Hong Kong SFC's New Roadmap to Develop Hong Kong as a Global Virtual Asset Hub: ASPIRe

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The Hong Kong Securities and Futures Commission (SFC) has recently unveiled a growth plan for the virtual asset (VA) industry, outlined in a five-pillar roadmap called "A-S-P-I-Re." This roadmap consists of 12 initiatives organized into five categories: Access, Safeguards, Products, Infrastructure, and Relationships.

Pillar "A" (Access) – Expanding Opportunities for Investors

Initiative 1: Establish Licensing for OTC Trading and Custody Services

The SFC will support a licensing framework for over-the-counter (OTC) trading, ensuring parity between OTC operators and VA trading platforms (VATPs). A separate licensing regime for custody services will create a two-tier structure for trading and custody.

Initiative 2: Attract Global Platforms and Liquidity Providers

The SFC aims to encourage international VA platforms to set up local operations and streamline onboarding for institutional-grade liquidity providers, enhancing market liquidity.

Pillar "S" (Safeguards) – Balancing Investor Protection with Flexible Regulations

Initiative 3: Dynamic Custody Technologies

The SFC will explore emerging custody technologies, moving away from rigid cold storage mandates to more flexible and security-focused frameworks.

Initiative 4: Enhance Insurance and Compensation Frameworks

The SFC will align compensation and insurance requirements with global standards, allowing VA service providers to tailor their arrangements.

Initiative 5: Clarify Onboarding and Product Categorization

The SFC will clarify investor onboarding processes and create a classification system for VA products based on their nature and associated risks.

Pillar "P" (Products) – Diversifying VA Offerings

Initiative 6: Regulatory Framework for Professional Investors

The SFC will consider allowing professional investors to participate in new token listings and trade VA derivatives, contingent on due diligence and risk management.

Initiative 7: Margin Financing Requirements

The SFC will introduce margin financing requirements for VA, making it easier for traditional finance to engage with familiar risk practices.

Initiative 8: Staking and Borrowing/Lending Services

The SFC will evaluate the possibility of allowing staking and borrowing/lending services for professional investors, supported by appropriate risk management safeguards. As a follow-on action, on 7 April 2025, the SFC issued guidelines on licensed VATPs and authorized funds in relation to the provision of staking services.

Pillar "I" (Infrastructure) – Improving Market Monitoring and Collaboration

Initiative 9: Advanced Reporting and Surveillance Tools

The SFC will implement blockchain analytics tools and transaction monitoring systems to combat fraud and market misconduct.

Initiative 10: Strengthen Cross-Agency and Cross-Border Collaboration

The SFC will promote local and global collaboration to establish a comprehensive framework for risk monitoring and asset recovery.

Pillar "Re" (Relationships) – Fostering Education, Engagement, and Transparency

Initiative 11: Guidelines for Financial Influencers

The SFC will introduce guidelines for financial influencers (Finfluencers) to encourage responsible communication and protect investor interests.

Initiative 12: Build a Sustainable Communication and Talent Network

The SFC will work with stakeholders through the Virtual Asset Consultative Panel and support training programs.

Conclusion

The A-S-P-I-Re roadmap presents a comprehensive strategy to sustain Hong Kong's VA market by integrating traditional finance with blockchain innovation. By addressing regulatory gaps and promoting collaboration, the SFC is positioning Hong Kong as a global leader in the VA industry.

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