

Hong Kong Stablecoins Ordinance Overview

Hong Kong's Stablecoin regulatory regime

The [Stablecoins Ordinance](#), which provides a statutory framework for the regulatory regime applicable to stablecoins in Hong Kong, (the **Regime**) was passed by the Legislative Council on 21 May 2025 and came into effect on 1 August 2025. The Regime outlines the key regulatory requirements for issuing and offering stablecoins in Hong Kong. We set out below a high-level overview of these requirements.

The Regime primarily regulates stablecoins that are "pegged to" (i.e., purports to maintain a stable value with reference wholly to) (i) one or more official currencies, (ii) one or more units of account or stores of economic value specified by the Hong Kong Monetary Authority (the **HKMA**), or (iii) a combination of (i) and (ii). The Regime also applies to stablecoins that are a digital representation of value specified by the HKMA, which provides a degree of flexibility to regulate stablecoins referencing other value-linked digital assets (e.g., commodity, financial or physical assets which may have been digitalised).

HKMA guidance

On 29 July 2025, the HKMA published the following guidance for the implementation of the Regime:

- (i) [Guideline on Supervision of Licensed Stablecoin Issuers](#);
- (ii) [Guideline on Anti-Money Laundering and Counter-Financing of Terrorism \(For Licensed Stablecoin Issuers\)](#);
- (iii) [Explanatory Note on Licensing of Stablecoin Issuers](#); and
- (iv) [Explanatory Note on Transitional Provisions for Pre-existing Stablecoin Issuers](#).

Licensing

The Regime introduces a specific licensing requirement for issuing stablecoins either: (i) in Hong Kong; or (ii) where the stablecoins are pegged (wholly or partly) to

the Hong Kong dollar in a place **outside Hong Kong**. The Regime also requires a licence to be held by persons offering a stablecoin in Hong Kong or to the Hong Kong public.

Unless appropriately licensed, it is an offence for a person to carry on a regulated activity or to hold out as carrying on a regulated activity where the licensing requirement has been triggered. Holding out includes where a person actively markets stablecoins, whether in Hong Kong **or elsewhere**, to the public of Hong Kong.

Licensing requirements - Product offering

The offering of a stablecoin will also require a person to be licensed, although there is a wider class of eligible licences and authorisations accepted under the Regime. A person offers a stablecoin when they communicate (in any form and by any means) to another person that presents sufficient information on all of the following matters to enable that other person to decide whether to acquire stablecoins from them: (i) the stablecoin to be offered, (ii) the terms on which the stablecoin will be offered and (iii) the channels through which the stablecoin will be offered.

It is an offence for a person to offer or to hold out as offering a stablecoin, unless the person is:

- (i) an issuer licensed under the Regime;
- (ii) a corporation licensed for Type 1 regulated activity under the [Securities and Futures Ordinance](#);
- (iii) a stored value facility licensee under the [Payment Systems and Stored Value Facilities Ordinance](#);
- (iv) an operator of a virtual asset trading platform licensed under the [Anti-Money Laundering and Counter-Terrorist Financing Ordinance](#); or
- (v) a Hong Kong licensed bank.

Licensing requirements - Issuers

Under the Regime, issuers are subject to a wide range of requirements including minimum criteria relating to:

- (i) *operations*, regarding their redemptions, business activities, disclosures, complaint handling, and issued stablecoins being non-interest bearing;
- (ii) *finances*, regarding their financial resources and reserve asset management;
- (iii) *risk management*, regarding their prudential and risk management policies and procedures, anti-money laundering and counter-terrorist financing measures, purpose and soundness of issued stablecoins, and recovery planning; and
- (iv) *personnel*, regarding the fitness and propriety, and knowledge and experience of certain personnel.

We have considered these criteria in further detail below.

Offshore stablecoin issuers and stablecoin payment systems

In addition to licensing and product offering requirements, the Regime also introduces the concept of “designated stablecoin entities” which may affect entities operating outside of Hong Kong.

The HKMA is empowered to designate entities **incorporated or established outside Hong Kong** as “designated stablecoin entities” if those entities issue stablecoins **outside Hong Kong**, or provide services to a stablecoin payment system (in or **outside Hong Kong**) and in the HKMA’s opinion such issuance or provision of services are, or are likely to become, material to Hong Kong’s monetary or financial stability, or functioning as an international financial centre. The HKMA may also designate an entity as a designated stablecoin entity after having regard to matters of significant public interest.

Designated stablecoin entities are required to (i) maintain appropriate and adequate financial resources and (ii) have in place operating rules, monitoring and compliance arrangements, and systems of control for reserve management, and disclosure and risk management. Designated stablecoin entities are to be kept on a register by the HKMA and will be required to provide the names of and information about their directors, shareholders and chief executive officer.

The HKMA is empowered to (i) require designated stablecoin entities to provide information or documents, (ii) examine their books and accounts and (iii) direct them to take any action the HKMA considers necessary to comply with the Regime. Additionally, the HKMA is also empowered to impose sanctions on designated stablecoin entities up to a maximum of the greater of HKD10,000,000 or three times the amount

of profit gained / loss avoided from a contravention of the Regime.

Keen-eyed observers may have noticed how these powers are similar to the powers granted to the HKMA under the Payment Systems and Stored Value Facilities Ordinance.

The role of stablecoins

As the financial landscape continues to evolve, intriguing parallels emerge between the traditional functions played by note-issuing banks in Hong Kong and stablecoins in the digital assets space. Both serve as mediums of exchange backed by reserves, yet operate under vastly different regulatory and technological frameworks. What analogies can be drawn between these institutions, in particular under our Currency Board system?



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Stablecoins in Hong Kong: regulated products and activities

Product	What kinds of stablecoins are in scope? Stablecoins referencing (i) one or more “official currencies”, (ii) one or more units of account or stores of economic value specified by the HKMA, or (iii) a combination of (i) and (ii); as well as (iv) a digital representation of value specified by the HKMA (a Specified Stablecoin). An “official currency”, in relation to a jurisdiction, means the currency issued by the government, the central bank, the monetary authority, or an authorised note-issuing bank, of that jurisdiction. Does not capture commodity-linked or precious metal-linked stablecoins (although there is scope for these stablecoins to be specified by the HKMA under element (iv) above). Deliberately broad to capture stablecoins that derive their value from arbitrage or algorithmic stabilisation.	What is a ‘stablecoin’? A cryptographically secured digital representation of value that: (a) is expressed as a unit of account or a store of economic value; (b) is used, or is intended to be used, as a medium of exchange accepted by the public, for the purpose of (i) payment for goods or services; (ii) discharge of a debt; <u>and/or</u> (iii) investment; (c) can be transferred, stored or traded electronically; (d) operates on a decentralised distributed ledger (i.e., a distributed ledger in which no person has the unilateral authority to control or materially alter its functionality or operation) or similar technology; <u>and</u> (e) purports to maintain a stable value with reference to a single asset, or a pool or basket of assets.
Regulated activities	Regulatory perimeter Where a person: (a) issues, or holds oneself out as issuing a Specified Stablecoin in Hong Kong; (b) issues, or holds oneself out as issuing, a stablecoin that purports to maintain a stable value with reference (wholly or partly) to the value of the Hong Kong dollar; <u>or</u> (c) actively markets its issuance of a Specified Stablecoin to the public of Hong Kong. Extraterritoriality application: under both (b) and (c), even if carried on outside of Hong Kong.	Product offering Only licensed Specified Stablecoin issuers, licensed banks, stored value facility licensees, and corporations (Type 1) and virtual asset trading platforms licensed with the Securities and Futures Commission (SFC) can offer Specified Stablecoins in Hong Kong or actively market such offerings to the Hong Kong public. The HKMA’s earlier consultations and the Bills Committee’s report on the Stablecoins Bill have indicated an intention that Specified Stablecoins issued by entities not licensed by the HKMA may only be offered to professional investors by licensed banks, and corporations and virtual asset trading platforms licensed with the SFC. What does “actively market” mean? The HKMA and the Bills Committee have referenced the approach adopted by the SFC under the securities regulatory regime and which involves taking into account factors that include: (a) the language used in the marketing messages; (b) whether the message is targeted at a group of people that reside in Hong Kong; (c) whether a Hong Kong domain name is used for its website; <u>and</u> (d) whether there is a detailed marketing plan to promote the activity.

Licensed issuers

Operational	Restrictions on business activities HKMA approval is required before a Specified Stablecoin issuer commences <u>any</u> new lines of business.	Financial resources requirement Specified Stablecoin issuers must have adequate financial resources and liquid assets to meet its obligations (whether actual or contingent). A minimum paid-up share capital requirement is required of either: (a) HKD 25 million or an equivalent amount in another currency that is freely convertible into Hong Kong dollars or is approved by the HKMA for the purposes of satisfying the financial resources requirement; <u>or</u> (b) other financial resources as approved by the HKMA that are equivalent to or exceed the amount in (a).	Disclosure Specified Stablecoin issuers are required to disclose to the public on: (a) its policy on management of “reserve assets”; (b) an assessment of the risks arising from its reserve assets and the management of the risks; (c) the composition and market value of its reserve assets; (d) the results of regular independent attestation and audit of its reserve assets conducted by a qualified and independent auditor; <u>and</u> (e) redemption rights applicable to a Specified Stablecoin issued by the Specified Stablecoin issuer (including, in relation to the redemption right, the fee, the condition for exercising the right, mechanisms and procedures for redemption and the time to process a redemption request).
	Purpose and soundness of issue The issue of a Specified Stablecoin must be prudent and sound, having regard to the purpose, business model, and operational arrangement of the issue.		
	Localisation requirement A Specified Stablecoin issuer must be a company incorporated in Hong Kong or a bank incorporated outside of Hong Kong. Key management personnel must also be based in Hong Kong.		

Licensed issuers

Reserves management	Reserves requirements Backing For each type of Specified Stablecoin issued, the amount of that Specified Stablecoin must always be fully backed by reserve assets. Issuers of a Specified Stablecoin that derives its value from arbitrage or algorithm will not be granted a licence under the Regime given the absence of any backing assets with inherent value. Currency denomination Unless approved by the HKMA, reserve assets must be held in the same currency as that referenced by the Specified Stablecoin. [to be continued]	Investment limitations The reserve assets must be of high-quality and high-liquidity with minimal investment risks (e.g., minimal market, credit and concentration risk). Specified Stablecoin issuers must have adequate and appropriate risk management policies and procedures for managing reserve assets so that valid redemption requests can be honoured without undue delay. Specified Stablecoin issuers should be able to demonstrate to the HKMA that their investment policies, and liquidity and risk management policies are commensurate with the size and complexity of their businesses. [to be continued]	What constitutes “high-quality and high-liquidity reserve assets”? The HKMA has indicated in the Guideline on Supervision of Licensed Stablecoin Issuers that these may include: (a) cash; (b) deposits placed with licensed banks with a term of no longer than three months; (c) marketable securities representing claims on or guaranteed by governments, central banks or qualified international organisations with high credit quality; (d) cash receivables from overnight reverse repurchase agreements with minimal counterparty risk, collateralised by assets set out in (b) above; (e) investment funds, with the sole purpose of managing the Specified Stablecoin issuer’s reserve assets, investing in (a), (b) and /or (c) above; <u>and/or</u> (f) other types of assets which are acceptable to the HKMA. (collectively, the eligible assets). The reserve assets may consist of the tokenised representations of the eligible assets if the licensee can satisfy the HKMA that the tokenised representations of the eligible assets fulfil the requirements of high quality, high liquidity and minimal investment risks. [to be continued]
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Licensed issuers

Reserves management (cont.)	Segregation and safekeeping requirements	Redemption requirements	Restrictions on profit distribution
	Reserve assets must be (a) segregated from the Specified Stablecoin issuer's own assets and (b) adequately protected against claims by other creditors of the Specified Stablecoin issuer in all circumstances. The HKMA has indicated in the Guideline on Supervision of Licensed Stablecoin Issuers that there must be in place an "effective trust arrangement" to ensure that reserve assets: (a) are segregated from the assets of the Specified Stablecoin issuer; (b) held for and on behalf of Specified Stablecoin holders; <u>and</u> (c) are available to satisfy a Specified Stablecoin holders' valid redemption requests at par value.	Specified Stablecoin issuers must fulfil redemption requests as soon as practicable after receiving a redemption request.	A Specified Stablecoin issuer must not pay, or permit to be paid, any interest (meaning any profit, income or other return represented to arise or to be likely to arise from holding the Specified Stablecoin) in relation to a Specified Stablecoin that it issues.

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