



## China's Regulatory Position on Virtual Currencies and RWA

On 6 February, 2026, the People's Bank of China ("**PBOC**"), the China Securities Regulatory Commission ("**CSRC**") and six other Chinese governmental authorities<sup>1</sup> jointly issued the *Notice on Further Preventing and Addressing Risks Related to Virtual Currencies and Other Activities (Yinfa [2026] No. 42)* (the "**PBOC 2026 Notice on Virtual Currencies**"). This newsletter outlines China's latest official regulatory stance on virtual currencies and real-world asset tokenisation ("**RWA**").

On the same day, the CSRC issued the *Regulatory Guidelines on the Issue of Asset-Backed Security Tokens Overseas Based on Domestic Assets* (CSRC Announcement [2026] No. 1) (the "**CSRC Regulatory Guidelines on Overseas ABS Tokens**"), together with the *Working Instructions No.1 in Relation to the Issue of Asset-Backed Security Tokens Overseas Based on Domestic Assets – Content and Formalities of the Filing Documents* (the "**CSRC Working Instructions on Overseas ABS Tokens**").<sup>2</sup>

The PBOC 2026 Notice on Virtual Currencies, CSRC Regulatory Guidelines on Overseas ABS Tokens and CSRC Working Instructions on Overseas ABS Tokens (collectively referred to as "**China's 2026 Regulations on Virtual Currencies**" hereafter) should be read together as reflecting China's updated regulatory position and compliance obligations for virtual currency and/or RWA related activities conducted within China or by Chinese entities outside China.<sup>3</sup>

### Key points from China's 2026 Regulations on Virtual Currencies:

China's 2026 Regulations on Virtual Currencies cover the following important issues:

- Reiteration of the unlawful nature of conducting virtual currency-related activities in China or targeting entities within China.
- Prohibition of stablecoins pegged to the Renminbi ("**RMB**", China's currency).

<sup>1</sup> These Chinese governmental authorities are: the People's Bank of China, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Public Security, the State Administration for Market Regulation, the National Financial Regulatory Administration, the China Securities Regulatory Commission, and the State Administration of Foreign Exchange.

<sup>2</sup> As of the date of this newsletter, there is no official English version of China's 2026 Regulations on Virtual Currencies, and accordingly, the English name of these documents, as well as any reference to their provisions in English, are all unofficial translations.

<sup>3</sup> In this newsletter, "China" means the People's Republic of China, excluding Hong Kong and Macau for the purpose of this newsletter, and "Chinese" should be construed accordingly.

- Issuance of virtual currencies and/or RWA outside China by Chinese entities (including overseas entities under their control) is subject to prior filing with, and prior approval from, the CSRC.
- A filing application for the overseas issue of virtual currencies and/or RWA with the CSRC requires submission of a filing report, a legal opinion addressing requisite matters, and a complete set of issuance documents.

The significance of China's 2026 Regulations on Virtual Currencies is that they provide, for the first time, a pathway for Chinese entities to issue virtual currencies and/or RWA overseas, provided such activities are filed with, approved by, and subject to ongoing monitoring by the designated Chinese authorities.

## **I. Ongoing Prohibition of Virtual Currencies within China**

The PBOC 2026 Notice on Virtual Currencies reaffirms China's longstanding regulatory position previously articulated in 2017 and 2021<sup>4</sup>.

**Legal status of virtual currencies:** The PBOC 2026 Notice on Virtual Currencies clarifies that virtual currencies, including Bitcoin, Ethereum and Tether, do not possess the legal status of fiat currency. In particular, such virtual currencies are issued by non-monetary authorities and therefore do not have the statutory attributes required for the settlement of debts under Chinese law. As a result, they must not circulate or be used as currency in the market within China.

**Prohibition of virtual-currency-related activities:** The PBOC 2026 Notice on Virtual Currencies further reiterates that virtual-currency-related activities conducted within China constitute illegal financial activities. These include, among others, the exchange of fiat currency for virtual currencies, the issuance of tokens through initial coin offerings, and the provision of information intermediation or pricing services for virtual currency transactions. Such activities are strictly prohibited. Carrying out or facilitating these activities within China, or targeting entities located within China, may give rise to criminal liability for financial offences.

**Prohibition on RMB-pegged stablecoins:** The PBOC 2026 Notice on Virtual Currencies also prohibits any entity, whether domestic or overseas, from issuing stablecoins pegged to the Renminbi outside China. This restriction reflects the regulatory concern that such stablecoins could effectively perform certain monetary functions of the Renminbi. Accordingly, the issuance of RMB-pegged stablecoins is prohibited unless expressly approved by the relevant Chinese authorities.

**Prohibition of real-world asset (RWA) tokenisation:** With respect to real-world asset tokenisation, the PBOC 2026 Notice on Virtual Currencies provides that RWA tokenisation activities conducted within China constitute unlawful financial activities. The provision of related intermediary services or technical services in connection with such activities is likewise prohibited. An exception may apply where RWA tokenisation is conducted through specific financial infrastructure and has received prior approval from the competent authorities. In addition, overseas entities are prohibited from providing RWA-related services to entities located within China.

## **II. Permission for Chinese Entities to Issue Virtual Currencies and RWA Overseas under Monitoring**

The PBOC 2026 Notice on Virtual Currencies expressly provides that Chinese entities (directly or through overseas subsidiaries) engaging in RWA tokenisation activities with the following characteristics are subject to prior approval from, and filing with, competent authorities (primarily the CSRC), as well as ongoing strict monitoring, under the principle of "same business, same risk, same rules":

- Tokens issued in the form of offshore debts; or
- Tokens based on ownership interests, income rights, or other rights in domestic assets within China, that resemble offshore asset-backed securitisation or equity offerings.

This framework recognizes that Chinese entities may lawfully carry on RWA tokenisation qualified by specified formalities and subject to applicable approval and filing requirements.

Under the CSRC Regulatory Guidelines on Overseas ABS Tokens, the "Issuance of asset-backed security tokens overseas based on domestic assets" refers to the activity of issuing tokens outside China that are supported by

<sup>4</sup> See the 2017 [Notice on Preventing Fundraising Risks Related to Token Issuance](#), and also see the 2021 [Circular on Further Preventing and Handling Risks Related to Trading and Speculation of Virtual Currencies](#).

cash flows generated from domestic assets or related asset rights, utilizing encryption technology, distributed ledger technology, or similar technologies.

The CSRC Regulatory Guidelines on Overseas ABS Tokens prohibit the overseas issuance of asset-backed securities tokens backed by domestic assets where the underlying domestic assets or the domestic entity actually controlling such assets:

- is explicitly prohibited from financing through capital markets under applicable laws, administrative regulations, or relevant state policies;
- may endanger China's national security, as lawfully reviewed and determined by the competent department under the State Council;
- has been subject to criminal conviction (by the domestic entity, its controlling shareholder(s), or de facto controller(s)) for corruption, bribery, misappropriation or embezzlement of property, or undermining the socialist market economic order within the last three years;
- is under formal investigation by authorities for suspected crimes or serious violations of laws and regulations, with no final conclusion yet reached;
- is subject to material disputes over ownership, or its transfer is prohibited by law; or
- falls within the Negative List for Underlying Assets in the domestic asset securitization business.

Where overseas branches or subsidiaries ("**Overseas Branches**") of Chinese financial institutions provide RWA related services outside China, they must maintain adequate staff and systems to ensure compliance with local laws. This includes implementing proper policies in respect of client onboarding, client eligibilities management, anti-money laundering, and other matters. The Overseas Branches must incorporate these policies into the overall risk control and compliance framework of their parent institution in China.

The CSRC Regulatory Guidelines on Overseas ABS Tokens also require all Chinese entities seeking to conduct overseas RWA tokenisation backed by domestic assets to strictly comply with Chinese laws governing outbound investments, foreign exchange administration, cybersecurity, and data security (including cross-border data transfers).

### III. Filing Requirements

Both the PBOC 2026 Notice on Virtual Currencies and the CSRC Regulatory Guidelines on Overseas ABS Tokens require that, prior to conducting overseas RWA tokenisation backed by domestic assets, issuers must file requisite documents with the CSRC (the "**Filing Documents**"), as the current designated authority, to obtain approval for issuing RWA tokenization overseas. As detailed in the CSRC Working Instructions on Overseas ABS Tokens, the Filing Documents include a filing report, a legal opinion, and a complete set of issuance documents. The required particulars are outlined in the table below:

Document	Required Particulars
<b>Filing Report</b>	<p>Use objective, comprehensive language to describe relevant facts; avoid promotional, marketing-oriented, or obscure language. It should include information on:</p> <ol style="list-style-type: none"> <li>1. the issuance plan (basic information, background and purpose, detailed issuance scheme, transaction structure diagram, data chain structure, blockchain technology used, trading venue) for the tokens to be issued;</li> <li>2. the corporate information and operational status of the domestic filing entity (internal governance, compliance status, material litigations or arbitrations);</li> <li>3. participants to the token issuance (names, addresses, contact details, and relationships);</li> <li>4. the underlying domestic assets (titles, valuation, cash flows, and compliance status);</li> </ol>

<b>Filing Report</b>	<p>5. the issuer’s corporate decision regarding the issuance of RWA tokens;</p> <p>6. compliance status both within and outside China.</p> <p>The CSRC Working Instructions on Overseas ABS Token include a template Filing Report for reference.</p>
<b>Legal Opinion</b>	<p>A legal opinion under Chinese law addressing:</p> <ol style="list-style-type: none"> <li>1. the qualification and compliance status of the domestic filing entity;</li> <li>2. compliance of the underlying domestic assets;</li> <li>3. compliance with Chinese law (foreign investment, outbound investment, foreign exchange, cross-border RMB management, cybersecurity, data security, state-owned asset management, industry regulation, etc.) and compliance with the laws of relevant overseas jurisdictions;</li> <li>4. an overall conclusion.</li> </ol>
<b>Issuance Documents</b>	<p>Including (without limitation) the prospectus, technical documents, transaction documents, and information disclosure materials.</p>

The Filing Documents must:

- be prepared in the Chinese language;
- include a statement by the filing applicant confirming that all information contained therein is true, accurate, complete and valid;
- be properly signed; and
- be submitted in editable WPS format and PDF format (with hyperlinks and bookmarks).

In the event that the filing applicant considers any section inapplicable, it must submit a written explanation justifying the omission of that section.

Upon receipt of the Filing Documents, if the materials are incomplete or require correction, the CSRC will notify the filing entity of the items that need to be supplemented or corrected. Where the Filing Documents are complete and comply with the applicable requirements, the CSRC will complete the filing procedures and publish the filing information on its website. Filing applications that do not comply with the applicable requirements will not be accepted. The CSRC may, as it deems necessary, solicit opinions from relevant competent departments under the State Council and industry regulatory authorities.

Following completion of the filing, issuers are required to promptly notify the CSRC of the actual issuance of RWA tokens, any material risks, and any major events related thereto.

The CSRC is further mandated to strengthen cross-border regulatory cooperation and information sharing with overseas securities regulatory authorities in order to prevent risks associated with the overseas issuance of asset-backed security tokens based on domestic assets.

#### **IV. Legal Liability**

Entities or individuals who conduct illegal financial activities related to virtual currencies or RWA, or who provide services relating to such activities, are subject to penalties under the applicable regulations; where a crime is constituted, criminal liability will be pursued. Domestic entities or individuals who knowingly, or who ought reasonably to have known that overseas entities are illegally providing virtual currency or RWA-related services to entities within China and nonetheless provide assistance to them, will also be subject to legal liability and, where applicable, criminal prosecution.

In addition, any entity or individual who invests in virtual currencies, RWA tokens, or related financial products in violation of public order and good morals may find that the relevant civil juristic acts are held invalid, with any resulting losses borne by themselves.

## Conclusion

China's 2026 Regulations on Virtual Currencies maintain China's strict prohibition on virtual currency and RWA-related activities within its borders while, for the first time, explicitly providing a lawful pathway for Chinese entities to issue overseas ABS tokens backed by domestic assets, subject to CSRC filing and ongoing compliance as prescribed. All Chinese entities must carefully follow this guidance and fulfill the relevant requirements before and during any exploration of RWA opportunities overseas.

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