





The key change is for retail investors to be able to access these platforms for trading. This is premised on the basis that the platforms must comply with a range of robust investor protection measures. These cover ensuring suitability in the onboarding process, token due diligence, and admission and disclosure. These measures are necessary to ensure retail investors can reasonably assume the risks and bear the potential trading losses in virtual assets before they are allowed to trade. Prior to this, trading was only for professional investors.

To ensure robust governance and transparency, licensed platform operators should establish a token admission and review committee. The SFC expects that licensed platform operators perform reasonable due diligence on the virtual assets to be admitted for trading, and to ensure that they satisfy the admission criteria on an ongoing basis. Virtual assets to be made available to retail clients should be large cap virtual assets of high liquidity. This would reduce the risk of market manipulation.

Another key aspect is our emphasis on safeguarding assets. Fundamentally, as with all SFC licensees, virtual asset trading platforms are required to segregate client assets from house assets. Other robust safe custody requirements are imposed, such as private key management to prevent collusion and misappropriation by employees. The SFC also requires platform operators to put in place a compensation arrangement through a combination of insurance and funds set aside on trust and designed for such purpose.

Virtual asset ecosystem



If you are interested in exploring the opportunity for listing in the Specialist Tech market or setting up in Hong Kong, our Economic and Trade Office here, working closely with InvestHK, would offer the assistance.

In concluding, we believe that having a strong, robust regulatory framework is key to ensuring sustainable development of a crypto ecosystem and will help to build trust among the public and counterparties in Tradfi. So, my final message today is to embrace both innovation and regulation as the pathway to the future of finance. Thank you.