

Multi-pronged Approach to Sustain Vibrant Growth of Hong Kong's Digital Asset Ecosystem

Fireside chat at Hong Kong FinTech Week 2025

Ms Julia Leung
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At the Hong Kong FinTech Week 2025, Ms Julia Leung, Chief Executive Officer of the Securities and Futures Commission (SFC), shared her regulatory vision behind the integration of local digital asset ecosystem with global liquidity. She also examined the city's upcoming initiatives to complete its digital asset regulatory framework, with a view to building a trusted, globally competitive and sustainable ecosystem.

Significant step to tap global liquidity

To begin with, Ms Leung outlined the development trajectory of Hong Kong's regulatory regime for digital assets over the past years: it has evolved from prioritising investor safety through a closed-loop ecosystem focused on licensed virtual asset trading platforms (VATPs) to linking up the city's market with global liquidity, which has become crucial given the fragmented liquidity of today's global digital asset markets.

Ms Leung previewed that, in a [circular](#) issued later on the day, the SFC will enable licensed VATPs to share a global order book with their overseas affiliated VATPs. As the first step under Pillar **A** (Access) of the SFC's **ASPIRe** Roadmap, this integration will enable local investors to tap global market liquidity efficiently with better price discovery and more competitive prices. It will also foster a deeper and more efficient market with more institutional trading. In addition, she expects to launch other initiatives to connect brokers with global liquidity ahead.

Delicate balancing act for regulators; Hong Kong's edges

On how to strike a regulatory balance, Ms Leung pointed out that overly strict requirements risk driving liquidity and talents to lighter-touch jurisdictions, but too little oversight could undermine trust and stability.

Contrary to Hong Kong's current model that relies on pre-funded, instant settlement within its borders, Ms Leung said the SFC's new approach will allow licensed VATPs to access overseas liquidity through an overseas affiliate, with safeguards in place to mitigate settlement and integrity risks. For example, it will require delivery-versus-payment and pre-funding at overseas VATPs, setting up a reserve fund in Hong Kong for compensation, and a joint surveillance programme, to achieve the right balance between facilitation and protection.

She stressed that Hong Kong's regime stands out for its predictability and transparency, providing clarity, certainty and consistency to the market. This instils confidence in market participants, and supports sustainable market development. Being an early adopter of the "same business, same risks, same rules" principle, the SFC has actively contributed to the International Organization of Securities Commissions' regulatory principles for centralised digital asset platforms. As a result, frameworks such as the Markets in Crypto-Assets Regulation (MiCA) and others have adopted similar standards. Such harmonisation is paving the way for better connectivity and interoperability across markets.

Completing the regulatory puzzle for digital assets

Ms Leung previewed the SFC's second [circular](#) issued on the day: it will unveil new measures to expand the range of products and services offerings by licensed VATPs. Notably, the 12-month track record requirement will be waived for Hong Kong Monetary Authority-licensed stablecoins and tokens for professional investors. The SFC will also explicitly allow licensed VATPs to distribute digital asset-related products and tokenised securities. Their associated entities may also provide custody services for digital assets or tokenised securities not traded on their platforms.

Regarding the two recent joint consultations of the SFC and the Financial Services and the Treasury Bureau, Ms Leung said the public is generally supportive of the proposed regimes for VA dealers and custodians. The SFC is minded to expand the scope of VA dealers' licensing to cover VA advisory and VA management and is discussing these with the Government. For VA custodians, the SFC will particularly focus on how licensed players manage risks to private keys, and expects to license only the most robust and reliable players to ensure a secure environment.

Measuring success in fostering a trusted and sustainable ecosystem

As a regulator, Ms Leung emphasised that the SFC's fundamental objectives remain unchanged across both traditional and digital asset markets and, therefore, the principles underpinning traditional capital markets are equally relevant to the latter.

In building a sustainable digital asset ecosystem, she pinpointed that success is about improving the robustness of our financial infrastructure, clearing and settlement through blockchain. It is also about scaling and the sustainable growth of the digital asset market, she continued. A vibrant digital asset market requires a diverse range of products and services to attract different types of investors, as well as active market makers to provide liquidity. In addition, it is essential to achieve interoperability and harmonisation of standards both within Hong Kong and across borders.

Future of digital finance

Looking ahead, Ms Leung noted that a new generation of investors are driving the rapid adoption of digital assets. This shift presents opportunities for growth but also necessitates enhanced investor education and awareness of new risks.

In closing, she reiterated the SFC is dedicated to playing an active role in shaping global regulatory standards for cross-market consistency. She recognised the contribution of all industry participants, from traditional finance to crypto natives and Web3 technologists, in making Hong Kong a leader in the rapidly evolving world of digital finance.