

## All about Liquidity

### Keynote speech at Consensus Hong Kong 2026

Dr Eric Yip  
Executive Director, Intermediaries

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At Consensus Hong Kong 2026, Dr Eric Yip, Executive Director of Intermediaries, shared his views on the Securities and Futures Commission's (SFC) focus on liquidity and regulatory enhancements to drive the next phase of development for Hong Kong digital asset ecosystem.

Hong Kong's digital asset development has entered a defining stage, shaped by the SFC's **ASPIRe** roadmap that outlines a future-proof regulatory framework aimed at deepening market quality, resilience, and global competitiveness, remarked Dr Eric Yip. He emphasised this year's focus is on liquidity — cultivating market depth, strengthening price discovery, and building investor confidence through a strategic blend of expanded access and responsible product innovation.

Dr Yip noted that under Pillar **A** (Access) of the **ASPIRe** roadmap, the SFC is driving high-quality liquidity enhancement through well-calibrated structural reforms. He highlighted that the consultation on proposals to regulate virtual asset (VA) dealing and custodian services has been concluded, and the SFC is now proceeding with the legislative process at full speed. In parallel, the SFC will fast-track licensing assessments to enable seamless transition from the current regime to a statutory framework upon legislative enactment, ensuring both continuity and certainty for market participants.

Another cornerstone initiative is to permit affiliated-market makers (AFMMs) on licensed VA trading platforms, allowing a platform's affiliate to provide liquidity subject to robust conflict-of-interest controls, data security measures, information barriers as well as functional independence requirements. These safeguards not only help narrow spreads, but also improve fairness and transparency while ensuring client order priority and identification of market-making activities.

Under Pillar **P** (Products), Dr Yip explained that the SFC is expanding Hong Kong's VA product suite while maintaining regulatory guardrails aligned with traditional financial market standards. A groundbreaking initiative is the SFC greenlighting VA margin financing, which will be anchored to the existing securities margin financing framework, covering controls relating to collateral quality, concentration limits, prudent haircuts, and governance requirements. This will provide clarification on the use of VA as collateral, enabling responsible leverage that supports liquidity without undermining financial stability.

Dr Yip also outlined the development of a high level framework for leveraged perpetual contracts for professional investors. The framework sets out a principles-based model requiring transparent risk disclosures and strong internal risk management — including

valuation, margining, liquidation protocols, and insurance-fund governance. This approach allows platform-level flexibility while maintaining investor protection safeguards.

To bridge innovation and regulatory clarity, Dr Yip highlighted the forthcoming Digital Asset Accelerator to be set up under Pillar **Re** (Relationships), which will operate as a structured communication channel between the SFC and industry innovators. Through an appointed agent, the Accelerator will support innovation through providing clarity for market builders, and help regulators and practitioners allocate resources efficiently while exploring new market-making models, financing mechanisms, and leveraged products.

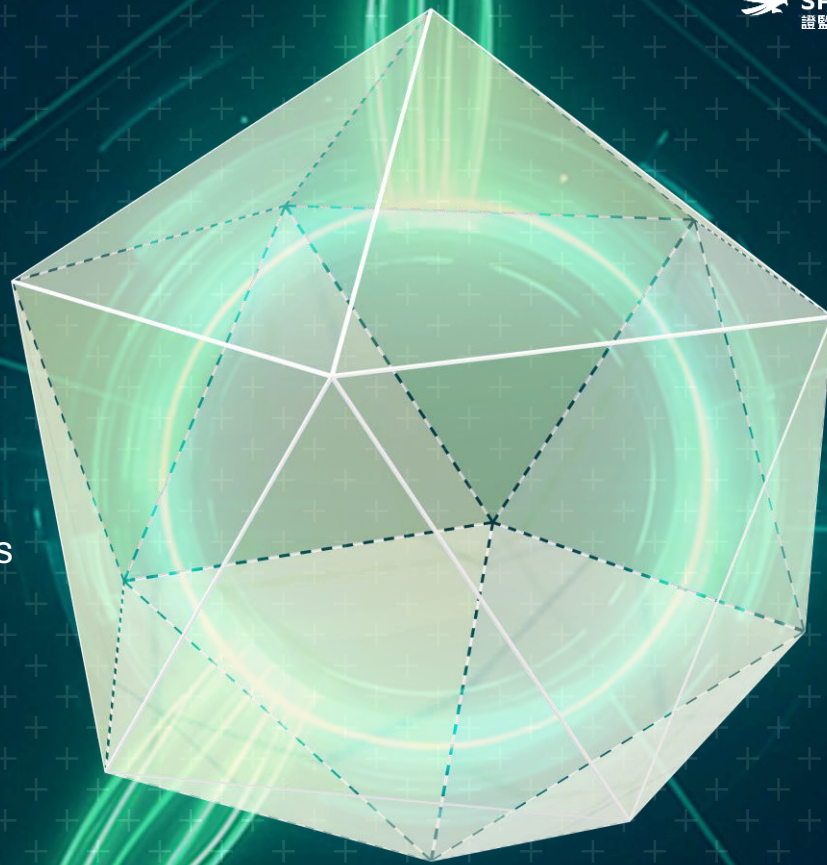
Dr Yip concluded that liquidity does not emerge organically; it must be cultivated through openness, strong governance, and a purposeful regulatory design. Through targeted access reforms, product expansion, and structured innovation support, Hong Kong is well positioned to become a leading global digital assets centre where liquidity thrives on a foundation of integrity, resilience, and international cooperation.

Appendix:

Presentation materials

# All about liquidity

Enhancing market depth through  
expanded access and broadened product offerings



# SFC's ASPIRe roadmap



Attract Global Platforms, Order Flows & Liquidity Providers



Establish Licensing Regimes for VA Custody & OTC Trading Services



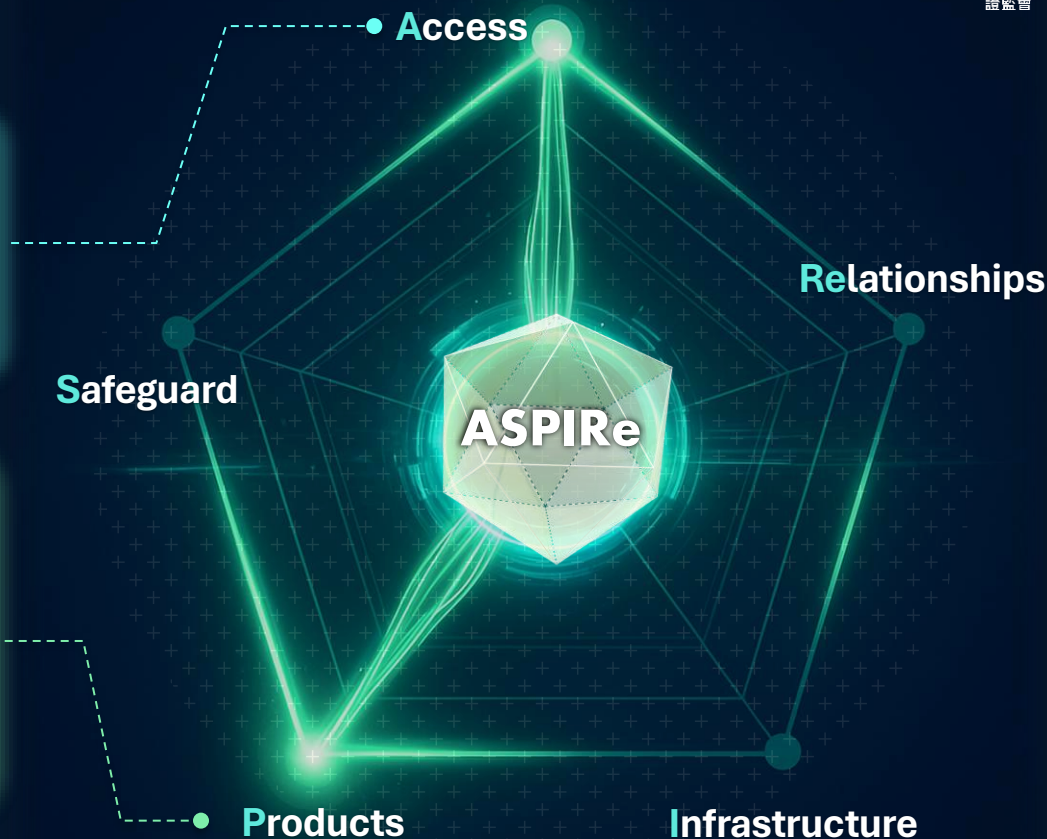
Explore Frameworks for PI-Exclusive New Token Listings & VA Derivatives Trading



Explore Margin Financing Requirements aligned with Securities Market Safeguards



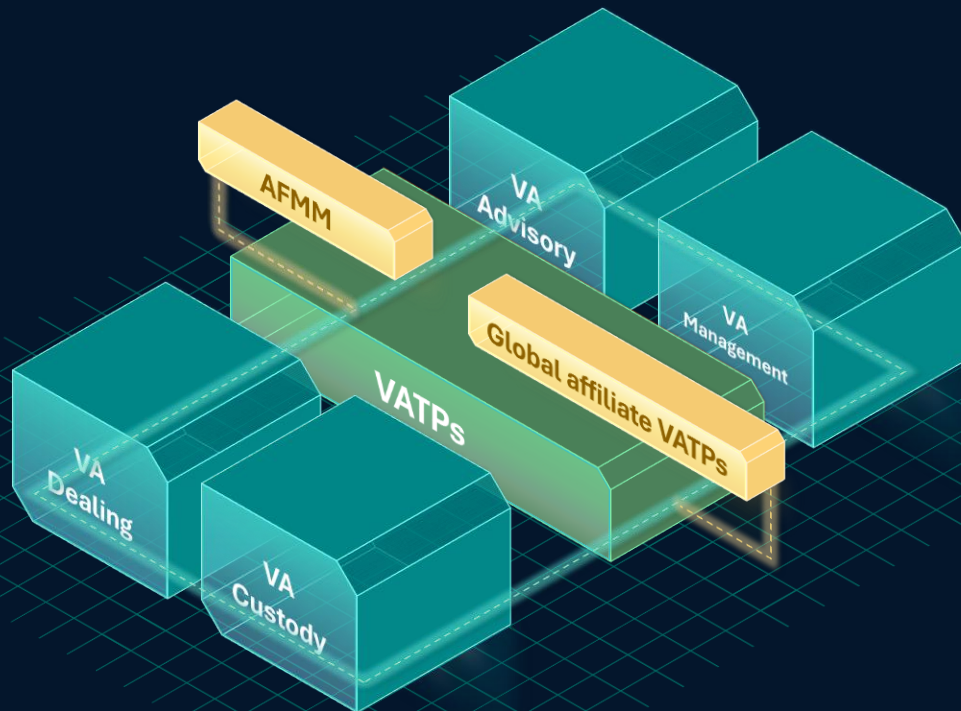
Consider Allowing Staking & Borrowing/Lending Services under Clear Guidelines



# Enhancing accessibility

## Pillar A (Access)

- **Complete VA licensing regimes** *Ongoing*  
Proposed licensing regimes for VA dealing, VA custody, VA advisory and VA management
- **Permitting affiliated market making** *New!*  
Facilitating affiliated market makers in providing more consistent liquidity on licensed VATPs
- **Shared order book** *Ongoing*  
Enabling licensed VATPs to integrate with intra-group liquidity, provide Hong Kong investors with access to deeper global liquidity.



# Expanding Hong Kong's product suite

## Pillar P (Products)



### VA margin financing **New!**

- VA brokers may offer VA margin financing
- Existing requirements relating to securities margin financing apply, coupled with additional guardrails



### VA perpetual contracts? **New!**

- Professional investors only
- A regulatory framework needed for addressing distinct risks - product design, margin arrangements, liquidation management, loss allocation management, disclosure, etc. What else?



# Supporting innovation through the Digital Asset Accelerator

## Pillar Re (Relationships)

- More efficient regulatory resources allocation while exploring new market-making models, financing mechanisms, and leveraged products

*Affiliated market making,  
shared order book,  
etc.*

***DIGITAL ASSET ACCELERATOR***

through an appointed agent

# THANK YOU

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