



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref: B1/15C  
G16/1C

27 May 2026

The Chief Executive  
All Registered Institutions

Dear Sir / Madam,

**Virtual asset-related activities in relation to relevant stablecoins issued by licensed stablecoin issuers**

I am writing to provide guidance to registered institutions (“RIs”) on the requirements for their virtual asset<sup>1</sup> dealing services, advisory services or asset management services or the distribution of investment products with exposure to virtual assets (“VA-related activities”), where the virtual asset concerned is a specified stablecoin the issuance of which is authorized by a licence granted under the Stablecoins Ordinance (Cap. 656) (“SO”) (“Relevant Stablecoin”) (hereafter called “Relevant Stablecoin-related activities”). The Hong Kong Monetary Authority (“HKMA”) formulated the guidance jointly with the Securities and Futures Commission (“SFC”) which is issuing guidance<sup>2</sup> to licensed corporations.

**Background**

Currently, intermediaries which intend to engage in or are engaging in VA-related activities are governed by the joint circular on intermediaries’ virtual asset-related activities (“Joint Circular”) and the supplemental joint circular on intermediaries’ virtual asset-related activities issued by the HKMA and the SFC on 22 December 2023 and 30 September 2025 respectively. With the commencement of the SO on

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<sup>1</sup> “Virtual asset” refers to any “virtual asset” as defined in section 53ZRA of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (“AMLO”).

<sup>2</sup> The SFC’s circular on provision of Relevant Stablecoin service by virtual asset trading platforms and licensed corporations issued on 27 May 2026.

1 August 2025, the HKMA and the SFC have reviewed the requirements for conducting VA-related activities where the virtual asset concerned is a Relevant Stablecoin. The HKMA and the SFC recognise that Relevant Stablecoins are required to be pegged to one or more official currencies and are primarily blockchain-based payment tokens, the nature of which is different from other virtual assets which are not Relevant Stablecoins. In other words, the risk profile of Relevant Stablecoins from an investor protection perspective is not the same as that of other virtual assets.

Having considered together with the SFC the feedback received during the HKMA's consultation with the banking industry, the HKMA is providing specific guidance on the applicability of the requirements set out in the Joint Circular to RIs' Relevant Stablecoin-related activities<sup>3</sup>.

### **Detailed guidance**

This circular sets out the resulting changes to the Joint Circular. The corresponding updates to the *Licensing or registration conditions and terms and conditions for licensed corporations or registered institutions providing virtual asset dealing services and virtual asset advisory services* (Appendix 6 to the Joint Circular) and the *Terms and conditions for licensed corporations or registered institutions which manage portfolios that invest in virtual assets* (Appendix 7 to the Joint Circular) ("Terms and Conditions") are appended in Appendices A1 and A2 respectively. This circular should be read in conjunction with the Joint Circular and the supplemental joint circular.

For the avoidance of doubt, the measures set out in this circular do not apply to activities involving stablecoins which are not Relevant Stablecoins.

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<sup>3</sup> For the avoidance of doubt, the requirements relating to virtual asset dealing, advisory and asset management services in the Joint Circular, the supplemental joint circular and this circular do not apply to authorized financial institutions which are not registered institutions, and do not apply to HKMA-licensed stablecoin issuers as far as the Relevant Stablecoin issued by the HKMA-licensed stablecoin issuer is concerned, which are expected to meet similar standards separately issued by the HKMA from time to time.

## **I. Provision of Relevant Stablecoin dealing services**

### **Partnering with HKMA-licensed stablecoin issuer and VATPs which may be subject to a professional investor-only licensing condition allowed**

- (1) With respect to paragraphs 17 and 21 of the Joint Circular, for the provision of dealing services in Relevant Stablecoins (“Relevant Stablecoin dealing services”), RIs can partner with SFC-licensed virtual asset trading platforms (“VATPs”), or the HKMA-licensed stablecoin issuer of the Relevant Stablecoin concerned. To facilitate RIs in providing dealing services in Relevant Stablecoins and other virtual assets for retail clients via omnibus accounts with VATPs, the HKMA and the SFC will permit RIs to partner with VATPs which may be subject to a professional investor-only licensing condition (“PIO condition”). VATPs subject to the PIO condition can only indirectly serve retail clients through licensed corporation and RIs but not directly for retail clients, and RIs partnering with such VATPs should ensure that the RI’s retail clients can only trade in those virtual assets that have gone through the VATP’s token admission and review processes for admission for retail trading. This enables efficient intermediation by RIs acting on behalf of retail clients, while maintaining regulatory safeguards at the intermediary level. Accordingly, paragraph 20(a)(iii) of the Joint Circular is removed.

### **Provision of Relevant Stablecoin-only dealing services not restricted to RIs registered for Type 1 regulated activity or Type 1 regulated activity clients**

- (2) With respect to paragraph 18 of and footnote 22 to the Joint Circular on intermediary and client restrictions, the HKMA and the SFC do not restrict RIs which provide virtual asset dealing services in only Relevant Stablecoins (“Relevant Stablecoin-only dealing services”) to those registered for Type 1 (dealing in securities) regulated activity. RIs’ provision of Relevant Stablecoin-only dealing services is also not limited to their Type 1 regulated activity clients. With respect to paragraphs 19 and 21 of the Joint Circular on registration conditions, RIs providing Relevant Stablecoin-only dealing services are still subject to the expected conduct requirements set out in the prescribed terms and conditions in Appendix A1 to this circular to be imposed by the SFC (and in consultation with the HKMA) as registration conditions.

**Virtual asset-knowledge test requirement not applicable and streamlined suitability assessment for Relevant Stablecoin-only clients; Relevant Stablecoins not required to be included when calculating a client's exposure to virtual assets; high liquidity requirement not applicable to Relevant Stablecoins, etc.**

- (3) With respect to paragraph 20(a) of the Joint Circular on investor protection measures before providing Relevant Stablecoin dealing services to retail clients:
- (a) on subparagraph (i), for RIs which choose to provide Relevant Stablecoin-only dealing services to specific clients (“Relevant Stablecoin-only clients”)<sup>4</sup>, they need not assess each Relevant Stablecoin-only client’s knowledge of virtual assets in connection with their provision of Relevant Stablecoin-only dealing services. For RIs which provide Relevant Stablecoin-only dealing services to specific clients whose accounts are clearly demarcated as Relevant Stablecoin-only client accounts, RIs should consider the Relevant Stablecoin-only client’s objective in the trading of Relevant Stablecoins (e.g. use case). Generally, Relevant Stablecoins may be made available to clients across different risk profiles;
  - (b) on subparagraph (ii), the requirement to set a limit for a client (other than institutional and qualified corporate professional investors) to ensure that the client’s exposure to virtual assets is reasonable does not apply to the provision of Relevant Stablecoin-only dealing services. For the avoidance of doubt, in calculating the client’s exposure to virtual assets in order to set the client’s exposure limit to virtual assets under subparagraph (ii) of paragraph 20(a) of the Joint Circular, a client’s

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<sup>4</sup> For the avoidance of doubt, where an RI provides dealing services in Relevant Stablecoins and other virtual assets, it should comply with all regulatory requirements applicable to the provision of virtual asset dealing services, including, where the client is not an institutional or qualified corporate professional investor client, assessing a client’s knowledge of virtual assets, irrespective of whether the client ultimately only trades in Relevant Stablecoins. For RIs that choose to provide Relevant Stablecoin-only dealing services to specific clients, the RI should not provide dealing services in any other virtual assets to such Relevant Stablecoin-only clients. Before the RI provides dealing services in any other virtual assets to Relevant Stablecoin-only clients, it should comply with all regulatory requirements applicable to the provision of virtual asset dealing services, including, where the client is not an institutional or qualified corporate professional investor client, assessing each client’s knowledge of virtual assets.

holdings in Relevant Stablecoins need not be included in the calculation;  
and

- (c) on subparagraphs (iii) and (iv), RIs may also conduct Relevant Stablecoin dealing activities through the HKMA-licensed stablecoin issuer of the Relevant Stablecoin concerned; and the high liquidity requirement does not apply to Relevant Stablecoins.
- (4) With respect to paragraph 20(b) of the Joint Circular, RIs can also receive or withdraw clients' Relevant Stablecoins through segregated account(s) established and maintained with the HKMA-licensed stablecoin issuers who carry on custody of the Relevant Stablecoins they issue with clients' assets segregated from the issuers' own assets.

**Disclosure of information on stabilisation mechanism and redemption arrangement of the Relevant Stablecoin**

- (5) When providing Relevant Stablecoin dealing services, RIs should disclose, amongst others, the relevant material information on the stabilisation mechanism and redemption arrangements of the Relevant Stablecoin.

**II. Provision of portfolio management services involving Relevant Stablecoins**

**Type 9 regulated activity registration not required if no virtual assets other than Relevant Stablecoins in the portfolios managed**

- (6) With respect to paragraph 23 of and footnote 31 to the Joint Circular, the HKMA and the SFC do not require an RI which provides portfolio management services but does not require a Type 9 (asset management) registration to be registered for Type 9 (asset management) regulated activity, where the RI includes Relevant Stablecoins but not other virtual assets in the portfolios that it manages in the provision of such portfolio management services. RIs providing such services which meet the de minimis threshold are still subject to the additional requirements set out in the proforma terms and conditions in Appendix A2 to this circular, to be imposed by the SFC (and in consultation with the HKMA) as registration conditions.

### **III. Provision of Relevant Stablecoin advisory services**

#### **Relevant Stablecoin-only advisory services not restricted to Type 1 or Type 4 regulated activity clients**

- (7) With respect to paragraphs 26 and 27 of the Joint Circular, the HKMA and the SFC do not restrict RIs from providing Relevant Stablecoin-only advisory services only to their Type 1 (dealing in securities) or Type 4 (advising on securities) regulated activity clients. RIs providing Relevant Stablecoin-only advisory services are still subject to the expected conduct requirements set out in the prescribed terms and conditions in Appendix A1 to this circular, to be imposed by the SFC (and in consultation with the HKMA) as registration conditions.

#### **Streamlined suitability assessment; high liquidity requirement not applicable to Relevant Stablecoins**

- (8) With respect to paragraph 27 of the Joint Circular, whilst a Relevant Stablecoin would be considered a non-complex product, in discharging its suitability obligations where an RI has made a solicitation or recommendation, (a) it should act diligently and carefully in providing any advice to its clients, ensuring that advice and recommendations are based on thorough analysis (for instance, the Relevant Stablecoin use case of the client) and take into account available alternatives for clients; and (b) it should also ensure that any conflicts of interest are properly managed and minimised (for example, it should not use commission rebates or other benefits as the primary basis for soliciting or recommending a Relevant Stablecoin to clients).
- (9) With respect to paragraph 28 of the Joint Circular, the requirement to ensure that the virtual asset is of high liquidity does not apply to Relevant Stablecoins and RIs can also provide advisory services for Relevant Stablecoins made available by the HKMA-licensed stablecoin issuer of the Relevant Stablecoin concerned.

**Disclosure of information on stabilization mechanism and redemption arrangements of the Relevant Stablecoin**

- (10) When providing Relevant Stablecoin advisory services, RIs should disclose, amongst others, the relevant material information on the stabilisation mechanism and redemption arrangements of the Relevant Stablecoin.

**IV. Distribution of investment products with exposure to Relevant Stablecoins**

- (11) **Following general guidance to consider whether a Relevant Stablecoin-related product is a complex product** — With respect to paragraph 5 of the Joint Circular, the view that VA-related products are very likely considered complex does not apply to Relevant Stablecoin-related products<sup>5</sup>. The flowchart set out in Appendix 3 to the Joint Circular also does not apply to Relevant Stablecoin-related products. When determining whether a Relevant Stablecoin-related product would be considered a complex product, RIs should have regard to the factors set out in paragraph 6.1 of the Guidelines on Online Distribution and Advisory Platforms issued by the SFC and the non-exhaustive list of examples of non-complex and complex products set out on the SFC's website<sup>6</sup>.
- (12) **Professional investors-only restriction not applicable to Relevant Stablecoin-related products** — With respect to paragraphs 6.1 and 8 of the Joint Circular on selling restrictions, the requirement that VA-related products which are considered complex products should only be offered to professional investors does not apply to Relevant Stablecoin-related products.
- (13) **Virtual asset-knowledge test requirement not applicable to Relevant Stablecoin-related products** — With respect to paragraphs 6.2, 7 and 8 of the

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<sup>5</sup> This refers to products which (a) have a principal investment objective or strategy to invest in Relevant Stablecoins; (b) derive their value principally from the value and characteristics of Relevant Stablecoins; or (c) track or replicate the investment results or returns which closely match or correspond to Relevant Stablecoins.

<sup>6</sup> The non-exhaustive list of examples of non-complex and complex products can be accessed at: <https://www.sfc.hk/en/Rules-and-standards/Suitability-requirement/Non-complex-and-complex-products>

Joint Circular on the virtual asset-knowledge test, the test requirement does not apply to the distribution of Relevant Stablecoin-related products<sup>7</sup>.

- (14) **Sufficient net worth requirement applicable only to Relevant Stablecoin-related products which are derivative products or it is a leveraged transaction** — With respect to paragraphs 6.2 and 8 of the Joint Circular on sufficient net worth, RIs are only required to ensure that their clients have sufficient net worth to assume the risks and bear the potential losses of purchasing Relevant Stablecoin-related products if the products are derivative products or the transactions are leveraged transactions.
- (15) **Reminder to observe any applicable selling restrictions** — With respect to paragraph 11 of the Joint Circular, RIs are reminded to observe the selling restrictions in Hong Kong and other jurisdictions which may be applicable to a particular Relevant Stablecoin or Relevant Stablecoin-related product. In particular, in relation to Relevant Stablecoin-related products, RIs should observe the provisions in Part IV of the SFO which prohibit the offering to the Hong Kong public of investments which have not been authorised by the SFC unless an exemption applies.
- (16) **The view about inherently high-risk nature not applicable to the underlying Relevant Stablecoins** — With respect to paragraph 12 of the Joint Circular, while the requirements set out therein are applicable to the distribution of Relevant Stablecoin-related products, the view that the underlying virtual assets of virtual asset-related products are of an inherently high-risk nature is also not applicable to the underlying Relevant Stablecoins of Relevant Stablecoin-related products.
- (17) **Warning statements requirement not applicable to non-complex Relevant Stablecoin-related products** — The requirement on warning statements in paragraph 15.1 of the Joint Circular are not applicable to RIs in respect of distributing those Relevant Stablecoin-related products which are considered non-complex products. However, the distribution of those Relevant Stablecoin-related products which are considered complex products remains subject to the suitability requirement and the minimum information and

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<sup>7</sup> For the avoidance of doubt, before an RI distributes other virtual asset-related products, it must comply with all regulatory requirements applicable to the distribution of virtual asset-related products, including, where the client is not an institutional or qualified corporate professional investor client, assessing each client's knowledge of virtual assets and risk tolerance level.

warning statements requirement under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission in particular paragraph 5.5.

### **Implementation**

RIs carrying out Relevant Stablecoin-related activities should put in place adequate policies, procedures and controls, and provide sufficient training to staff to implement the requirements set out in this circular.

Like other virtual asset-related products and virtual assets, RIs are reminded to notify the HKMA and the SFC in advance if they intend to engage in any activities involving Relevant Stablecoins, which include (a) the distribution of Relevant Stablecoin-related products, the provision of dealing or advisory services in Relevant Stablecoins, and the provision of Relevant Stablecoin asset management services, or (b) any material changes to the arrangements for such activities as communicated in the previous advance notification.

Should you have any questions on this circular, please contact Mr Adam Tse at 2878-1233 or Ms Karin Lee at 2878-1604.

Yours faithfully,

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Encl.

c.c. Securities and Futures Commission  
(Attn: Dr Eric Yip, Executive Director, Intermediaries)