprises and Sustainability Advisory Group, and an official sector member of the International Transition Plan Network.

5 Environmental, social and governance.

## Advancing Hong Kong's leading role in sustainable finance

Under the leadership of our Chief Executive Officer (CEO) Ms Julia Leung as Vice Chair of the Sustainable Finance Task Force (STF) of the International Organization of Securities Commissions (IOSCO), the SFC continued to play a pivotal role in shaping global standards.

During the quarter, we actively participated in international initiatives<sup>4</sup>, including engaging in discussions at the International Transition Plan Network First Global Dialogue on the role of transition planning and transition plan disclosures in global efforts to address climate change. We also contributed to the IOSCO STF Green Finance and Innovation Workstream's final report on ESG<sup>5</sup> indices used as benchmarks.

The Hong Kong Green Week held in September drew more than 14,500 participants across over 40 events. The SFC co-hosted three events: the Forum on Sustainability Disclosures co-organised with the FSTB, a roundtable held jointly with the Asian Development Bank Institute (ADBI), and a meeting hosted together with the International Transition Plan Network (ITPN). See page 40 for more details of the Forum on Sustainability Disclosures.

As part of the Green Week, the roundtable co-hosted with the ADBI marked the fifth roundtable under the Asian Climate Finance Dialogue Project. It was aimed to promote the development of sustainable-related thematic instruments and facilitate discussions of sustainable finance in Asia-Pacific capital markets.

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Roundtable on Developing Capital Markets through Various Sustainable-related Thematic Instruments

Senior regulators and officials from 12 jurisdictions in Asia shared insights on the trends and innovations in instruments such as green bonds, blue bonds and ESG funds. Participants, including experts from the Asian Development Bank (ADB), ADBI and the private sector, discussed how to facilitate the use of these instruments and mobilise transition finance.

Also, in a meeting we co-hosted with the ITPN, industry participants – local, regional and international markets – discussed best practices for developing credible corporate transition plans and explored how related disclosures can mobilise transition financing in Hong Kong and beyond.

### Leading local sustainable finance efforts

We co-chair the Green and Sustainable Finance Cross-Agency Steering Group<sup>6</sup> (Steering Group) alongside the HKMA and actively participate in all of its working groups.

At the Steering Group's meeting in August co-chaired by our CEO Ms Leung and the HKMA's Chief Executive Mr Eddie Yue, members reviewed significant progress made on a range of regulatory and market development initiatives. Advancements were made in sustainability disclosures, carbon markets, transition finance, data and technology, as well as capacity building and outreach efforts.

### Gatekeeping ESG funds

During the quarter, we continued to facilitate ESG fund development while rigorously gatekeeping against greenwashing. As at 30 September, there were 203 SFC-authorized ESG funds with total AUM of \$1,185.5 billion (US\$152.3 billion).

### Extending sustainability education and outreach efforts

We remain committed to talent development by hosting our annual student-focused sustainable finance seminar in July. Titled "Building the Future: How Green Fintech is Transforming Financial Services" this year, the seminar attracted over 100 students and emphasised the practical applications of green Fintech in the financial services sector. In addition to highlighting the catalytic role of technology in advancing sustainable development in the real economy, the event showcased the Hong Kong Green Fintech Map 2025 jointly developed by the Steering Group with the industry.



Building the Future: How Green Fintech is Transforming Financial Services seminar

<sup>6</sup> Established in May 2020, the Steering Group is co-chaired by the SFC and HKMA. Other members include 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.