



## E-NEWS



STABLECOIN CHECKOUT



### **Hong Kong's Stablecoins Ordinance: A New Regulatory Milestone**

Hong Kong has marked a significant advancement in its development as a regulated digital asset centre with the enactment of the Stablecoins Ordinance (Cap. 656). This new statutory framework establishes a formal licensing regime for issuers of fiat-referenced stablecoins (FRS), underscoring the city's commitment to market stability, investor protection, and responsible financial innovation. By setting clear regulatory expectations, the Ordinance positions Hong Kong as a leader in shaping the global standards for digital-asset oversight.

#### **Legislative Milestone**

On **21 May 2025**, the Legislative Council passed the **Stablecoins Bill**, establishing a statutory regime for the licensing and regulation of issuers of FRS. The law came into effect on **1 August 2025**, introducing a comprehensive regulatory framework that aligns Hong Kong with emerging global standards for stablecoin oversight.

#### **Regulatory Scope and Key Requirements**

The Stablecoins Ordinance (Cap. 656) defines "specified stablecoins" as cryptographically secured digital representations backed by official currencies or other designated assets. Under the Ordinance, any person issuing a FRS in the course of business in Hong Kong—or issuing an FRS that maintains its value by reference to the Hong Kong dollar—must obtain a licence from the Hong Kong Monetary Authority (HKMA). To combat fraud and enhance market integrity, only advertisements relating to licensed FRS issuance are permitted, even during the six-month non-contravention period.

Unlicensed issuance and false advertising carry heavy penalties prescribed under the Ordinance - unlicensed issuance of stablecoins is a serious offence and on indictment may attract a fine of up to HKD 5 million, imprisonment for up to 7 years, and a daily fine of HKD 100 thousand for a continuing offence. False or unauthorised advertising of stablecoin activities on the other hand are subject to a maximum penalty of a level 5 fine (currently HKD 50 thousand) and imprisonment for up to 6 months.

### **Eligibility and Financial Criteria**

Only Hong Kong-incorporated companies or authorised overseas institutions with a Hong Kong presence may apply for a licence. Applicants must maintain a paid-up share capital of not less than HKD 25 million.

### **Safeguards, Compliance & Operational Standards**

The Ordinance requires licensees to adopt robust governance arrangements, including:

- **Reserve and stabilisation mechanisms** ensuring proper management, segregation of client assets, and redemption at par value on reasonable terms.
- **AML/CFT, risk management, disclosure and auditing obligations**, along with fitness-and-propriety assessments for responsible personnel.

These requirements aim to establish a trustworthy operational environment for stablecoin users and reinforce Hong Kong's reputation for sound regulatory practice.

### **Licensing Process and Market Readiness**

The HKMA issued finalised guidelines on supervision and AML/CFT matters in July 2025 and launched the register of licensed stablecoin issuers for general inspection. By September 2025, 36 institutions had reportedly applied for licences, spanning banks, technology companies, investment firms, e-commerce platforms, payment service providers, start-ups and Web3 enterprises.

## **To prepare for the regime**

The following matters may be of interest as a matter of prudence, based on information available on the HKMA’s official webpage on stablecoins and its press release of 29 July 2025. Existing stablecoins issuers may find it helpful to review the transitional arrangements as they assess how the new framework may affect their operations. More broadly, market participants may wish to exercise care in their public communications to avoid creating misleading impressions, while members of the public may benefit from referring to official sources—such as the register of licensed stablecoin issuers—when assessing any stablecoin-related representations.

For dispute-resolution practitioners, it goes without saying that maintaining a rigorous, continually updated understanding of the stablecoin regulatory framework will be imperative, given the growing systemic importance of FRS and their integration into Hong Kong’s financial ecosystem.

## **Conclusion**

Hong Kong’s stablecoin regime represents a significant step toward a more structured and responsible framework for digital-asset regulation. With clearer licensing requirements, stringent safeguards and a formal supervisory architecture now in place, the city is positioning itself to support the development of regulated stablecoin activities while promoting market stability and user confidence.

As the framework is developed and the first licences are expected to be issued in 2026, the regulatory environment will likely influence how related financial disputes arise and are managed. For dispute-resolution practitioners, this evolving landscape means an increasing need to stay attuned to regulatory developments and to cultivate the specialised understanding that may be required to address digital-asset-related disputes effectively.

Dated: January 2026

Issue 05

Note:

- i. This newsletter is provided for general information only and does not constitute any advice. No representation whatsoever is made or intended to be made by the FDRC in relation to such information. The FDRC shall not be responsible or liable to any party who relies on the information provided in this newsletter.
- ii. FDRC is a non-profit company limited by guarantee. With the support of the Financial Services and the Treasury Bureau, the Hong Kong Monetary Authority and the Securities and Futures Commission, the FDRC independently and impartially administers the Financial Dispute Resolution Scheme to assist financial institutions and their customers to resolve monetary disputes.