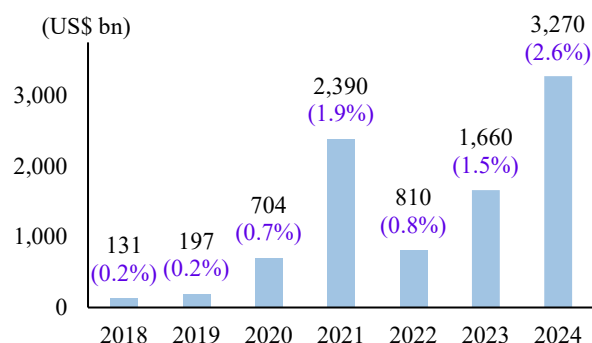




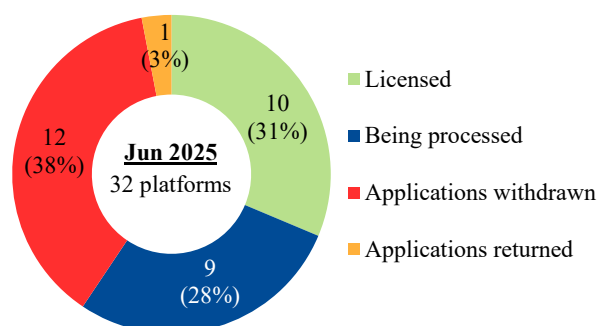
Virtual assets development in Hong Kong

Figure 1 – Global cryptocurrency market capitalization⁽¹⁾



Note: (1) Figures in brackets represent ratios to global equity market capitalization.

Figure 2 – Licensing of VA trading platforms⁽¹⁾



Note: (1) Compilation is based on the lists on SFC's website. Returned applications are those with incomplete information or unresolved fundamental issues.

Figure 3 – Global stablecoin market capitalization⁽¹⁾



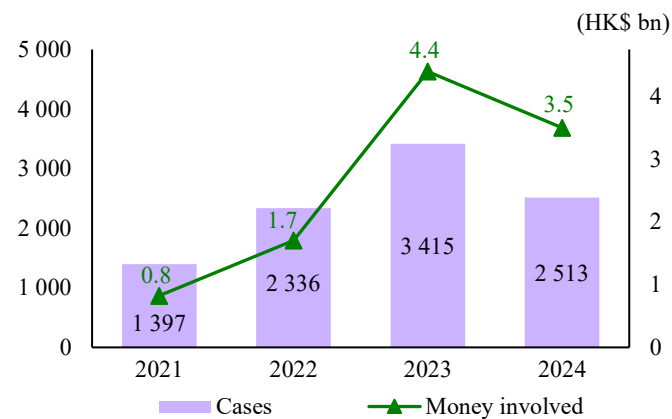
Note: (1) Figures are as at end-March of the year.

Highlights

- The global market of virtual asset (“VA”) is dominated by cryptocurrencies, with exponential growth in recent years. During 2018-2024, the cryptocurrency market has expanded by 24 times to reach US\$3.3 trillion (HK\$25.9 trillion), equivalent to 2.6% of conventional equity market capitalization (**Figure 1**). To expedite fintech development, the Government issued a policy statement to set out the direction for developing a VA sector and ecosystem in October 2022, followed by the introduction of a licensing regime for VA trading platforms in June 2023, and the passage of the Stablecoins Bill more recently in May 2025. More lately, the Financial Secretary has said a second policy statement would soon be released to explore ways to converge VA into traditional finance. In response to suggestions to rename “virtual assets” as “digital assets” over negative public perception, the Government has pledged to consider possible amendment.
- Two years after the introduction of the licensing regime for VA trading platforms, altogether 32 platform operators had applied for licences, with 10 having granted licences by the Securities and Futures Commission (“SFC”) so far (**Figure 2**). At this juncture, only a few (around 3) have commenced operation, while other licensees are still in the preparatory stage. However, over one-third (38%) applicants have withdrawn their applications (including three global leading players), reportedly due to (a) high compliance cost; (b) low turnover; and (c) limited variety of tradable cryptocurrencies in the local market. There are continued calls for widening the scope of VA services, on top of investor protection. As a policy response, licensed platforms have been allowed to provide staking services for clients (i.e. locking their VAs for protocol validation with a return) since April 2025.
- Fiat-referenced stablecoins are rising as a new means of payment globally. The stablecoin market saw a 46-time expansion in five years to US\$235 billion (HK\$1,843 billion) in March 2025, with USD-referenced stablecoins taking up nearly all market capitalization (**Figure 3**). In Hong Kong, when the Stablecoins regime comes into effect on 1 August 2025, licensed issuers (e.g. financial institutions and VA platforms) will then be able to offer stablecoins to the public. Analysts expect this would foster development of renminbi-pegged stablecoins, potentially supporting cross-border payment in international trade in the long run.

Virtual assets development in Hong Kong (cont'd)

Figure 4 – VA-related criminal cases and amounts of money involved⁽¹⁾



Note: (1) The figures reflect all cases involving VAs, such as online scams, online blackmail, etc.

Figure 5 – VA ETFs and market capitalization

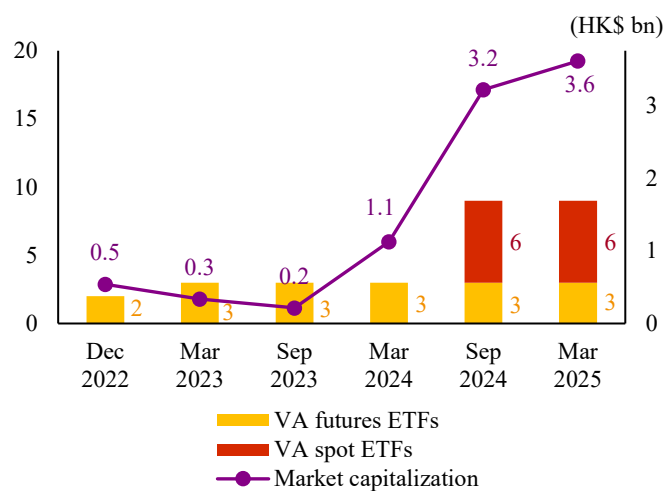
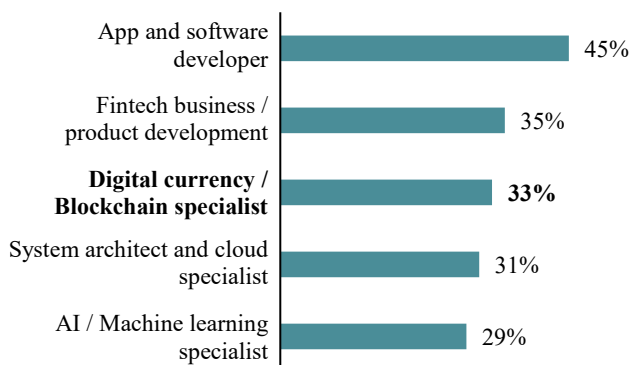


Figure 6 – Top 5 fintech talents in shortage



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Highlights

- There are public concerns over the uptrend in VA-related criminal cases in recent years, rising to the peak of 3 415 cases involving HK\$4.4 billion in 2023, partly because of a mega fraud case (i.e. JPEX) allegedly involving some HK\$1.6 billion in September 2023 (**Figure 4**). As these fraud cases uncovered possible involvement of VA over-the-counter (“OTC”) shops, the Government proposes a licensing regime for such services, with the Customs and Excise Department (“C&ED”) as regulator. The proposal is expected to affect some 200 physical VA OTC shops and other related digital platforms. In the first-round consultation ending in April 2024, there were views that such services should be regulated by financial regulators instead of C&ED. The Government has pledged to conduct a further round of consultation later in 2025 to collect further views.
- Leveraging the VA trend, traditional financial services firms are also keen on offering VA-related investment products, with debut listing of two VA futures exchange-traded funds (“ETFs”) in Hong Kong in December 2022 (**Figure 5**). In April 2024, the city became the first in Asia to launch VA spot ETFs, bringing the total number of VA ETFs to nine and aggregate market capitalization to HK\$3.6 billion, accounting for 0.73% of the local ETF market as at March 2025. While the market is still nascent, some have called for a wider range of VA investment products (e.g. options) to enhance the regional competitiveness.
- Lack of fintech talents remains an impediment to VA market development. According to a study of the University of Hong Kong in November 2022, one in three surveyed fintech-related companies in short of fintech talent were seeking “digital currency / blockchain specialist” (**Figure 6**). As at January 2025, there were just 202 fintech talents admitted under various talent schemes out of over 100 000 talent admissions. Under its regulatory roadmap for the VA sector released in February 2025, SFC committed that it would proactively identify the knowledge and skills gap in Hong Kong, with a view to supporting the industry to deliver training programmes that meet the market needs.

Data sources: Latest figures from CoinMarketCap, DefiLlama, Financial Services and the Treasury Bureau, Hong Kong Exchanges and Clearing Limited, Hong Kong Police Force, Securities and Futures Commission, and the University of Hong Kong.

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