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HONG KONG'S STABLECOINS BILL:

REGULATORY REGIME FOR ISSUANCE AND OFFERS OF STABLECOINS

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INTRODUCTION

On 6 December 2024, the Hong Kong* Government [published](#) the highly anticipated Stablecoins Bill (**Stablecoins Bill**). On 18 December 2024, it was introduced into the Legislative Council of Hong Kong for First Reading.

This follows after the Hong Kong Monetary Authority (**HKMA**) and the Financial Services and Treasury Bureau (**FSTB**) [published](#) the much-anticipated conclusions¹ (**Consultation Conclusions**) to their December 2023 consultation paper on the proposed regulatory regime for stablecoin issuers in Hong Kong (**Consultation Paper**).

The Stablecoins Bill sets out the licensing and regulatory regime for certain stablecoins (**Specified Stablecoins**), which are digital assets that purport to maintain a stable value relative to one or more official currencies, or which meet other specified requirements.²

The regime is intended to address the monetary policy, financial stability and investor protection concerns associated with Specified Stablecoins while encouraging the responsible development of the digital asset market in Hong Kong. It builds on other key regimes, including the licensing regime for digital asset exchanges that went live on 1 June 2023.³

In summary, the Stablecoins Bill contains three key components:

1. **Specified Stablecoin issuer licensing and requirements.**

Issuers of Specified Stablecoins in Hong Kong must obtain a licence from the HKMA and comply with comprehensive licensing requirements relating to, among other things, the issuer and its controller(s), its financial and other resources, the Specified Stablecoins it issues, the reserve assets and stabilisation mechanism supporting the Specified Stablecoins, and other requirements.

2. **Specified Stablecoin offering and marketing restrictions.**

Only certain regulated entities and platforms can offer Specified Stablecoins in Hong Kong or actively market them to the public of Hong Kong. Furthermore, only Specified Stablecoins that are issued by HKMA-licensed issuers can be offered to retail investors. Other Specified Stablecoins can only be offered if the offer falls within one of the available exemptions.

3. **Broader consumer protection, market integrity and other offences.** These can affect a range of market participants – not just issuers and distributors.

The Stablecoins Bill includes extraterritorial provisions that will be relevant to many offshore issuers and platforms. Crucially, any Specified Stablecoin referencing Hong Kong dollar is in-scope, irrespective of the location of the issuer, marking a notable expansion of typical Hong Kong regulatory jurisdictional triggers.

Key aspects of the stablecoin regime will be similar in many respects to the structure and approach to stored value facility (**SVF**) regulation in Hong Kong, and are generally consistent with the Basel Committee's recently revised criteria for stablecoins to qualify as so-called 'Group 1b cryptoassets', which enjoy favourable regulatory capital treatment under the Basel cryptoasset standards,⁴ although they are narrower than the Financial Stability Board's [recommendations](#) for "global stablecoin arrangements".

This article provides an overview of Hong Kong's Stablecoins Bill, with our observations based on our work with stablecoin issuers, digital asset platforms and industry groups over many years.

1 See our detailed alert here: <https://www.kwm.com/hk/en/insights/latest-thinking/hong-kong-proposed-stablecoin-regulatory-regime-key-takeaways.html>.

2 Section 4 of the Stablecoins Bill. See "Further Details" below.

3 See our detailed alert here: <https://www.kwm.com/hk/en/insights/latest-thinking/HK-SFC-issues-final-rules-for-virtual-asset-exchanges.html>.

4 For further information about the Basel cryptoasset standards, please refer to our article [here](#).

TWO-MINUTE QUICK READ AND INFOGRAPHICS: HONG KONG'S STABLECOINS BILL IN A NUTSHELL

Infographic: The following infographic illustrates the key features of Hong Kong's Stablecoins Bill.

- On 6 December 2024, the government of the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**) published the Stablecoins Bill in the Gazette, which will be introduced into the Legislative Council for first reading on 18 December 2024
- The Stablecoins Bill would, among other things, establish a licensing and regulatory regime for stablecoin issuers, to be overseen by the Hong Kong Monetary Authority (**HKMA**)
- This infographic provides a high-level overview of key elements of Hong Kong's new stablecoins regime as set out in the Stablecoins Bill



Focus on fiat-referenced stablecoins: Hong Kong’s proposed stablecoin regulatory regime focusses on fiat-referenced stablecoins, as opposed to other types of stablecoins such as those referencing gold or other assets. The stablecoin regulatory regime adopts a risk-based approach to regulating stablecoin issuers and seeks to apply the “same activity, same risk, same regulation” principle. Hong Kong authorities will be empowered to adjust the scope of application of the new regime as the digital asset market evolves. Importantly, the scope of the regime versus the licensing available (including related licensing conditions) may mean that certain stablecoins are effectively banned or significantly restricted.

New legislation: To implement the proposed stablecoin regulatory regime, the Hong Kong Government has introduced new legislation, in the form of the Stablecoins Bill which will be named the “Stablecoins Ordinance” once operational, instead of amending existing legislation such as the Payment Systems and Stored Value Facilities Ordinance (Cap. 584) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (**AMLO**). We consider that this approach may assist in enabling the evolution of the regime over time.

Definition of “Specified Stablecoin”: Under the Stablecoins Bill, a “Specified Stablecoin” essentially means a cryptographically secured digital representation of value that, among other features, purports to maintain a stable value with reference wholly to one or more fiat currencies or other HKMA-specified units of account or stores of economic value. However, financial products and instruments that are already covered by existing regulatory regimes, such as deposits, securities (including authorised collective investment schemes and authorised structured products), futures contracts, float stored in SVFs, SVF deposits as well as government or central bank issued digital assets (such as central bank digital currencies (**CBDCs**)) will be excluded. This is critical, as avoiding overlap will be an important part of the lawmaking process and there can be a particularly fine line between stablecoins and other existing instruments such as SVFs, structured products, collective investment schemes and debentures. In this respect, we note that many stablecoins are already regulated under existing Hong Kong laws.

Licensing triggers: The following persons (each having a Hong Kong nexus) must obtain a licence from the HKMA (unless a specific exemption is available) for carrying on a regulated stablecoin activity (ie the issuance of Specified Stablecoin):

- any person that **issues a Specified Stablecoin in Hong Kong;**
- any person that **issues a Specified Stablecoin outside Hong Kong referencing the Hong Kong dollar;**

- a person carries on, in respect of a Specified Stablecoin, an activity specified by the HKMA pursuant to Section 5(4) of the Stablecoins Bill (explained in greater detail below); or
- any person that holds itself out as carrying on a regulated stablecoin activity, including a person that **actively markets its issuance of a Specified Stablecoin** to the public of Hong Kong (which includes a class of that public).

Key licensing conditions and requirements for licensees:

- A licensee must be a Hong Kong incorporated company or an authorised institution (**AI**) incorporated outside Hong Kong with its certain senior management and key personnel based in Hong Kong. It must also meet specified minimum criteria, including financial resources requirements.
- The licensee must have an effective stabilisation mechanism for its Specified Stablecoins by maintaining a pool of segregated, high-quality and highly liquid reserve assets in an amount at least equal to the total amount of Specified Stablecoin in circulation. In short, this means that fractionalisation by the issuer (by only maintaining sums expected to be redeemed at any given time) is not possible. The precise requirements at the *bank custodial level* are yet to be seen. The HKMA’s SVF regime generally requires a degree of negotiation and customisation regarding reserve arrangements and we expect a similar approach will be involved.
- Specified Stablecoin holders must be able to redeem their Specified Stablecoins on a timely (generally “as soon as practicable”) basis, at par value and in the referenced currency, without having to pay disproportionate fees or meet unreasonable redemption conditions.
- The licensee must comply with a wide range of other licensing conditions and requirements relating to business activity restrictions, fitness and propriety, risk management, information disclosures, anti-money laundering and counter financing of terrorism (**AML/CFT**) compliance, recovery planning and wind-down.
- The HKMA has discretion to impose additional licensing conditions relating to matters such as reserve assets and restrictions on business activities. The HKMA will be empowered to impose, amend and cancel ongoing licensing conditions on the licensee.
- The HKMA will administer and enforce the new stablecoin licensing and regulatory regime, and new criminal offences and an appeal mechanism has been introduced. The HKMA’s powers under the new stablecoin regime will be similar to its powers under the Banking Ordinance (Cap. 155).

Certain exemptions for AIs: Considering that AIs are already subject to prudential regulation and supervision by the HKMA, it is proposed that the licensing conditions and requirements relating to business activity restrictions, localisation and physical presence in Hong Kong and minimum financial resources will not apply to licensees that are AIs. In our view, these exemptions reflect the existing exceptionally high levels of AI regulation in Hong Kong, as well as other banking-related supervisory principles (including that certain matters are regulated by a global bank's home country authorities).

Specified Stablecoin offering regime: Hong Kong's proposed stablecoin regime will not only regulate the issuing of Specified Stablecoins, it will also regulate the offering of Specified Stablecoins. Under the proposed offering regime, only licensed digital asset trading platforms (**VATPs**), HKMA-licensed Specified Stablecoin issuers, licensed corporations (**LCs**) regulated by the Hong Kong Securities and Futures Commission (**SFC**) and AIs (collectively, "regulated entities") can offer Specified Stablecoins in Hong Kong or actively market such offering to the public of Hong Kong.

NB. This appears to be the default position under the Stablecoins Bill as the exemptions from the offering regime are dependent on the designation by the HKMA or the Financial Secretary as exempted persons.

The proposed Specified Stablecoin offering regime further distinguishes between two types of Specified Stablecoins:

1. Specified Stablecoins issued by HKMA-licensed issuers, which the HKMA has previously indicated can be offered to retail investors; and
2. Specified Stablecoins that are not issued by HKMA-licensed issuers, which can only be offered to a person designated by the HKMA or the Financial Secretary as exempted persons. The HKMA has previously indicated that such exempted persons would generally be limited to professional investors.

Under the proposed Specified Stablecoin offering regime, it should still be possible for VATPs to offer Specified Stablecoins such as USDC and USDT to professional investors in Hong Kong on their platforms, subject to obtaining a licence or meeting one of the available exemptions.

Transitional arrangement: The Stablecoins Bill includes a transitional arrangement for certain existing entities to migrate to the new regulatory regime in an orderly manner. In our experience working with digital asset exchanges on their compliance with the new AMLO regime's transitional arrangements, it is valuable to prepare for this early and to closely examine the eligibility requirements for transitional protection and applications, which can take time. A summary of the transitional arrangements is shown in the following infographic.

Hong Kong Stablecoins Bill: High-level Overview of Transitional Arrangements

During the **first 3 months** after the Commencement Date, **pre-existing** regulated stablecoin activities may continue in certain circumstances.

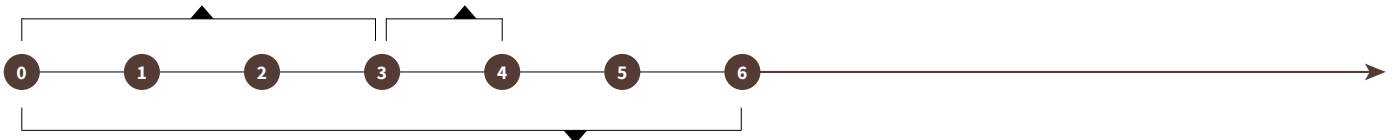
An issuer must apply for a licence **within the first 3 months** to continue to enjoy certain transitional relief.

1-month closing down period

An issuer that does **not** make a licence application within the first 3 months will enter into a **1-month closing down period** at the end of the first 3 months.

Other issuers will enter into a **1-month closing down period** on the **earliest** of: (1) rejection notice is given; (2) licence application is withdrawn; and (3) licence application is refused.

The HKMA may extend the 1-month closing down period at its discretion.



Commencement Date of the Stablecoins Ordinance (to be designated by the Secretary for Financial Services and the Treasury by notice published in the Gazette).

During the **first 6 months** after the Commencement Date, **pre-existing** regulated stablecoin activities may continue in certain circumstances **if**, within the first 3 months, the issuer has:

- applied to the HKMA for a licence to carry on regulated stablecoin activity; and
- has made to the HKMA certain **declarations** regarding its pre-existing activities and certain **undertakings** regarding compliance with the stablecoins regulatory regime.

After the first 6 months: provisional licence regime

The HKMA may, within the first 6 months, grant a **provisional licence** to an issuer that has, **within** the first 3 months, applied to the HKMA for a licence to carry on regulated stablecoin activity **and** has made certain declarations and undertakings to the HKMA.

To be **eligible** to receive a provisional licence, the issuer must have:

- carried on the regulated stablecoin activity in Hong Kong **before** the commencement date; and
- a **reasonable prospect** of complying with the stablecoins regulatory regime.

A provisional licence will be **in force until** the **earliest** of: (1) licence application is withdrawn; (2) licence application is refused; (3) licence is granted; and (4) rejection notice is given.

Custody requirements for Specified Stablecoins: The FSTB, HKMA and SFC are separately working on regulatory requirements relating to the custody of digital assets such as Specified Stablecoins.

The remainder of this article provides further details regarding the Stablecoins Bill.



FURTHER DETAILS

KEY CONCEPTS

HOW DOES HONG KONG'S STABLECOINS BILL DEFINE KEY TERMS SUCH AS "STABLECOIN" AND "SPECIFIED STABLECOIN"?

Definition of "stablecoin"⁵: Under the Stablecoins Bill, a "stablecoin" is defined as a cryptographically secured digital representation of value that, among other things:

- is expressed as a unit of account or a store of economic value;
- is used, or is intended to be used, as a medium of exchange accepted by the public, for the purpose of: (1) payment for goods or services; (2) discharge of a debt; and/or (3) investment;
- can be transferred, stored or traded electronically;
- uses distributed ledger or similar information repository; **AND**
- purports to maintain a stable value with reference to a single asset, or a pool or basket of assets.

Definition of "distributed ledger"⁶: This means an information repository that uses a technology through which records of transactions are:

- held in a ledger;
- shared across a network;
- verified among network participants using a consensus mechanism; **AND**
- synchronised between network nodes.

• **Definition of "Specified Stablecoin"⁷:** Under the Stablecoins Bill, a "Specified Stablecoin" is defined as:

- a stablecoin that purports to maintain a stable value with reference wholly to:
 - one or more official currencies;
 - one or more HKMA-specified units of account or stores of economic value; or
 - a combination of one or more official currencies and one or more units of account or stores of economic value; **OR**
 - an HKMA-specified digital representation of value, or a digital representation of value of a class.

Definition of "official currency"⁸: Under the Stablecoins Bill, "official currency" refers to the currency issued by the government, the central bank, the monetary authority, or an authorised note-issuing bank, of the relevant jurisdiction.

HKMA's specification powers: Section 4(2) of the Stablecoins Bill empowers the HKMA to specify, by notice published in the Gazette, a unit of account or store of economic value and/or a digital representation of value, or class of digital representations of value, for the purposes of the definition of "Specified Stablecoin". This adds an element of future-proofing to the legislation by allowing the HKMA to broaden the scope of application of the stablecoins regime through its specification/designation powers.

⁵ Section 3 of the Stablecoins Bill.

⁶ Section 3(3) of the Stablecoins Bill.

⁷ Section 4 of the Stablecoins Bill. The HKMA may publish a notice in the Gazette to specify: (i) a unit of account or store of economic value; or (ii) a digital representation of value, or class of digital representations of value.

⁸ Section 4(3) of the Stablecoins Bill.

Treatment of algorithmic, derivative and other stablecoins:

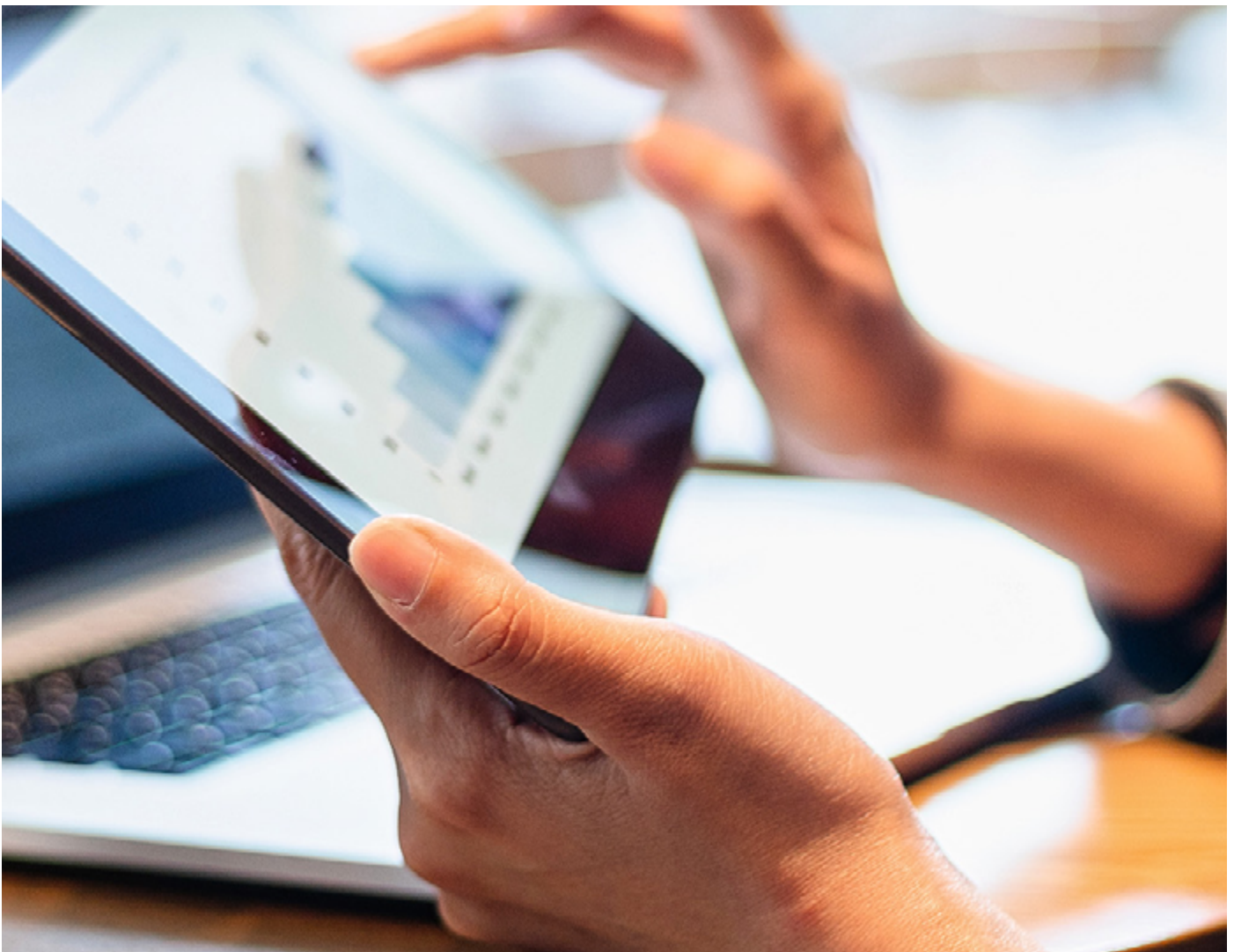
The proposed definition of stablecoin is broad enough to capture stablecoins that are not backed by actual reserve assets and instead derive their value from, or deploy stabilisation mechanisms involving, arbitrage or algorithms. However, these types of stablecoins will not satisfy the proposed licensing condition relating to reserve assets, which means that their issuers will not be able to obtain a Specified Stablecoin issuer licence from the HKMA.

This is significant, as it means that a wide range of algorithmic, derivative and other stablecoins may effectively be banned from being issued or offered in Hong Kong.

The proposed treatment of algorithmic stablecoins is consistent with trends we are seeing in other international developments. For example, the FSB July 2023 Stablecoin Recommendations state that algorithmic stablecoins do not have effective stabilisation mechanisms. For similar reasons, algorithmic stablecoins do not qualify as ‘Group 1b cryptoassets’ under the Basel cryptoasset standards.

Exclusions: The following financial products, instruments and arrangements that are already covered by existing regulatory regimes are excluded from the definition of stablecoin (and therefore also excluded from the definition of Specified Stablecoin):

- deposits, including deposits in tokenised or digitally represented form;
- certain securities or futures contracts, primarily authorised collective investment schemes and authorised structured products;
- float stored in SVFs and SVF deposits;
- digital representations of fiat currencies issued by or on behalf of central banks or a government of a jurisdiction (ie CBDCs); and
- certain digital representations of value that is a “limited purpose digital token” as defined by section 53ZR of AMLO, which is essentially a customer loyalty or reward point, an in-game asset or any similar digital representation of value that is not intended by its issuer to be convertible into money or another medium of exchange accepted by the public.



ISSUANCE REQUIREMENTS

WHO WILL NEED TO OBTAIN A LICENCE FROM THE HKMA FOR THE ISSUANCE OF SPECIFIED STABLECOINS?

The issuance of Specified Stablecoins is a “**regulated stablecoin activity**” under the Stablecoins Bill.

The triggers for the need to obtain a licence are as follows.⁹

- Issuing, or holding oneself out as, issuing a Specified Stablecoin in Hong Kong.
- Issuing, or holding oneself out as, issuing a Specified Stablecoin outside Hong Kong that purports to maintain a stable value with reference to the value of the Hong Kong dollar.
- Carrying on, in respect of a Specified Stablecoin, an activity specified by the HKMA pursuant to section 5(4) of the Stablecoins Bill.
- Actively marketing one’s issuance of Specified Stablecoins to the public of Hong Kong.

Section 5(4) of the Stablecoins Bill contains an additional licensing/regulatory trigger whereby a person carrying on an activity specified by the HKMA after consulting the Financial Secretary will be considered to be engaging in a “regulated stablecoin activity”.¹⁰

Under the Stablecoins Bill, engaging in these licensed activities without a licence will constitute a criminal offence. The inclusion of the second licensing trigger is particularly noteworthy, as it

would not require the issuer to have any other nexus to Hong Kong, besides its Specified Stablecoin referencing the Hong Kong dollar.

Meaning of “actively market”: The Stablecoins Bill does not provide any definition for “actively market”. However, in the Consultation Paper, the term “actively market” may include:

- frequently calling on members of the Hong Kong public and marketing services;
- running a mass media program targeting the Hong Kong public; or
- internet activities that target the Hong Kong public.

It is possible that the HKMA may publish further guidelines or FAQs in the future to illustrate what “actively market” means. If so, one approach might be for the HKMA to follow the interpretation of the term “actively market” under Section 115 of the Securities and Futures Ordinance (Cap. 571) (**SFO**). For example, the SFC provides a range of helpful factors and explains that marketing activities, whether taking place in or outside Hong Kong, would still constitute a licensing trigger if they target the Hong Kong public.¹¹ Case law on this topic has also started to develop.¹²

⁹ Section 5 of the Stablecoins Bill.

¹⁰ In exercising its power to specify an activity for these purposes, the HKMA must consider: (a) whether the activity is, or is likely to become, material to the monetary or financial stability of Hong Kong; (b) whether the activity is, or is likely to become, material to the functioning of Hong Kong as an international financial centre; and (c) whether matters of significant public interest are involved. These mandatory statutory considerations focus on whether any significant disruption to the carrying on of the activity is likely to adversely affect the financial or monetary stability of Hong Kong, the functioning of Hong Kong as an international financial centre, the public’s confidence in the financial system of Hong Kong or day-to-day commercial activities in Hong Kong (**Statutory Materiality Factors**).

¹¹ The SFC has provided general guidance on the meaning of “actively markets” in the context of the SFC licensing regime, which is available on its website at: <https://www.sfc.hk/en/faqs/intermediaries/licensing/actively-markets-under-section-115-of-the-SFO#9CAC2C2643CF41458CEDA9882E56E25B>

¹² Ng Chiu Mui v Securities and Futures Commission [2010] 4 HKC, at 535. Also see SFC’s enforcement news, “SFC secures conviction against ETRADE Securities (Hong Kong) Limited for marketing of unlicensed US brokerage services in Hong Kong” (21 September 2017), available at: <https://www.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=17PR124>.

WHAT KEY LICENSING CONDITIONS, REQUIREMENTS AND MINIMUM CRITERIA MUST A LICENSEE SATISFY IN ORDER TO OBTAIN A LICENCE FROM THE HKMA?

The key licensing conditions, requirements and minimum criteria for licensees can be organised into the following categories, details of which are set out in Division 2 of Part 2 of the Stablecoins Bill and Schedule 2 to the Stablecoins Bill.

Specifically, we note that:

- Under section 17 of the Stablecoins Bill, the HKMA may attach additional conditions to a licence.
- Under section 24 of the Stablecoins Bill, a licensee must ensure that the minimum criteria is fulfilled. Such minimum criteria is set out in Schedule 2 to the Stablecoins Bill. It is also important to note that the HKMA may modify or waive any of the minimum criteria application in relation to an applicant for a licence or a licensee, upon receiving an application from the relevant applicant or licensee in a specified form.

We focus on the minimum criteria below.

*NB. AIs are exempt from certain requirements in respect of financial resources and business activities – we indicate below where this is the case.*¹³

A. Corporate status of licensee¹⁴

A licensee must be:

- a company incorporated in Hong Kong; or
- an AI incorporated outside Hong Kong.¹⁵

¹³ Paragraph 2 of Schedule 2 to the Stablecoins Bill.

¹⁴ Paragraph 3 of Schedule 2 to the Stablecoins Bill and section 14(1) of the Stablecoins Bill.

¹⁵ Specifically, the Stablecoins Bill requires the licensee to be a “company” or an AI incorporated outside Hong Kong. The Stablecoins Bill uses the definition of “company” in section 2(1) of the Companies Ordinance (Cap. 622) (CO). Section 2(1) of the CO defines “company” to be a company that is both “formed and registered” under the CO or earlier versions of that ordinance – ie a company incorporated in Hong Kong.

¹⁶ Paragraphs 5 and 15 of Schedule 2 to the Stablecoins Bill.

B. Requirements relating to the reserve assets¹⁶

A licensee must meet stringent requirements relating to the reserve assets backing its Specified Stablecoin. Details are as follows:

- **Reserve assets equal to the amount of Specified Stablecoins in circulation:** In relation to each type of Specified Stablecoins issued by a licensee, the licensee must maintain, whether directly or by an arrangement with another person, a pool of reserve assets for that type of Specified Stablecoins (**Specified Reserve Assets Pool**). The market value of the Specified Reserve Assets Pool for the type of Specified Stablecoin must at all times be at least equal to the par value of the outstanding Specified Stablecoins of the type in circulation.
- **Nature of reserve assets:** Except with the prior written approval of the HKMA, the Specified Reserve Assets Pool for each type of Specified Stablecoins must be held in the same reference asset as that referenced by the type of Specified Stablecoins. The reserve assets of a licensee must be of high quality and high liquidity with minimal investment risks.
- **Protection, segregation and safekeeping of reserve assets:** A licensee must ensure that each Specified Reserve Assets Pool is adequately protected against claims by other creditors of the licensee in all circumstances, and is kept separate from any other funds paid to, or maintained or received by, the licensee. The Specified Reserve Assets Pool must be segregated from any other pool of reserve assets maintained by the licensee.
- **Risk management and controls:** A licensee must have in place and implement adequate and appropriate risk management policies and procedures for managing its reserve assets to ensure that they are properly managed so that valid redemption requests can be honoured without undue delay. It should also have in place adequate and appropriate systems of control to ensure that its reserve assets are subject to regular independent attestation and audit.
- **Managing third parties:** A licensee must have in place and implement adequate and appropriate systems of control for assessing and monitoring the associated risks in having activities performed by third parties, and for managing the relationship with those third parties.

- **Public disclosures, reporting and auditing:** A licensee must make adequate and timely disclosure to the public on:

- its reserve assets management policy;
- an assessment of the risks arising from its reserve assets and the management of the risks;
- the composition and market value of its reserve assets; and
- the results of regular independent attestation and audit of its reserve assets.

C. Prohibition on paying interest¹⁷

The Stablecoins Bill does not permit interest-bearing Specified Stablecoins.

More specifically, a licensee must not pay, or permit to be paid, any interest in relation to Specified Stablecoins issued by the licensee.

“Interest” is broadly defined to mean any profit, income or other return represented to arise or to be likely to arise from the holding of the Specified Stablecoin on the basis of any one or more of the following: (a) the length of the period during which the holder holds the Specified Stablecoin; (b) the par value of the Specified Stablecoin; or (c) the market value of the Specified Stablecoin.

D. Redemptions¹⁸

The Stablecoins Bill includes a highly structured approach to redemptions. The following rules apply:

- Right to redeem, conditions and fees: A licensee must:

- provide each holder of a Specified Stablecoin issued by the licensee a right to redeem the Specified Stablecoin;
- not attach any condition restricting the redemption of a Specified Stablecoin that is unduly burdensome in the circumstances; and
- not charge a fee in connection with the redemption of a Specified Stablecoin, unless the fee is reasonable.

Furthermore, a licensee must, on receiving a valid redemption request made by a holder of a Specified Stablecoin issued by the licensee, honour the request as soon as practicable by paying the holder the par value of the Specified Stablecoin, after deducting any reasonable fees. This applies unless the HKMA provides its prior written consent.

- **Exercisable rights in the event of insolvency:** A licensee must, in respect of each type of Specified Stablecoins issued by the licensee, provide each holder of a Specified Stablecoin of the following rights that are exercisable in the event of the licensee’s insolvency:

- a right to direct the disposal of the Specified Reserve Assets Pool for the purpose of redeeming all the outstanding Specified Stablecoins of that type on a pro rata basis; and
- a right to claim against the licensee for any shortfall if the proceeds from the disposal of the Specified Reserve Assets Pool is insufficient to redeem all the outstanding Specified Stablecoins of that type in full.

E. Minimum financial resources requirements – these requirements do not apply to AIs¹⁹

A licensee must have adequate financial resources and liquid assets to meet its obligations (whether actual or contingent) as they will or may fall due. At a minimum, a licensee must satisfy the HKMA that:

- its paid-up share capital is not less than:
 - HKD 25 million;²⁰ or
 - an equivalent amount in another currency that is freely convertible into Hong Kong dollars or which is otherwise approved by the HKMA; or
- its other financial resources, as approved by the HKMA, are equivalent to or exceed the amounts in either bullet point mentioned directly above.

¹⁷ Paragraph 15 of Schedule 2 to the Stablecoins Bill.

¹⁸ Paragraph 6 of Schedule 2 to the Stablecoins Bill.

¹⁹ Paragraph 4 of Schedule 2 to the Stablecoins Bill.

²⁰ HKMA has also set HKD 25 million as the minimum paid-up share capital requirement applicable to SVF licensees.

F. Information disclosure requirements²¹

- **Whitepaper:** A licensee must, in respect of each type of Specified Stablecoin issued by the licensee, publish a whitepaper to provide comprehensive and transparent information about the type of Specified Stablecoins.
- **Complaints handling and redress:** A licensee must provide information to the holders of Specified Stablecoins issued by the licensee about its complaints handling and redress mechanisms mentioned in section 14 of Schedule 2 of the Stablecoins Bill.
- **Redemption rights:** A licensee must make adequate and timely disclosure to the public on the redemption rights applicable to Specified Stablecoins issued by the licensee, including in respect of fees, conditions, mechanisms and procedures for redemption, and validity of redemption. These should be stated clearly and prominently on its website or otherwise made available to the public.

G. Key personnel²² - different requirements apply to AIs and non-AIs²³

Certain personnel requirements only apply to non-AI licensees and some only apply to AI licensees. A licensee should have the following key personnel who are fit and proper (also see paragraph H below):

	KEY PERSONNEL	REQUIREMENTS UNDER THE STABLECOINS BILL
AI licensees		
Stablecoin manager ²⁴		There must be a stablecoin manager that is based in Hong Kong.
Manager ²⁵		The manager will be responsible for carrying out any specified affairs as stated in Schedule 1 to the Stablecoins Bill. Must give the HKMA written notice for any appointment or cessation of appointment of a manager.
Non-AI licensees		
Chief executive and alternative chief ²⁶		There must be at least one chief executive and one alternative chief executive, both of which should be based in Hong Kong.
Controller ²⁷		The HKMA's consent is required for becoming a controller (ie a majority shareholder, a minority shareholder or an indirect controller).
Director ²⁸		The HKMA's consent is required for the appointment of a director. <i>NB. The Stablecoins Bill does not specify any minimum composition requirements.</i>
Manager ²⁹		As noted under "AI licensees" above.

The exact duties of the key personnel (except for manager) are not specified in the Stablecoins Bill and may be supplemented in the form of regulatory guidelines published by the HKMA.

²¹ Part 2 of the Stablecoins Bill.

²² Paragraphs 7 and 8 of Schedule 2 to the Stablecoins Bill.

²³ Section 36 of the Stablecoins Bill.

²⁴ Subdivision 7 of Part 2 of the Stablecoins Bill.

²⁵ Section 63 of the Stablecoins Bill.

²⁶ Subdivision 4 of Part 2 of the Stablecoins Bill.

²⁷ Subdivision 2 of Part 2 of the Stablecoins Bill.

²⁸ Subdivision 5 of Part 2 of the Stablecoins Bill.

²⁹ Subdivision 6 of Part 2 of the Stablecoins Bill.

H. Governance, fit and proper, and knowledge and experience requirements³⁰

A licensee must have proper systems in place to ensure the HKMA is informed of the identity of controllers, that specified personnel are fit and proper and that officers have appropriate knowledge and experience. Further details are as follows:

- **Identity of controllers:** A licensee must have in place and implement adequate and appropriate systems of control to ensure that the HKMA is kept informed of the identity of each controller of the licensee.
- **Fit and proper personnel:** Each person who holds the position of chief executive, director, stablecoin manager or controller of a licensee must be a fit and proper person to hold the position. A licensee must have in place and implement adequate and appropriate systems of control to ensure that each person who holds the position of manager of the licensee is a fit and proper person to hold the position.
- **Knowledge and experience:** Each of the officers of a licensee who is responsible for the day-to-day management and operation of its licensed stablecoin activities must have the appropriate knowledge and experience to discharge the officer's responsibilities effectively. A licensee must have in place and implement adequate and appropriate systems of control to ensure that each of its officers who is responsible for the day-to-day management and operation of its licensed stablecoin activities has the appropriate knowledge and experience to discharge the officer's responsibilities effectively.

I. Prudential and risk management requirements³¹

A licensee must have in place and implement adequate and appropriate risk management policies and procedures for managing the risks arising from the carrying on of its licensed stablecoin activities that are **commensurate with the scale and complexity of those activities**, including:

- adequate security and internal control to ensure the safety and integrity of data (in particular, personal data) and records;
- effective means to detect fraud and attempted fraud;
- robust and proven contingency arrangements to address any operational disruptions; and
- other operational and security safeguards appropriate for those activities.

A licensee must not deviate from the above policies and procedures without consent from the HKMA.

A licensee must also have in place and implement adequate and appropriate risk management policies and procedures to identify, prevent, manage and disclose potential and actual conflicts of interest between itself and holders of Specified Stablecoins issued by the licensee.

J. AML/CFT requirements³²

A licensee must have in place and implement adequate and appropriate systems of control for preventing and combating possible money laundering or terrorist financing (**ML/TF**) in connection with its licensed stablecoin activities. It must have in place and implement adequate and appropriate systems of control to ensure that it complies with the provisions of the AMLO and the measures promulgated by the HKMA, whether in the form of rules, regulations, guidelines or otherwise, to prevent, combat or detect ML/TF.

Some guidance on the forthcoming HKMA-issued AML/CFT measures might be gleaned from the HKMA's guidance to its "authorized institutions" and SVF issuers, as well as in the controls specific to digital assets that are contained in the SFC's guidance for virtual asset trading platforms, as these are also issued pursuant to the foundational AMLO requirements. However, we anticipate issuers may also be particularly eager to understand the expectations of them (if any) in relation to transactions in their Specified Stablecoins in which they are not directly involved.

³⁰ Paragraphs 7 and 8 of Schedule 2 to the Stablecoins Bill.

³¹ Paragraph 10 of Schedule 2 to the Stablecoins Bill.

³² Paragraph 11 of Schedule 2 to the Stablecoins Bill.

K. Prudence and soundness of issue of Specified Stablecoin³³

The issue of a Specified Stablecoin by a licensee must be prudent and sound, having regard to the purpose, business model and operational arrangement of the issue.

This requirement has significant latitude. We expect this flexibility will be important for the HKMA to assess proposed Specified Stablecoin issuances holistically. It may therefore require discussion and additional materials as part of the application process.

L. General resource, conduct and controls expectations– these requirements do not apply to AIs³⁴

A licensee must:

- have dedicated and sufficient resources to carry on its licensed stablecoin activities;
- obtain the HKMA's consent before it carries on any business activity **other than** a licensed stablecoin activity; and
- implement adequate and appropriate systems of control to ensure that business activities will not cause significant risk to its licensed stablecoin activities and potential or actual conflicts of interest arising from that business activity can be properly managed and mitigated.

These requirements do not apply to AIs, but AIs have their own significant obligations relating to resources and controls.

M. Recovery planning and orderly wind-down

A licensee must have in place and implement adequate and appropriate systems of control for appropriate planning to support timely recovery and continuity of critical functions in relation to its licensed stablecoin activities when there is an occurrence of significant operational disruption.

It must also have in place and implement adequate and appropriate systems of control to ensure that an orderly wind-down of its licensed stablecoin activities could be implemented, and redemption of Specified Stablecoins issued by the licensee can be honoured in an orderly manner.

³⁰ Paragraphs 7 and 8 of Schedule 2 to the Stablecoins Bill.

³¹ Paragraph 10 of Schedule 2 to the Stablecoins Bill.

³² Paragraph 11 of Schedule 2 to the Stablecoins Bill.

OFFER REQUIREMENTS

WHO CAN OFFER SPECIFIED STABLECOIN AND TO WHICH TYPES OF INVESTORS?

The Stablecoins Bill also regulates the offering of Specified Stablecoins to another person.

In short, it requires distributions to occur via Hong Kong-regulated entities, with particularly stringent rules for retail access.

What is an in-scope offering?

“Offering a Specified Stablecoin”³⁵ captures any communication (in any form and by any means) made by a person to another person in the course of business, that presents sufficient information on all of the following matters to enable the other person to decide whether to acquire the stablecoin from a person:

- the stablecoin to be offered;
- the terms on which the stablecoin will be offered; and
- the channels through which the stablecoin will be offered.

Offering activities triggered

The Stablecoins Bill captures the following offering activities:

- Offering, or holding oneself out as offering, a Specified Stablecoin regardless of location.
- Actively market one’s offering of a Specified Stablecoin to the Hong Kong public.

Lawful pathways

There are three key pathways for lawfully offering stablecoins. In essence, a regulated intermediary will need to be involved, unless exempted by the HKMA.

PATHWAY	PERSON MAKING THE OFFER	ISSUANCE
1	Permitted offeror <i>See definition below</i>	Issue of the Specified Stablecoin is authorised by a licence.
2	Permitted offeror	Two criteria need to be met: <ul style="list-style-type: none">✓ Issue of the Specified Stablecoin is not prohibited by section 8 of the Stablecoins Bill.✓ The person to whom the Specified Stablecoin is offered is a person (or a class of persons) designated to be exempted by the Financial Secretary via Gazette notice.
3	A person or class of persons exempted by the HKMA.	Unspecified, but we expect it may be articulated in the terms of the relevant HKMA exemption.

³⁵ Section 6(1) of the Stablecoins Bill.

Meaning of “permitted offeror”:³⁶

This means any of the following:

- ✓ a licensee granted a licence under the Stablecoins Bill;
- ✓ a licensed corporation holding a licence for Type 1 regulated activity under the SFO;
- ✓ a VATP operator licensed under the AMLO; or
- ✓ an AI.

Some additional key details are as follows:

- **An HKMA-licensed issuer can offer either its own or another HKMA-licensed issuer’s Specified Stablecoin.**³⁷
- **Retail access may be limited to HKMA-issued Specified Stablecoins:** The Stablecoins Bill distinguishes between two types of Specified Stablecoins:
 1. Specified Stablecoins issued by HKMA-licensed issuers.
 2. Specified Stablecoins that are not issued by HKMA-licensed issuers. These can only be offered to a person (or a person of a class) that is designated by either the Financial Secretary or the HKMA to be exempted persons under the Stablecoins Bill.³⁸ It is currently unclear from the Stablecoins Bill who would fall under the list of designated persons (or class) to be exempted from the licensing regime under the Stablecoins Bill. It is possible that the HKMA and/or the Financial Secretary will make available a designated list in future when the Stablecoins Bill is close to implementation. However, we note that the HKMA has previously indicated that:

- such exempted persons would generally be limited to professional investors within the meaning of the SFO; and
- only Specified Stablecoins issued by HKMA-licensed issuers could be offered to retail investors.

We expect that the precise implementation of this exemption this will be of strong interest to Hong Kong industry participants as the regime unfolds. Importantly, the designation methodology means that there is also inherent flexibility – that is, a restriction implemented under a designation may change more easily than if a full statutory change were required.

³⁶ Section 9(5) of the Stablecoins Bill.

³⁷ Section 9(2) of the Stablecoins Bill.

³⁸ Sections 9(2)(b) and (c) of the Stablecoins Bill.

Comparing the proposed Specified Stablecoin issuing and offering regimes

The following table explains the scope of application and key requirements of the Specified Stablecoin issuing and offering regime under the Stablecoins Bill.

	TO WHOM DOES IT APPLY?	WHAT DOES IT REQUIRE?
Specified Stablecoin issuing regime	<p>Applies to anyone who:</p> <ol style="list-style-type: none"> issues Specified Stablecoins in Hong Kong; issues Specified Stablecoins outside Hong Kong referencing the Hong Kong dollar; OR actively markets its issuance of Specified Stablecoins to the Hong Kong public. 	<p>Requires the Specified Stablecoin issuer described on the left to obtain a licence from the HKMA.</p> <p>The Specified Stablecoin issuer must satisfy a number of licensing conditions and requirements.</p>
Specified Stablecoin offering regime	<p>Applies to anyone who:</p> <ol style="list-style-type: none"> offers Specified Stablecoins; OR actively markets such offering to the Hong Kong public, in each case regardless of whether or not the Specified Stablecoins in question are issued by an HKMA-licensed Specified Stablecoin issuer. 	<p>Requires the Specified Stablecoin offeror described on the left to fall within an exemption.</p> <p>The HKMA has previously indicated that regulated entities can only offer Specified Stablecoins issued by HKMA-regulated issuers (as opposed to other types of Specified Stablecoins) to retail investors.</p> <p>Specified Stablecoins that are not issued by an HKMA-regulated issuer can only be offered to exempted persons designated by the HKMA/ Financial Secretary.</p> <p><i>NB. Currently there is little information on who may fall within the list of exempted persons (if any). The HKMA has previously indicated that such exempted persons would generally be limited to professional investors within the meaning of the SFO.</i></p>



ADDITIONAL KEY DETAILS

WHAT ARE THE TRANSITIONAL ARRANGEMENTS FOR ISSUANCE?

Schedule 7 to the Stablecoins Bill sets out transitional provisions for existing entities carrying out regulated stablecoin activities. An infographic summarising the transitional arrangements is set out in our “two-minute summary and infographic” section above, with further detail set out below.

- **3 month transitional period** - A specified entity³⁹ is not prohibited from carrying on, or holding itself out as carrying on, a regulated stablecoin activity during the first 3 months from the commencement date, if the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date.⁴⁰
- **Specified entity that does not make a licence application within first 3 months** - After the 3 month transitional period, if the entity does not make a licence application to carry on the regulated stablecoin activity, the HKMA does not acknowledge receipt of the application, and/or the entity does not provide to the HKMA certain documentation (including a written declaration and undertaking as set out in paragraph 2(3) of Schedule 7 to the Stablecoins Bill) (**Required Documentation**), then the entity enters into the closing down period immediately following the day on which the first 3 months expires.⁴¹

- **Specified entity that makes licence application within first 3 months** - After the 3 month transitional period, if an entity makes a licence application to carry on the regulated stablecoin activity, the HKMA acknowledges receipt of the application, and the entity provides to the HKMA Required Documentation, then the closing down period will apply on the earliest of the following days:
 - if the HKMA gives a rejection notice to the entity, the day on which the notice is given;
 - if the entity withdraws the licence application, the day on which the application is withdrawn;
 - if the licence application is refused, the day on which notice of the decision to refuse is given under section 15(4) of the Stablecoins Bill.⁴²

NB. The “closing down period” is the period that starts on the day on which the entity enters into the closing down period (start day) and ends on the expiry of 1 month beginning on the start day. The entity may apply to the HKMA for an extension of the closing down period. During this period the entity will not contravene section 8 of the Stablecoins Bill.⁴³ The HKMA may impose requirements during this period.⁴⁴

- **6 month transitional period** - A specified entity is not prohibited from carrying on, or holding itself out as carrying on, a regulated stablecoin activity during the first 6 months from the commencement date if:
 - the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; and
 - within the first 3 months the entity has made a licence application to carry on the regulated stablecoin activity, the HKMA has acknowledged receipt of the application, and the entity has provided to the HKMA with Required Documentation.⁴⁵

³⁹ “Specified entity” means a company or an AI incorporated outside Hong Kong. See paragraph 1 of Schedule 7 to the Stablecoins Bill.

⁴⁰ Paragraph 2 of Schedule 7 to the Stablecoins Bill. Under paragraph 1 of Schedule 7 to the Stablecoins Bill, the commencement date is defined as “the day on which section 8 comes into operation”. We understand that the Stablecoins Bill is not yet in operation and therefore the commencement date has not yet been established as at the date of this document.

⁴¹ Paragraph 7 of Schedule 7 to the Stablecoins Bill.

⁴² Paragraph 8 of Schedule 7 to the Stablecoins Bill.

⁴³ Paragraphs 9 and 10 of Schedule 7 to the Stablecoins Bill,

⁴⁴ Paragraph 11 of Schedule 7 to the Stablecoins Bill,

⁴⁵ Paragraph 2 of Schedule 7 to the Stablecoins Bill,

⁴⁶ Paragraphs 3 and 4 of Schedule 7 to the Stablecoins Bill,

⁴⁷ Paragraph 5 of Schedule 7 to the Stablecoins Bill,

The HKMA may either grant a provisional licence or give a rejection notice if the HKMA is not satisfied that the specified entity has met due requirements.⁴⁶ Where an entity has been given a rejection notice, the licence application will be taken to be withdrawn unless the entity objects to the decision.⁴⁷

WHAT ARE THE SPECIAL RULES FOR “DESIGNATED STABLECOIN ENTITIES”?

The Stablecoins Bill includes special rules for offshore persons involved in Specified Stablecoin issuance or related services.

What is a “designated stablecoin entity”?

Individuals outside Hong Kong or entities incorporated or established in a place outside Hong Kong may be classified as a “designated stablecoin entity” under Part 4 of the Stablecoins Bill. Specifically, the HKMA may designate an entity if the entity:

- carries on business outside Hong Kong of issuing Specified Stablecoins and section 8 of the Stablecoins Bill does not prohibit the entity from carrying on the business; or
- if the entity provides, whether in Hong Kong or elsewhere, any services to a stablecoin payment system.

The HKMA must **not** designate an entity unless it is of the opinion that the Statutory Materiality Factors (as defined in endnote 10) apply.

WHAT ARE THE FUNCTIONS AND POWERS OF THE HKMA?

Part 4 of the Stablecoins Bill sets out the core functions and powers of the HKMA. The following chart summarises some key functions and powers at a high level.

KEY FUNCTIONS	KEY POWERS
<ul style="list-style-type: none"> • Promote monetary and financial stability by addressing stablecoin risks • Supervise compliance with the Stablecoins Bill • Promote and encourage proper standards of conduct and operation, and sound and prudent practices 	<ul style="list-style-type: none"> • Give directions • Require information or documents from a licensee or designated stablecoin entity • Examine books and accounts etc • Require specialist reports

The HKMA also has investigatory and related powers under Part 5 of the Stablecoins Bill and powers to impose sanctions on regulated persons under Part 6 of the Stablecoins Bill. Further powers relating to the management of a licensee are also set out in sections 77 and 80 of the Stablecoins Bill.

What is the impact of designation?

The Stablecoins Bill imposes certain requirements with which a designated stablecoin entity must comply. A designated stablecoin entity which, without reasonable excuse, fails to comply with these requirements commits an offence.

Among other things, a designated stablecoin entity must have in place operating rules that:

- ✓ comply with any regulation made by the HKMA;
- ✓ provide for the entity to be operated in accordance with the Stablecoins Bill; and
- ✓ provide for appropriate and adequate arrangements to deal with the situation where the entity is likely to become unable to meet its obligations.

A designated stablecoin entity must also maintain appropriate and adequate financial resources and must have in place and implement appropriate and adequate systems of control for reserve management, disclosures and risk management in relation to the issue of Specified Stablecoins by the entity or the provision of services by the entity to a stablecoin payment system (as the case requires).

WHAT OTHER CONSUMER PROTECTION AND MARKET INTEGRITY OFFENCES APPLY?

The Stablecoins Bill contains a number of additional offences. These can affect a range of third parties including advertisers, investors, market makers, advisors, influencers, aggregators, custodial solutions, other third party platforms, and others. In our experience, these types of restrictions merit close attention given their exceptionally wide latitude.

- **Advertising restrictions:** A person must not publish, or have in possession for the purpose of publication: (i) an advertisement which, to the subject person's knowledge, the audience will hold the advertised person out as either issuing a Specified Stablecoin or offering Specified Stablecoin; or (ii) a document that, to the person's knowledge, contains an advertisement mentioned in (i), unless the publication falls within an exemption.⁴⁸ This offence is not limited to traditional advertisements. For example, hyperlinks, API and similar linkages to third party services require extreme care.

- **Fraud and deception in Specified Stablecoin transaction:** It is an offence if a person (directly or indirectly) in a transaction involving a Specified Stablecoin either: (i) employs a device, scheme or artifice with intent to defraud or deceive; or (ii) engages in an act, practice or course of business that is fraudulent or deceptive, or would operate as a fraud or deception. This is a wide market integrity offence that can be relevant to multiple persons, including investors and institutional market makers and other participants.
- **Inducing others to acquire Specified Stablecoin:** It is an offence if a person makes a fraudulent misrepresentation or reckless misrepresentation for the purpose of inducing another person to enter into, or offer to enter into, an agreement to acquire, dispose of, subscribe for or underwrite a Specified Stablecoin. This can affect issuers and distributors as well as influencers, advisors, asset managers and others.

These offences are similar to the relevant offences under the AMLO in relation to the VATP licensing regime.⁴⁹ Further general offences are set out in Part 8 of the Stablecoins Bill (see paragraph directly below).



WHAT ARE THE GENERAL OFFENCES UNDER THE STABLECOINS BILL?

Part 8 of the Stablecoins Bill sets out other general offences, including the following:

FALSE OR MISLEADING INFORMATION

Giving false or misleading information in a material particular to the HKMA. Similarly, omitting information given to the HKMA with the result that the information is rendered false or misleading in a material particular. In both cases, the person committing the offence must have known or ought to have reasonably known that the information is false or misleading, or that the omission would have such result.

FALSE OR MISLEADING DOCUMENT

Producing to the HKMA a book, account or document (Document) that is false or misleading in a material particular. If the Document is signed by a person other than the signing person, the person commits an offence if they know or ought reasonably to know that the Document is false or misleading.

MAKING CERTAIN REPRESENTATIONS RELATING TO THE HKMA

A licensee or designated stablecoin entity must not make a representation to the effect that the abilities or qualifications of the licensee or entity have been endorsed or warranted by the HKMA, and must not permit any person to make such representation.

OBSTRUCTING PERSONS IN PERFORMANCE OF FUNCTIONS

A person who without reasonable excuse obstructs a specified person, or a specified person assisting another person, in the performance of a function under the Stablecoins Bill, commits an offence.

FALSE ENTRY IN DOCUMENTS

A person who carries on a regulated stablecoin activity commits an offence if the person wilfully and with intent to deceive does the following which results in any information in question being false or misleading in a material particular:

- To make or cause to be made, an entry that the person knows or ought reasonably to know to be false relating to a stablecoin activity.
- To omit to make an entry relating to a stablecoin activity.
- To alter, abstract, conceal or destroy (Alter) an entry relating to a regulated stablecoin activity, or cause any such entry to be Altered.

FALSE CLAIM TO BE AN APPLICANT FOR A LICENCE OR A LICENSEE

A person who is not an applicant for a licence must not describe the person as an applicant or behave or otherwise hold the person out, in a manner than indicates, or that is reasonably likely to be understood as indicating, that the person in such case is an applicant. The same applies to claims relating to being a licensee.

ARE THERE ANY CONFIDENTIALITY PROVISIONS UNDER THE STABLECOINS BILL?

Part 9 of the Stablecoins Bill contains confidentiality provisions, including a general confidentiality requirement which applies the covered persons (unless an exemption applies),⁵⁰ prohibitions on certain secondary disclosures,⁵¹ prohibitions on contravening conditions regarding disclosure of information,⁵² and prohibitions on disclosing information relating to investigations, revocations, suspension or sanctions.⁵³

ARE THERE ANY SANDBOX ARRANGEMENTS?

The HKMA has introduced a sandbox arrangement for communicating supervisory expectations and guidance to companies that plan to conduct regulated stablecoin activities in Hong Kong.

Further details and a list of sandbox participants are available [here](#).

WHERE CAN I LEARN MORE ABOUT STABLECOINS AND RELATED ISSUES? COME SPEAK TO US

We have advised issuers and platforms on stablecoins over many years, including bank-issued stablecoins, algorithmic stablecoins, trust-based stablecoins and many other similar instruments and arrangements.

KWM's bilingual financial regulatory, financial markets, structured products and international funds teams have extensive experience in advising financial institutions, fund houses and fintech companies on a broad range of matters related to stablecoins, tokenisation, digital assets, emerging fintech and financial regulation.

We are familiar with the unique and nuanced commercial and legal issues faced by financial institutions, asset managers and fintech companies in the fast-evolving regulatory landscape in Hong Kong, China Mainland, Australia, Europe and the United States. We can provide a range of support for your stablecoin and digital assets-related projects, including initial structuring strategy, advice on licensing and product authorisation requirements as well as the preparation and negotiation of product offering and transaction documents.

Come speak to us - we would be pleased to share our further insights with you.

**In this article, "Hong Kong" or "HK" means the "Hong Kong Special Administrative Region of the People's Republic of China", and "PRC" or "China Mainland" means the People's Republic of China, excluding Hong Kong, Macao Special Administrative Region and Taiwan.*

⁵⁰ "Covered person" means a person who is or was in the HKMA, a person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to assist the HKMA, a person performing a function under or carrying into effect the Stablecoins Bill, or a person assisting a person with the same. See sections 155 and 156 of the Stablecoins Bill.

⁵¹ Section 158 of the Stablecoins Bill.

⁵² Section 159 of the Stablecoins Bill.

⁵³ Section 160 of the Stablecoins Bill.

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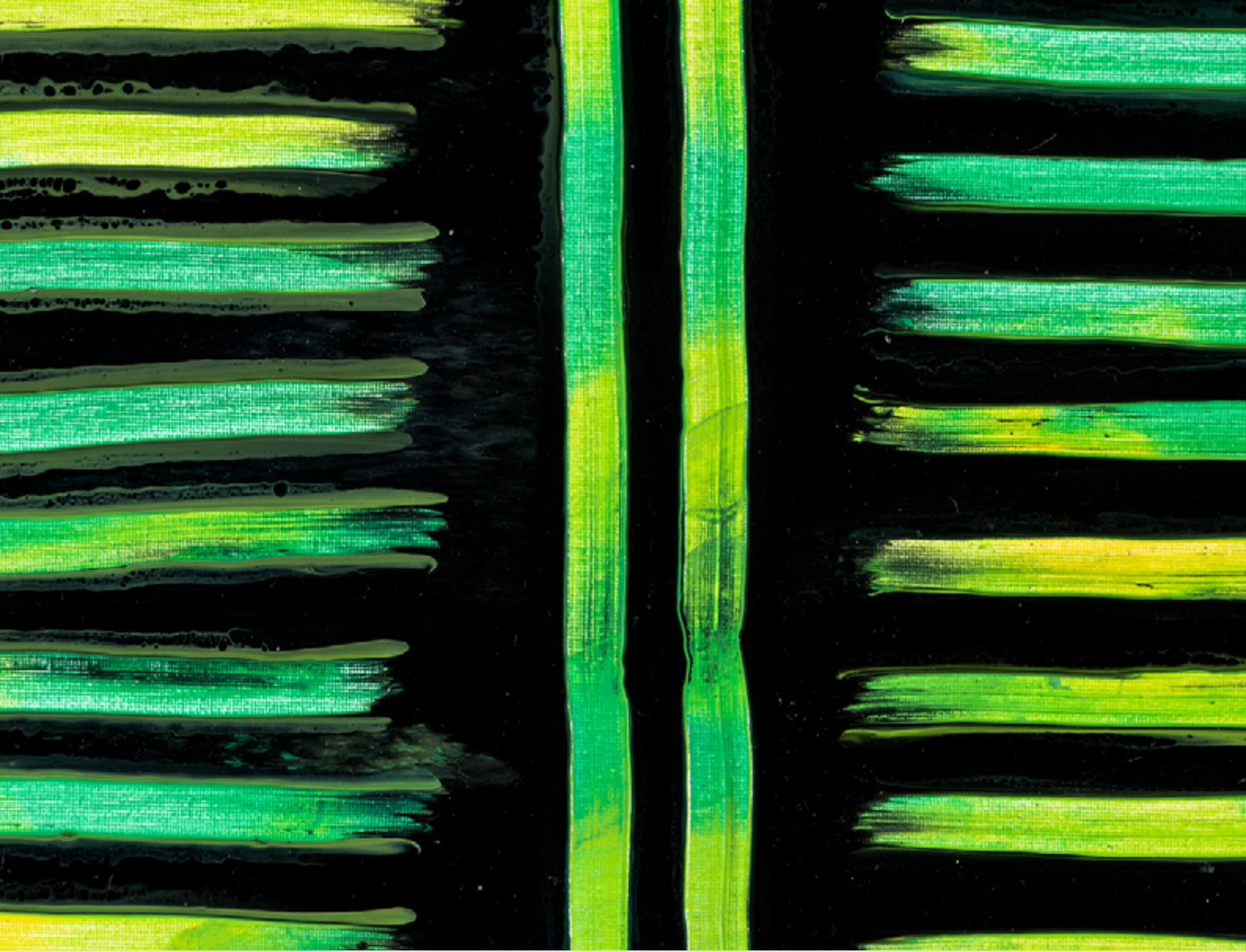
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