

GIBSON DUNN

Financial Regulatory Update

October 9, 2025

Hong Kong SFC and HKMA Release Supplemental Guidance on Virtual Asset-Related Activities

This update summarizes key developments from the Supplemental Joint Circular on intermediaries' virtual asset related activities.

On September 30, 2025, the Hong Kong Monetary Authority (**HKMA**) and the Securities and Futures Commission (**SFC**) jointly published a supplemental joint circular on intermediaries' virtual asset (**VA**) related activities (**Supplemental Joint Circular**).^[1]

The Supplemental Joint Circular provides helpful clarifications regarding the applicability of aspects of the joint circular on intermediaries' virtual asset-related activities issued by the SFC and the HKMA on December 22, 2023 (**Joint Circular**)^[2] and provides additional guidance to the industry in relation to the provision of staking services by licensed intermediaries. The SFC and HKMA have also made corresponding updates to the licensing or registration conditions and terms and conditions for licensed corporations or registered institutions providing virtual asset dealing services and virtual asset advisory services (**Terms and Conditions**).^[3]

We have set out below a summary of the key developments from the Supplemental Joint Circular.

1. Clarification regarding applicability of investor protection requirements for institutional and corporate professional investors

The Joint Circular prescribes a range of investor protection requirements that apply to the distribution of VA-related products. In particular, intermediaries are required to:

- **Assess client net worth:** intermediaries must ensure that their clients have sufficient net worth to be able to assume the risks and bear the potential losses of trading VA-related products.
- **Provide risk disclosures on VA futures:** intermediaries must provide clients with risk disclosure statements specific to VA futures contracts.

The Supplemental Joint Circular has clarified that the two requirements set out above do not apply to clients classified as institutional or qualified corporate professional investors. These clarifications are in line with the position taken in the Joint Circular that intermediaries do not need to assess the knowledge of institutional or qualified corporate professional investors in relation to VA or VA-related products before executing a trade in such products.

2. Subscribing for or redeeming investment products using virtual assets

The Supplemental Joint Circular clarifies that a client's subscriptions and redemptions of investment products using virtual assets (**VA**) or in-kind subscriptions or redemptions of VA funds will not be treated as providing VA dealing services. In other words, portfolio managers and discretionary account managers who allow customers to subscribe or redeem investment products using VA will *not* be expected to adhere to the conduct requirements concerning VA dealing under the prescribed Terms and Conditions.

However, intermediaries allowing clients to engage in this form of activity must:

- notify the SFC and the HKMA (where appropriate) of such activities in advance;
- hold the VAs in account(s) established and maintained with SFC-licensed platforms or authorized financial institutions; and
- ensure compliance with the requirements concerning the money laundering/terrorist financing risks of VA (as set out under the *Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers)*) when handling these VA deposits and withdrawals conducted for clients.[\[4\]](#)

3. Staking activities by intermediaries

The SFC's Guidelines for Virtual Asset Trading Platform Operators dated June 1, 2023 previously prohibited SFC-licensed VA trading platforms (**VATPs**) from making any arrangements with their clients on using client VA to generate returns for the clients or any other parties, for instance, staking services. Following increasing market demand in staking services, the SFC relaxed this prohibition in April 2025 and now allows VATPs[\[5\]](#) and SFC-authorized VA funds (**Authorised VA Funds**)[\[6\]](#) to engage in staking activities, subject to complying with a range of requirements

(e.g. third party due diligence, and risk management requirements) and receiving the SFC's prior written approval. The HKMA has also issued similar guidance for authorized financial institutions and subsidiaries of locally incorporated authorized financial institutions.^[7]

The SFC and HKMA have now updated the Terms and Conditions to allow intermediaries to provide staking services to clients for whom they are dealing in VA. The Supplemental Joint Circular defines staking activities as any activities carried out by the licensed corporation or registered institution on behalf of its clients which involves the process of committing or locking client VA to participate in a blockchain protocol's validation process based on a proof-of-stake consensus mechanism, with returns generated and distributed for that participation.

Intermediaries engaging in staking activities must only do so through segregated account(s) held at a VATP or authorized financial institution. Consistent with the requirements applicable to VATPs and Authorized VA Funds, intermediaries must also comply with disclosure requirements relating to the staking activities, including the risks that clients may be exposed to in using staking services.

4. Notification Requirements

The Supplemental Joint Circular also reminds intermediaries to notify the SFC and/or the HKMA before introducing changes to their VA-related activities, including:

- the type(s) of clientele served;
- allowing clients to deposit or withdraw VA from the intermediaries' accounts for the first time;
- providing staking services to their clients for the first time;
- allowing their clients to subscribe for or redeem products using VA for the first time; or
- other material changes made to the arrangements for such activities as first communicated in the advance notification.

^[1] "Supplemental Joint Circular on Intermediaries' Virtual Asset-Related Activities", jointly published by the HKMA and SFC on September 30, 2025, available at:

<https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=25EC50>

^[2] "Hong Kong's Regulators Refresh Guidance on Virtual Assets and Propose Legal Framework for Stablecoin Issuers", published by Gibson, Dunn & Crutcher on February 2, 2024, available at:

<https://www.gibsondunn.com/hong-kong-regulators-refresh-guidance-on-virtual-asset-and-propose-legal-framework-for-stablecoin-issuers/>. See also "Joint Circular on Intermediaries' Virtual Asset-Related Activities", jointly published by the HKMA and SFC on December 22, 2023, available at <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=23EC67>.

^[3] "Licensing or registration conditions and terms and conditions for licensed corporations or registered institutions providing virtual asset dealing services and virtual asset advisory services" published by the SFC on September 30, 2025, available [here](#).

[4] “*Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations and SFC-licensed Virtual Asset Service Providers)*” published by the SFC on June 1, 2023, available at: https://www.sfc.hk/-/media/EN/assets/components/codes/files-current/web/guidelines/guideline-on-anti-money-laundering-and-counter-financing-of-terrorism-for-licensed-corporations/AML-Guideline-for-LCs-and-SFC-licensed-VASPs_Eng_1-Jun-2023.pdf

[5] “*Circular on staking services provided by virtual asset trading platforms*” published by the SFC on April 7, 2025, available at: <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=25EC22>

[6] “*Circular on SFC-authorised funds with exposure to virtual assets*” published by the SFC on April 7, 2025, available at: <https://apps.sfc.hk/edistributionWeb/gateway/EN/circular/doc?refNo=25EC21>

[7] “*Provision of Staking Services for Virtual Assets from Custodial Services*” published by the HKMA on April 7, 2025, available at: <https://brdr.hkma.gov.hk/eng/doc-ldg/docId/getPdf/20250407-1-EN/20250407-1-EN.pdf>

The following Gibson Dunn lawyers prepared this update: William Hallatt, Emily Rumble, and Jane Lu.

Gibson Dunn’s lawyers are available to assist in addressing any questions you may have regarding these developments. If you wish to discuss any of the matters set out above, please contact any member of Gibson Dunn’s Financial Regulatory team, including the following members in Hong Kong:

William R. Hallatt (+852 2214 3836, whallatt@gibsondunn.com)

Emily Rumble (+852 2214 3839, erumble@gibsondunn.com)

Becky Chung (+852 2214 3837, bchung@gibsondunn.com)

Arnold Pun (+852 2214 3838, apun@gibsondunn.com)

Jane Lu (+852 2214 3735, jlu@gibsondunn.com)

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