



## HKMA Circular Relaxes Requirements for Licensed Stablecoins

On 27 May 2026, the HKMA issued a circular [Virtual asset-related activities in relation to relevant stablecoins issued by licensed stablecoin issuers \(HKMA Stablecoin Circular\)](#) providing guidance to SFC-registered institutions on relaxations in the requirements for activities in virtual assets (VAs) that apply to activities in stablecoins of licensed issuers (i.e. licensed under the Stablecoins Ordinance (Cap. 656)), which the Stablecoin Circular refers to as '**Relevant Stablecoins**'.

The requirements previously in force were set out in the [Joint circular on intermediaries' virtual asset-related activities \(Joint Circular\)](#) published by the SFC and HKMA in December 2023, as amended by their [Supplemental joint circular on intermediaries' virtual asset-related activities \(Supplemental Joint Circular\)](#) issued in December 2025.

The HKMA's Stablecoin Circular now sets out the requirements for registered institutions providing dealing, advisory or asset management services in relation to Relevant Stablecoins which are based on their different risk profile as compared to VAs.

The SFC issued its [Circular on Provision of Relevant Stablecoin Service by Virtual Asset Trading Platforms and Licensed Corporations](#) on the 27 May 2026 which extends the same relaxations to the requirements for regulated activities in Relevant Stablecoins to SFC-licensed corporations and virtual asset trading platforms (VATPs).

### 1. Changes in Requirements for Providing Relevant Stablecoin Dealing Services

#### Allowing Partnering with HKMA-licensed Stablecoin Issuers & VATPs with Professional Investor only Licensing Condition

Previously, the Joint Circular's paragraphs 17 and 21 only allowed SFC-registered institutions to partner with virtual assets trading platforms (VATPs) licensed by the SFC under the Anti-money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (AMLO) to provide dealing in VAs to their clients (either by opening an omnibus account with or introducing clients to) a licensed VATP.

The HKMA Stablecoin Circular now allows SFC-registered institutions to provide dealing in Relevant Stablecoins and other VAs for retail clients via omnibus accounts with licensed VATPs that are subject to a professional-investor only condition. This means that licensed VATPs subject to a professional-investor only condition can only serve retail clients indirectly through SFC-licensed corporations and registered institutions. Registered institutions

partnering with VATPs subject to the professionals only condition are required to ensure that the registered institutions' retail clients can only trade in VAs that have undergone the VATP's token admission and review processes for admission for retail trading. Paragraph 20(a)(iii), which prevented partnering with VATPs subject to a professionals only condition, has been removed. SFC-registered institutions may also partner with HKMA-licensed stablecoin issuers.

### **Provision of Relevant Stablecoin-only Dealing No Longer Restricted to Registered Institutions Registered for Type 1 or Type 1 Clients**

The Joint Circular restricts dealing in VA to licensed corporations and registered institutions licensed or registered for Type 1 Regulated Activity (dealing in securities) (paragraph 18 and footnote 22) and further restricts them to dealing in VA only to their Type 1 clients.

The HKMA Stablecoin Circular relaxes those requirements so that registered institutions which only provide dealing in Relevant Stablecoins (and not other VAs) are not restricted to those registered for Type 1. Those registered institutions are also now permitted to deal in Relevant Stablecoins for clients other than their Type 1 clients.

However, registered institutions only providing dealing in Relevant Stablecoins remain subject to the conduct requirements set out in the prescribed terms and conditions in [Appendix A1](#) to the HKMA Stablecoin Circular which are imposed as registration conditions on registered institutions.

### **Removal of VA-Knowledge Test Requirement and Streamlined Suitability Assessment for Relevant Stablecoin-only Clients**

Paragraph 20(a)(i) of the Joint Circular requires licensed corporations and registered institutions to assess retail clients' knowledge of VA before providing VA dealing services to these clients. The HKMA Stablecoin Circular now provides that registered institutions do not need to assess the VA knowledge of clients to whom they only provide Relevant Stablecoin dealing services. For clients whose accounts are clearly demarcated as Relevant Stablecoin-only client accounts, registered institutions are only required to assess the client's objective in trading Relevant Stablecoins (e.g., use case).

Paragraph 20(ii) of the Joint Circular further requires licensed corporations and registered institutions to set a limit for each retail client to limit their exposure to VAs is reasonable with reference to the client's financial situation. The HKMA Stablecoin Circular confirms that clients' holdings of Relevant Stablecoins do not need to be included in calculating clients' exposure to VAs.

The HKMA Circular additionally notes that:

- Registered institutions can conduct dealing in Relevant Stablecoins through the HKMA-licensed stablecoin issuer;
- The requirement for VAs to be highly liquid does not apply to Relevant Stablecoins; and
- As regards paragraph 20(b) of the Joint Circular, the HKMA Stablecoin Circular confirms that registered institutions can receive or withdraw clients' Relevant Stablecoins through segregated account(s) established and maintained with HKMA-licensed stablecoin issuers who provide custody of the Relevant Stablecoins they issue and segregate clients' assets from issuers' own assets.

### **Disclosure of Information on the Stabilisation Mechanism and Redemption Arrangement of Relevant Stablecoins**

When providing dealing services in Relevant Stablecoins, SFC-registered institutions are now required to disclose relevant material information on the stabilisation mechanism and redemption arrangements for Relevant Stablecoins.

## **2. Changes in Requirements for Portfolio Management Services Involving Relevant Stablecoins**

### **No Type 9 Registration Required when Only Managing Relevant Stablecoin Portfolios**

Previously, paragraph 23 and footnote 31 of the Joint Circular required a Type 9 registration for providing portfolio management services where VAs accounted for 10% or more of the portfolio's gross asset value. According to the HKMA Stablecoin Circular, a Type 9 registration is not required where a portfolio only comprises Relevant

Stablecoins and contains no other VAs. A registered institution's holding of Relevant Stablecoins that account for 10% or more of the portfolio's gross asset value remains subject to the proforma terms and conditions in [Appendix 2](#) to the circular which will be imposed as registration conditions.

### **3. Changes in Requirements for Providing Relevant Stablecoin Advisory Services**

#### **Relevant Stablecoin-only Advisory Services Not Restricted to Type 1 or Type 4 Regulated Activity Clients**

Previously, paragraphs 26 and 27 of the Joint Circular restrict SFC-registered institutions to providing VA advisory services only to their Type 1 or Type 4 regulated activity clients. The HKMA Stablecoin Circular has removed that restriction for SFC-registered institutions providing advisory services only with respect to Relevant Stablecoins. However, they remain subject to the expected conduct requirements set out in [Appendix A1](#) of the Circular.

#### **Streamlined Suitability Assessment for Clients Acquiring Relevant Stablecoins**

Despite Relevant Stablecoins being considered to be non-complex products, where an SFC-registered institution has made a solicitation or recommendation with respect to a Relevant Stablecoin, the registered institution is required to:

- (a) act diligently and carefully in providing advice to its client, ensuring that its advice and recommendations are based on thorough analysis and take into account available alternatives for clients; and
- (b) ensure that any conflicts of interest are properly managed and minimised (e.g., commission rebates or other benefits should not be used as the primary basis for soliciting or recommending a Relevant Stablecoin to clients).

#### **High Liquidity Requirement Inapplicable to Relevant Stablecoins**

The HKMA Stablecoin Circular also confirms that the requirement to ensure a VA is of high liquidity does not apply to Relevant Stablecoins. In addition, registered institutions may provide advisory services for Relevant Stablecoins made available by its HKMA-licensed stablecoin issuer.

#### **Disclosure of Information on the Stabilisation Mechanism and Redemption Arrangement of Relevant Stablecoins**

SFC registered-institutions must now disclose relevant material information on the stabilisation mechanism and redemption arrangements of Relevant Stablecoins when advising on these instruments.

### **4. Changes in Requirements for Distributing Investment Products with Exposure to Relevant Stablecoins**

#### **Guidance on whether Relevant Stablecoin-related Products are Complex Products**

While VA-related products are considered very likely to be complex products (paragraph 5 of the Joint Circular), the HKMA Stablecoin Circular provides that when determining whether a Relevant Stablecoin-related product is a complex product, registered institutions should have regard to the non-exhaustive list of [examples of non-complex and complex products](#) set out on the SFC's website and the factors specified in paragraph 6.1 of the [SFC Guidelines on Online Distribution and Advisory Platforms](#).

#### **Inapplicability of Professional Investors-Only Restriction**

According to paragraphs 6.1 and 8 of the Joint Circular, VA-related products which are complex products should only be sold to professional investors. The HKMA Stablecoin Circular confirms that this restriction does not apply to Relevant Stablecoin-related products.

#### **Inapplicability of Virtual Asset-Knowledge Test to Relevant Stablecoin-related Products**

The requirement for registered institutions to conduct a VA knowledge test for clients (other than institutional professional investors or qualified corporate professional investors) investing in VA-related products (under paragraphs 6.2, 7 and 8 of the Joint Circular) does not apply to Relevant Stablecoin-related products.

#### **Application of Sufficient Net Worth Requirement to Relevant Stablecoin-related Products which are**

## **Derivative Products or a Leveraged Transaction**

The requirement under paragraphs 6.2 and 8 of the Joint Circular for SFC-registered institutions to ensure that clients have sufficient net worth to assume the risks and bear the losses of trading VA-related products only applies to Relevant Stablecoin-related products if they are derivative products or the transactions are leveraged transactions.

## **Relevant Stablecoin-related Products not regarded as Inherently High-Risk**

The view expressed in paragraph 12.3 of the Joint Circular that the underlying VAs of VA-related products are inherently high in risk does not apply to Relevant Stablecoins underlying Relevant Stablecoin-related products.

## **Warning Statements Not Required for Non-Complex Relevant Stablecoin-related Products**

The requirement for warning statements to be given for VA-related products in paragraph 15.1 of the Joint Circular does not apply to Relevant Stablecoin-related products which are considered to be non-complex products. However, distribution of Relevant Stablecoin-related products that are considered to be complex products is subject to the suitability requirement and the minimum information and warning statements requirement under the SFC Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, particularly paragraph 5.5.

## **A Tailored Framework for Activities in Relevant Stablecoins**

In summary, HKMA's guidance introduces a tailored framework for registered institutions' activities in Relevant Stablecoins and Relevant Stablecoin-related products, which is based on a recognition that Relevant Stablecoins carry a different risk profile from other virtual assets. Notably, the usual presumptions around complexity, professional investor restrictions and VA knowledge tests do not apply to Relevant Stablecoins or their related products. SFC-registered institutions are also granted greater flexibility in partnering with platforms and managing registration requirements, provided they adhere to the updated terms and conditions.

However, SFC-registered institutions must remain mindful of their obligations. In particular, registered institutions must notify the HKMA and SFC before commencing activities involving Relevant Stablecoins, including distributing Relevant Stablecoins, providing dealing, advisory or asset management services in Relevant Stablecoins or making material changes to their existing arrangements for these activities.

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