SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Synopsis

Galvanising Responsible Innovation for Capital Markets through AI and Tokenisation

Panel remarks at Hong Kong FinTech Week 2026

Ms Julia Leung
Chief Executive Officer

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- AI development and adoption in Hong Kong are growing rapidly in scale and speed. The SFC will develop practical, principles-based guidance for AI applications that involve greater autonomy; it will focus on safety and preserving human accountability and oversight across the workflow.
- The SFC plans to set out a cybersecurity framework for licensed firms, supplemented by enhanced requirements for firms with higher risk profiles to strengthen cyber resilience against AI-enabled threats.
- Hong Kong firms are leading in tokenisation, which will scale when it can provide tangible economic benefits for the market.

At the Hong Kong FinTech Week 2026 today, Ms Julia Leung, Chief Executive Officer of the Securities and Futures Commission (SFC), offered her regulatory perspectives on issues posed by the rapid adoption of artificial intelligence (AI), particularly agentic AI, in capital markets, and its implications for investor protection, market resilience and cybersecurity. She also shared Hong Kong's encouraging progress in securities tokenisation, highlighting the pathways towards further scaling in the future.

Advancing responsible AI; managing agentic risk

On the topic of AI, Ms Leung emphasised that ***AI adoption is growing rapidly in scale and speed*** among intermediaries in Hong Kong. She also remarked that frontier model and agentic AI development may run ahead of the traditional cycle of regulatory assessment and standard setting. Therefore, the SFC must collaborate with the industry and other regulators and adopt a more agile approach to identify and address related risks.

To shed light on the financial sector's adoption of AI in Hong Kong, she previewed key findings from the SFC's seminal report on "Large Firm AI Readiness Survey" – a recent survey conducted on 20 large financial groups[1], to be published later on the day. ***All the surveyed groups are already using AI in research, analytics and back-office support***

[1] These groups together account for about 75% of securities turnover and 45% of clients reported by licensed corporations.

functions**; for **agentic AI, more than half are using or piloting it and 80% expect further adoption over the next 12 months.

Ms Leung mentioned that ***the SFC will provide additional guidance on agentic AI adoption as appropriate***, building on the above-mentioned survey and the Sandbox++ trials. Recognising that human review for every intermediate step is unrealistic, she said the SFC will be developing **practical, principles-based guidance** for applications that involve greater autonomy. ***The SFC's approach will focus on preserving human accountability and oversight throughout the workflow***. This is because ***agentic AI changes both the nature and scale of risk*** – it can compound errors across multiple steps, take unauthorised actions and disrupt other firms in unintended ways.

However, she noted that greater autonomy may start with low-impact, reversible workflows (eg, selected back-office processes and surveillance), but ***client advice, portfolio decisions, and market facing execution require progressively stronger safeguards***; the degree of autonomy should be commensurate with the risks when it comes to acting on behalf of clients.

As for the ***degree of autonomy acceptable for higher risk activities***, Ms Leung noted it is a tricky area. Yet, the GenAI Sandbox++ launched by financial regulators provides a venue for them and the industry to explore whether it is possible to reconstruct a decision, identify the action taken, explain the outcome, and determine accountability when things go wrong.

Tackling AI-enabled cyber threats to uphold resilience

To dive deeper into AI-related risks, she explored intensifying AI-enabled cyber threats: ***AI is changing how quickly hidden weaknesses in software can become threats at scale.***

Citing recent global alerts of critical flaws in PHP and other web development tools, she said these flaws may allow attackers to take control of an unpatched server without logging in, or access sensitive information. In the PHP case, ***millions of attempted exploits were reported globally within a day, threatening financial firms' cybersecurity and operational resilience.*** She also shared that some licensed corporations reported taking affected websites offline as a precaution pending patching, while a few reported operational disruptions arising from issues at their system vendors. The SFC's own system was not compromised given the early deployment of PHP patches.

She reiterated what the SFC warned in a circular back in June: ***Licensed corporations should prioritise critical fixes and maintain robust cyber hygiene***. On a positive note, she highlighted that, according to the SFC's survey, 90% of the surveyed groups are using or evaluating frontier AI for cyber defence, and nearly half use AI in adversarial simulation and threat hunting. She called for "fighting AI with AI".

Going forward, ***the SFC plans to set out a cybersecurity framework with baseline requirements for all licensed firms***, supplemented by enhanced requirements for firms with higher risk profiles. Ms Leung said the SFC is also stepping up coordination with fellow regulators and other authorities in Hong Kong on intelligence sharing and enhancing financial sector resilience. Regionally, the SFC is leading the joint efforts of Asia-Pacific securities regulators to tackle operational incidents or large-scale scams that may cross borders.

Scaling tokenisation for tangible economic benefits

To further demonstrate the SFC's approach to responsible innovation, Ms Leung gave an ***update on Hong Kong's progress on securities tokenisation,*** after years of efforts of building a comprehensive regime and balancing investor protection with market development.

Today**, *the tokenisation of investment funds is one of the main use cases of blockchain technology in traditional finance***, following the SFC's circular in 2023 that enabled the technology wrap for investment products. Up to September 2026, the SFC had authorised 17 tokenised retail products; their assets under management totalled US$1.3 billion, up 34% over the past 12 months.

To keep up the momentum, just a week ago, Hong Kong became ***the world's first to allow the secondary trading of tokenised money market funds (MMFs) on licensed VATP platforms,*** making them available round the clock. Early on the day, the Hong Kong Monetary Authority also announced 24/7 interbank settlement in Central Bank Digital Currency, allowing tokenised deposits to power around-the-clock real-value transactions, including those in tokenised funds.

She described building scale as similar to wiring up a lighting grid: the more connections made, the more bulbs lit up. Ultimately, scale will follow when tokenisation becomes part of how financial markets operate. She expected the real milestone to come one day ***when investors and institutions choose tokenised products because they work better and give investors better outcome, not simply because they are tokenised***.

Fostering trust for long-term development

In conclusion, Ms Leung said ***innovation and safety are not opposing forces, and trust is the bridge underpinning them***. Regulators should set clear, risk-aware guardrails that enable progress and cement trust. Real success means innovation that benefits investors, strengthens efficiency and resilience, and supports long-term market development with confidence and credibility.