

Leading financial market transformation through technology and ESG



Innovation and sustainability are essential to solidifying Hong Kong's standing as a leading international financial centre. By advancing the Fintech ecosystem and aligning with global sustainability disclosure standards, we are building robust, future-ready markets that reinforce Hong Kong's role as a global financial hub and a bridge between developed and emerging markets.

Fostering a robust digital asset ecosystem

Enhancing virtual asset regulatory framework

We are working on a suite of new regimes to complete the regulatory framework for Hong Kong's digital asset ecosystem to foster a robust and secure market under Pillar **A** (Access) of the SFC's **ASPIRe** roadmap.

Together with the Financial Services and the Treasury Bureau (FSTB), the SFC published in May the joint consultation conclusions on the legislative proposal to regulate virtual asset (VA) advisory and management service providers in Hong Kong. Having received broad market support, we will proceed to finalise the legislative proposals for the new regulatory regimes covering VA dealing, custody, advisory and management under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), aiming to introduce a bill into the Legislative Council in 2026.



Meanwhile, the SFC continued to facilitate participation in the VA market, having licensed 13 virtual asset trading platforms (VATPs) as of end-June. Licence applications from six VATP applicants were under review.

Total of
13 licensed VATPs
Reviewing
6 VATP licence applications



Driving product ecosystem vibrancy

The digital asset product ecosystem continued to advance under Pillar **P** (Products) of the Roadmap. The total market capitalisation of all 11 ETFs had increased 55% to US\$451 million as of end-June since the city's initial launch of VA spot ETFs in 2024. Their average daily turnover since launch stood at US\$5.3 million. In addition, three of these ETFs are permitted to engage in staking through licensed VATPs.

11 VA spot ETFs

Market capitalisation

▲ 55% since launch



To further develop the product ecosystem, the SFC issued guidance in May to facilitate SFC-authorised funds in using and holding fiat-referenced stablecoins issued under the Stablecoins Ordinance, as well as tokenised deposits.

In light of the different nature and risk profile of relevant stablecoins from other virtual assets and to provide regulatory clarity, the SFC published in May a circular on the conduct requirements of VATPs and licensed corporations when providing services in stablecoins regulated by the Hong Kong Monetary Authority (HKMA). The circular clarified how the requirements in the Guidelines for Virtual Asset Trading Platform Operators and the joint circular on intermediaries' VA-related activities apply to licensed VATPs and licensed corporations which conduct activities in HKMA-regulated stablecoins, respectively.

Strengthening relationships

We advanced Pillar **Re** (Relationships) by partnering closely with the digital asset industry. During the quarter, the SFC promoted Fintech development by speaking at more than five panel discussions, roundtables and other events arranged by professional bodies and the industry.



Executive Director of Intermediaries Dr Eric Yip spoke at the Hong Kong Web3 Festival 2026

At the Hong Kong Web3 Festival 2026, Dr Eric Yip, the SFC's Executive Director of Intermediaries, delivered a keynote speech. He highlighted the SFC's focus on completing the legislative process for four VA licensing regimes under AMLO. He also underscored the SFC's efforts to enhance market infrastructure and product frameworks, as well as positioning Hong Kong as a global standard setter through collaboration, technology and responsible innovation.



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The SFC co-hosted the “HKMA x SFC Legal Roundtable” in April, convening regulators, legal experts as well as industry participants from technology and banking sectors to discuss the development of tokenised real-world assets in Hong Kong. They exchanged product ideas, observations, and views on key challenges. The SFC highlighted that, while the opportunities from tokenisation are explored, traditional finance structures remain sensible choices for the underlying vehicles, given the proven legal frameworks, investor safeguards, and support from established and regulated intermediaries.



Dr Yip at “HKMA x SFC Legal Roundtable”

The SFC also participated in the Hong Kong Trustees’ Association’s 35th Anniversary Conference and Cocktail Reception in June. As a panellist, Dr Yip shared the SFC’s comprehensive, risk-based digital asset regime that balances innovation with robust investor protection under the “same business, same risks, same rules” principle.

Tokenisation to increase market efficiency

Piloting secondary trading of tokenised products

To further integrate the Web3 ecosystem with the traditional financial markets under Pillar **P** (Products) of the Roadmap, the SFC launched a new regulatory framework in April to pilot the secondary trading of tokenised SFC-authorized open-ended funds on SFC-licensed VATPs. The measure facilitates 24/7 trading for tokenised products and their further integration with the broader ecosystem through the potential use of regulated stablecoins and tokenised deposits for trading. Enabling investors to react to fast-changing market conditions, the initiative broadens trading venues and reinforces the development of blockchain-enabled financial infrastructure with robust guardrails.

The new framework covers fair pricing, orderly trading, liquidity provision and disclosure. The initial batch of products is expected to focus on tokenised money market funds.

Licensees under the AMLO

	As at 30.6.2026	As at 31.3.2026	QoQ change (%)	As at 30.6.2025	YoY change (%)
Licensed providers	13	12	8.3	11	18.2
Licensed individuals	146	141	3.5	111	31.5
Total	159	153	3.9	122	30.3

Licensing applications under the AMLO

	Quarter ended 30.6.2026	Quarter ended 31.3.2026	QoQ change (%)	Quarter ended 30.6.2025	YoY change (%)
Applications for SFC licences	17	10	70.0	19	-10.5

Supporting progress of Project Ensemble

The SFC has co-led with the HKMA the tokenisation initiatives for the asset management sector since the launch of Project Ensemble in 2024. The results and lessons learnt from the previous tokenisation experiments of the Ensemble Sandbox will be summarised in a report, which is tentatively scheduled for August 2026.

As a key partner and member of the Ensemble Architecture Community, the SFC will maintain close collaboration with the HKMA and the industry to advance the practical applications of tokenisation technology across a diverse range of asset classes, use cases, and sectors within the financial industry.

Expanding tokenised retail products

During the quarter, the SFC authorised one retail money market fund and one gold ETF with tokenised classes, bringing the total number of tokenised retail products to 15 as of end-June¹. Total assets under management (AUM) of their tokenised classes reached \$10.3 billion (US\$1.3 billion), slightly down by 5% from end-March and up 280% from a year ago.

15 tokenised
retail products

AUM

\$10.3 billion

▲ 280% YoY



Advancing Hong Kong's leading role in sustainable finance

During the quarter, we actively contributed to international initiatives² and spoke at various public events, including IOSCO's Monitoring Forum on sustainable finance in Madrid, Spain, and the Asian Transition Finance Roundtable at Ecosperity Week in Singapore.

Locally, the SFC co-chairs the Green and Sustainable Finance Cross-Agency Steering Group (Steering Group)³ with the HKMA and actively participates in all of its working groups.

The Steering Group published its first sector-based operational guide⁴ on transition finance for the information and communications technology sector in May. This report offers practical guidance to financial institutions and corporates to operationalise international frameworks and principles for climate transition strategy.



The SFC representative and Steering Group members at the launch of the first sectoral guidance for transition finance

¹ These include the introduction of tokenised classes to existing SFC-authorized funds.

² We are a member of the International Platform on Sustainable Finance, 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.

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

⁴ Transition Finance Operational Reference Guide – Phase 1 Report: *Mobilising Finance for the Transition of the Technology Sector*.

Adopting global sustainability disclosure standards

The Steering Group introduced the Transition Plan Disclosure Pilot (Pilot) in April as part of its 2026-2028 Strategic Priorities⁵. In close collaboration with industry participants, the Pilot encourages the development and disclosure of credible, investor-focused climate transition plans aligned with global frameworks, including the TPT⁶ framework and ISSB⁷ Standards.

During the quarter, we also co-hosted a roundtable with the FSTB on sustainability disclosure standards in Hong Kong. Attended by the ISSB Vice-chair and a board member, Steering Group members and industry participants, the roundtable discussions focused on the progress of ISSB standard-setting and its implementation in Hong Kong.

Gatekeeping ESG funds

During the quarter, we continued to facilitate ESG⁸ fund development while rigorously gatekeeping against greenwashing. As at 30 June, there were 179 SFC-authorised ESG funds with total assets under management of \$1,206 billion (US\$153.7 billion).



⁵ The Steering Group's 2026-2028 strategic priorities include (I) Strengthen Sustainable Finance and Disclosure Ecosystem; and (II) Develop strengths in Transition and Adaptation finance.

⁶ Transition Plan Taskforce.

⁷ International Sustainability Standards Board.

⁸ Environmental, Social and Governance.