

Hong Kong's New Stablecoins Ordinance: A Milestone in Digital Asset Regulation

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Hong Kong's financial sector has entered a new era with the implementation of the Stablecoins Ordinance (the "Ordinance") on 1 August 2025. This landmark legislation establishes a comprehensive regulatory framework for stablecoins, bringing clarity and confidence to one of the fastest growing areas in the digital asset market. The Ordinance reinforces Hong Kong's ambition to become a global centre for financial technology and Web3 innovation.

This article explains what stablecoins are, why regulation is needed, the key features of the new law, and what it means for businesses, consumers, and Hong Kong's position in global digital finance.

The Growth and Role of Stablecoins

Over the past decade, the global virtual asset market has expanded rapidly. Between 2018 and 2024, the market value of cryptocurrencies increased twenty four times to reach approximately US\$3.3 trillion (HK\$25.9 trillion), representing almost 2.6 per cent of the total value of traditional equity markets. Within this expansion, stablecoins have become one of the most significant innovations.

Stablecoins are digital tokens that aim to maintain a stable value by being linked to particular assets, usually official currencies. They provide efficiency and stability in payments and settlements, both locally and across borders. As of March 2025, the global stablecoin market was valued at around US\$235 billion (HK\$1,843 billion), with United States dollar referenced coins dominating the market.¹

Global Developments in Stablecoin Supervision

Global stablecoin supervision is advancing quickly with major changes in 2025. On July 18, 2025, US President Donald Trump signed the Guiding and Establishing National Innovation for US Stablecoins Act (the GENIUS Act) into law², which is the first federal legislation on digital assets to be enacted in the US. In the European Union, the Markets in Crypto-Assets (MiCA) regulation, adopted in 2023 and applying fully by December 2024, creates a harmonized regime for e-money and asset-referenced tokens³. On 10 November 2025, the Bank of England published a consultation paper on its proposed regulatory regime for sterling-denominated systemic stablecoins, which will be overseen by the Bank and the Financial

¹ Legislative Council Secretariat. (2025, June 17). *Virtual assets development in Hong Kong* (Statistical Highlights No. ISSH16/2025). Research Office, Research and Information Division, Legislative Council Secretariat. https://app7.legco.gov.hk/rpdb/en/uploads/2025/ISSH/ISSH16_2025_20250617_en.pdf

² The United States Government. (2025, July 18). *Fact sheet: President Donald J. Trump signs genius act into law*. The White House. <https://www.whitehouse.gov/fact-sheets/2025/07/fact-sheet-president-donald-j-trump-signs-genius-act-into-law/>

³ European Securities and Markets Authority. (n.d.) *Markets in Crypto-Assets Regulation (MiCA)*. <https://www.esma.europa.eu/esmas-activities/digital-finance-and-innovation/markets-crypto-assets-regulation-mica>



Conduct Authority once recognised by HM Treasury⁴. By contrast, China has adopted a prohibitory approach. The Notice on Further Preventing and Disposing of Risks Related to Virtual Currencies and Other Related Matters (Circular no. 42) was published on February 6, 2026 by the People's Bank of China together with several other governmental departments. The notice specifically bans the offshore issuance of RMB-pegged stablecoins without approval from the relevant authorities, framing them as a threat to monetary sovereignty.⁵

Hong Kong's Path to Regulating Digital Assets

Hong Kong has gradually established a clear and coherent framework for digital asset regulation. In October 2022, the Government published a policy statement on virtual assets, setting out a strategic roadmap for sustainable market development. In June 2023, the licensing regime for virtual asset trading platforms ("VATPs") came into effect monitored by the Securities and Futures Commission (SFC). In May 2025, the Stablecoins Ordinance was enacted, creating a dedicated supervisory regime under the remit of the Hong Kong Monetary Authority (HKMA).

Three years after the introduction of the VATP licensing regime, the SFC had received 36 applications and granted 13 licenses. With the further implementation of the Ordinance, all stablecoin related activities are now formally supervised by the HKMA.

Definition and Scope

The Ordinance defines a stablecoin as a cryptographically secured digital representation of value that is expressed as a unit of account, a store of value, or a medium of exchange. It can be transferred, stored, or traded electronically, operates on a distributed ledger or equivalent technology, and claims to maintain stability by referencing one or more assets.

Only specified stablecoins are regulated under the Ordinance. A specified stablecoin is defined as a stablecoin that purports to maintain a stable value with reference wholly to one or more official currencies, one or more units of account specified by the HKMA, one or more stores of economic value specified by the HKMA, or a combination of any two or more of these elements. It also includes a digital representation of value, or a class of such representations, that is designated by the HKMA as a specified stablecoin.

Regulated Specified Stablecoin Activities

Under section 5 of the Ordinance, a person must hold a licence granted by the HKMA to carry on, or hold out as carrying on, any regulated stablecoin activity. This includes issuing a specified stablecoin in Hong Kong in the course of business, issuing such a coin outside Hong Kong that references the Hong Kong dollar, or carrying out any other activity designated by the HKMA. A person is also regarded as holding out as carrying on such an activity if they actively market to the public that they engage in such operations.

⁴ Bank of England. (2025, November 13). *Bank of England launches consultation on regulating systemic stablecoins*. <https://www.bankofengland.co.uk/news/2025/november/boe-launches-consultation-on-regulating-systemic-stablecoins>

⁵ 中国人民银行 (2026, February 6) 《关于进一步防范和处置虚拟货币等相关风险的通告》 <https://www.pbc.gov.cn/goutongjiaoliu/113456/113469/2026020619555183972/index.html>



Carrying on a regulated specified stablecoin activity without a licence is an offence. The penalty is a fine of up to HK\$5,000,000 and imprisonment for up to seven years.

Licensing Requirements for Specified Stablecoin Issuers

Before issuing a specified stablecoin, an entity must obtain a licence from the HKMA and satisfy several prudential, transparency, and governance conditions. The main requirements are as follows:-

- Corporate status and capital: The licensee must be a company with a minimum paid up share capital of HK\$25 million or its equivalent.
- Reserve management: The total market value of reserve assets must always be equal to or greater than the par value of the specified stablecoins in circulation.
- Asset quality and liquidity: Reserve assets must be high quality and highly liquid, consisting of cash, short term deposits, or government securities. Each reserve pool must match its corresponding reference asset unless the HKMA grants prior approval for otherwise.
- Trust and segregation: Reserve assets must be held under a legally enforceable trust structure that ensures segregation from other assets and protection against claims by external creditors.
- Non-interest bearing: Licensees may not pay interest or any return that resembles interest to specified stablecoin holders, except for limited promotional incentives that do not amount to the payment of interest.
- Transparency and disclosure: Licensees must publish a whitepaper describing the issuer, reserve management practices, redemption and distribution arrangements, the underlying technology, and the associated risks. They must provide the HKMA with weekly reports on the total par value of specified stablecoins in circulation and the composition and value of reserve assets and such reports must be made publicly available.
- Risk management and governance: Licensees must maintain robust systems for operational control, cybersecurity, fraud prevention, and contingency planning. They must also comply fully with the Anti Money Laundering and Counter Terrorist Financing Ordinance (Cap. 615).
- Fitness and propriety: All directors, chief executives, and controllers must meet the HKMA's fit and proper standards, demonstrating integrity, competence, and sound management capabilities.

Redemption Rights

Licensees must allow holders to redeem specified stablecoins at par value without unreasonable conditions or excessive fees. Redemption procedures, fees, and processing times must be disclosed clearly. In the event of insolvency, holders are entitled to pro rata redemption from the relevant reserve assets and may claim against the issuer if the liquidation proceeds are insufficient to fully satisfy redemptions.



Offering Regime

The Ordinance also regulates the offering of specified stablecoins. Only permitted offerors may offer or hold themselves out as offering specified stablecoins. A person is deemed to offer a specified stablecoin if they make any form of communication, whether written, verbal, or electronic, that allows another person to decide whether to acquire it. This includes communications about the coin's features, terms, or method of distribution.

A person commits an offence if they offer a specified stablecoin without being a permitted offeror, or if they offer one that is not issued by a licensee or its issuance is prohibited under the Ordinance. The penalty is a fine of up to HK\$5,000,000 and imprisonment for up to seven years.

Transitional Arrangements

The Ordinance allows a six month transitional period for existing operators that were carrying out stablecoin activities before the law commenced. During the first three months, such operators may continue operating without breaching the Ordinance. To continue beyond that period, they must apply for a licence within the first three months, receive written acknowledgement from the HKMA, and submit both a declaration confirming their pre commencement operation and an undertaking to comply with all legal requirements once licensed.

During the transitional period, the HKMA may issue a provisional licence if it is satisfied that the applicant was operating prior to commencement and has a reasonable prospect of meeting the full licensing requirements. The provisional licence allows continued lawful operation until a final licensing decision is made and ceases to be of effect when the application is withdrawn, rejected, or approved.

If an existing operator fails to apply for a licence within the first three months, or if the application is refused, withdrawn, or rejected, the operator enters a one month closing down period. During this period, it may operate only for the purpose of winding down its business in an orderly manner. The HKMA may extend this closing down period if necessary.

Implications and Outlook

As of April 2026, the HKMA had received 36 stablecoin licence applications from banks, technology firms and other financial institutions, and granted two licences on 10 April 2026, marking a new phase in the stablecoin regime. We expect that more licences will be granted in the near future.

The Ordinance provides a strong and forward looking framework for stablecoins in Hong Kong, aligning the city with global standards & expectations. It reduces systemic and consumer risks while promoting responsible innovation in digital financial services.

For issuers it introduces clear licensing standards, disclosure obligations, and prudential safeguards. For consumers it provides enforceable rights and confidence through strict supervision and transparency. For the wider financial sector it enhances Hong Kong's reputation as a trusted and well-regulated centre for digital assets.




The Ordinance sets out a predictable and transparent roadmap for compliance. With its focus on governance, accountability, and market integrity, Hong Kong is positioning itself as a credible hub for stablecoin issuance and related financial technologies in Asia.

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