



Licensing Handbook for Virtual Asset Trading Platform Operators

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Foreword

1. This Handbook provides general information of licensing matters in relation to virtual asset trading platform operators under the Securities and Futur3t1.BT1 0 0 1 272.21 691.66 Tm0 g



1.2 Further guidance



and “minimum paid-up share capital” shall be calculated according to the Guidelines for Virtual Asset Trading Platform Operators issued by the SFC.

The Platform Operator shall (1) provide monthly reports to the



1.2.6



Chapter 2 Platform Operators and licensed individuals

2.1 Platform Operators

2.1.1 A corporation which is:

- (a) granted a licence for Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities under section 116 of the SFO and carries out any Relevant Activities; and/or
- (b) granted a licence for providing a VA service under section 53ZRK of the AMLO and carries out any Relevant Activities.

Please see paragraphs 3.2.1 to 3.2.21 for more information.

2.2 Responsible officers

2.2.1 A licensed representative (see paragraph 2.3) who is also approved as a responsible officer under section 126 of the SFO and/or section 53ZRP of the AMLO to supervise the Relevant Activities of the Platform Operator to which s/he is accredited.

Please see Chapter 4 for more information.

2.3 Licensed representatives

2.3.1 An individual who is granted a licence under section 120(1) of the SFO and/or section 53ZRL(1) of the AMLO to carry on the Relevant Activities for a Platform Operator to which s/he is accredited.

Please see paragraphs 5.1 and 5.2 for more information.



Part II

What are the requirements for getting a licence?

Chapter 3 Platform Operators

3.1 General fit and proper requirement

- 3.1.1 The SFC is obliged to refuse to grant a licence if the applicant fails to satisfy the SFC that it is fit and proper. Pursuant to section 129 of the SFO and/or section 53ZRJ of the AMLO, in considering whether a person is fit and proper for the purposes of licensing, the SFC shall, in addition to any other matter that the SFC may consider relevant, have regard to the following:

financial status or solvency;



- 3.2.11 When applying for a licence under section 116(1) of the SFO and/or section 53ZRK(1) and (2) of the AMLO, you are required to provide



- 3.2.18 For the purposes of calculating your liquid capital and the required liquid capital, you should account for all your assets, liabilities and transactions in accordance with Part 4 of the Financial Resources Rules and follow the computation basis prescribed in Division 2 of Part 4 of the Financial Resources Rules.
- 3.2.19 Please refer to Part VI of the [*"Guidelines for Virtual Asset Trading Platform Operators"*](#) and the Financial Resources Rules for more information on the financial resources requirements including the computation of your liquid capital and required liquid capital.
- 3.2.20 You should also maintain in Hong Kong at all times assets which you beneficially own and are sufficiently liquid, for example, cash, deposits, treasury bills and certificates of deposit (but not virtual assets), equivalent to at least 12 months of your actual operating expenses calculated on a rolling basis.



imposed under section 403 of the SFO and paragraph 14.6 of the [*"Guidelines for Virtual Asset Trading Platform Operators"*](#). See also [*FAQ \(Use of external electronic data storage\)*](#).



Chapter 4 Responsible officers

4.1 General fit and proper requirement

- 4.1.1 You need to satisfy the SFC that you have fulfilled the fit and proper requirement, having regard to:
- financial status or solvency;
 - educational or other qualifications or experience;
 - ability to carry on the Relevant Activities concerned competently, honestly and fairly; and
 - reputation, character, reliability and financial integrity.

For details, please refer to Part II of the [*“Guidelines for Virtual Asset Trading Platform Operators”*](#).

4.2 Specific approval criteria

- 4.2.1 As part of the fit and proper requirement, you should fulfil competence criteria relating to:
- academic / professional qualifications
 - relevant industry experience
 - recognised industry qualifications / Extra CPT¹⁰
 - management experience
 - local regulatory framework paper

For more details, please refer to paragraphs 3.16 to 3.21 (Responsible officers) and paragraphs 3.24 to 3.38 (Exemptions from the recognised industry qualification and local regulatory framework paper requirements) of the [*“Guidelines for Virtual Asset Trading Platform Operators”*](#).

4.3 Sufficient authority

- 4.3.1 You should have sufficient authority to supervise the business of Relevant Activities of the Platform Operator that you will be accredited to.
- 4.3.2 You may or may not be a member of the board of directors of the Platform Operator.
- 4.3.3 However, if you are a director of the Platform Operator and actively participate in or directly supervise the business of regulated activity and/or VA service, you will be an “executive director” as defined in section 113 of the SFO and/or section 53ZR of the AMLO and must apply to become a responsible officer of the Platform Operator in respect of the regulated activity and/or VA service concerned.

¹⁰ “Extra CPT” means that you must complete five CPT hours which is a one-off requirement, irrespective of whether the individual is applying under the SFO and/or AMLO. The additional CPT hours should be taken within six months preceding the submission of the application.



- 4.3.4 An employer-employee relationship is not a prerequisite for the approval of a responsible officer. For example, a consultant (not being an employee) of a company undertaking to supervise Relevant Activities is eligible to be approved as a responsible officer. However, that individual must act on behalf of or have an arrangement with the Platform Operator for carrying out the Relevant Activities.

4.4 Further guidance

Managers-In-Charge of Core Functions (MICs)

- 4.4.1 The SFC generally expects that MICs of two core functions set out in the [*FAQ \(Measures for augmenting senior management accountability in platform operators\)*](#), namely the Overall Management Oversight function and the Key Business Line function, should seek the SFC's approval to be responsible officers in respect of the Relevant Activities they oversee.
- 4.4.2 For details of the requirements, please refer to the [*FAQ \(Measures for augmenting senior management accountability in platform operators\)*](#).

Requirement on relevant industry experience

- 4.4.3 Relevant industry experience generally refers to hands-on working experience acquired through the carrying on of the Relevant Activities in Hong Kong or similar activities regulated elsewhere. The SFC may also



4.4.5



Without compromising investor protection, the SFC may consider removing the chaperoning requirement as mentioned in condition (ii) and impose an alternative condition to the effect that the individual can only provide services that constitute Relevant Activities to professional investors¹².

Undertakings

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Part III

How to apply for a licence?

Chapter 6 Application proce



- 6.3.2 Once your application is accepted, you will receive a WINGS Mail message requesting payment of the required application fee. You should pay the required application fee through the online payment facility on WINGS. Please refer to the table below for the required application fee.

Type of application	Type of activity	Application fee amount
Platform Operator	Types 1, 7	\$4,740 per RA
	Providing a VA service	\$4,740
Licensed representative	Types 1, 7	\$1,790 per RA
	Providing a VA service	\$1,790
Approval to become responsible officer	Types 1, 7	\$2,950 per RA
	Providing a VA service	\$2,950

6.4 Responsibilities of the Platform Operator supporting an individual licence application

- 6.4.1 An application by an individual seeking to be licensed as a representative and/or approved as a responsible officer, is made to the SFC jointly by the individual and the Platform Operator to which he/she is, or is proposing to become, accredited. It is the responsibility of the individual to ensure that the information provided in support of his/her application is neither false nor misleading, and the responsibility of the Platform Operator to verify this and to endorse the application.
- 6.4.2 Because the Platform Op866 0 594.g/F2 1 170.18.32140a2.0atform Operator



6.5 Return of application

6.5.1



- 6.9.2 The approval dates of an individual's licence(s) and accreditation to its principal can be found in [the public register](#) on the SFC web site.

You may refer to [the public register](#) on the SFC web site to confirm that your licence status and related particulars are correctly reflected. Please notify the SFC immediately if there is any discrepancy.

6.10 Further guidance for Platform Operators

Complaints officer and emergency contact person

- 6.10.1 Under paragraph 16.1 of and paragraph 3(b) of Part 1 of Schedule 4 to the ["Guidelines for Virtual Asset Trading Platform Operators"](#), a Platform Operator is required to provide contact details of its complaints officer to handle complaints made to the Platform Operator.
- 6.10.2 Under paragraph 16.1 of and paragraph 3(a) of Part 1 of Schedule 4 to the ["Guidelines for Virtual Asset Trading Platform Operators"](#), a Platform Operator is required to provide contact details of its emergency contact person.



6.13 Required application forms and supplements for applications for new corporate licence

- 6.13.1 The application forms and supplements required for applications for new corporate licence are listed below.

New Licence Applications

If you	Please submit via WINGS-LIC
Are a corporation which is not currently licensed and would like to apply for licence(s) under the SFO and/or the AMLO to be a Platform Operator	Form VA1 Forms VA3 (at least 2 responsible officers should be nominated) Form VA6 (associated entity) Supplements VA1, VA2 (as appropriate) and VA3 Questionnaire VA1 Application fee



Part IV

After being licensed

Chapter 7 Applications to change existing licences

7.1 General

- 7.1.1 This chapter sets out certain changes that require the prior approval of the SFC. If you are a Platform Operator and intend to make any such changes, you or the person concerned (e.g. the proposed substantial shareholder of a Platform Operator, the proposed ultimate owner of a Platform Operator or both), as well as individual licensees, should lodge an application with the SFC via WINGS-LIC.

7.2 Platform Operators

- 7.2.1 Changes to the licence(s) of the Platform Operator that require prior approval are listed below. Form VA2 is generally required for these applications. However, for applications concerning substantial shareholders and ultimate owners, Form VA4 should be submitted.

Type of c1 0 CID()-5(c



Type of change (relevant SFO and/or AMLO section)	Application fee	Remarks
		<i>and record keeping</i>

Becoming or continuing to
be a substantial shareholder
of a Platform Operator, an
ultimate owner of a Platform
Operator or both



Chapter 8 Ongoing obligations

8.1 General

- 8.1.1 Platform Operators and licensed representatives (including responsible officers) must remain fit and proper at all times. They have to comply with all applicable provisions of the SFO and its subsidiary legislation and/or the AMLO as well as the codes and guidelines issued by the SFC. This chapter highlights certain ongoing statutory obligations imposed on Platform Operators, licensed individuals and Associated Entities of



- 8.3.5 Upon cessation of business, you should arrange to return all the funds and/or assets to your clients as soon as practicable.

8.4 Notification by Platform Operators and licensed individuals¹⁵

- 8.4.1 Apart from notifying the SFC of any intended cessation of business, licensed persons are required to notify the SFC through WINGS-LIC of certain changes in the information that they have provided to the SFC in their initial applications.
- 8.4.2 The changes requiring notification by licensed persons are specified in section 135 of the SFO and Parts 1 to 3 of Schedule 3 to the Securities and the Futures (Licensing and Registration) (Information) Rules and/or Division 7 of Part 5B of the AMLO and Part XVI of the ["Guidelines for Virtual Asset Trading Platform Operators"](#).
- 8.4.3 In the case of entities belonging to the same group of companies, a Platform Operator may make a notification on its behalf and on behalf of other group entities in respect of the same change. The notification should state clearly on whose behalf it is made, and the represented entities should be aware of the notification.

8.5 Notification by directors, substantial shareholders and ultimate owners of Platform Operators

- 8.5.1 A director of a Platform Operator is required to notify the SFC of his/her becoming or ceasing to be a director of the



- 8.6.2 An Associated Entity is also required to notify the SFC of its financial year end within one month after becoming an Associated Entity (section 155(1)(b) of the SFO and/or section 53ZSB(2) of the AMLO).

8.7 Summary of notification requirements

- 8.7.1 Some of the more common change events that require notification are shown in the table below. For details of the notification requirements, you should refer to relevant provisions of the SFO (e.g. sections 123 and 135) and the Securities and Futures (Licensing and Registration) (Information) Rules and/or Division 7 of Part 5B of the AMLO and Part XVI of the



Types of change / events	Applicable to ¹⁶	Notification time limit
Change in complaints officer or his/her particulars	PO	Within 7 business days
Change in emergency contact person or his/her particulars	PO	Within 7 business days
Change in share capital or shareholding structure	PO, SS	Within 7 business days
	AE	Within 7 business days
Change in contact information	PO, LR, SS, UO	Within 7 business days
	AE	Within 7 business days
Significant changes in nature of business carried on and types of services provided	PO	Within 7 business days
Significant changes in business plan	PO	Within 7 business days
Changes in Managers-In-Charge of Core Functions (MICs) (including any new appointment and cessation of appointment) ¹⁹	PO	Within 7 business days
Changes in certain particulars of MICs ¹⁹	PO	Within 7 business days
Change in bank accounts	PO	Within 7 business days
	AE	Within 7 business days
Change in Associated Entity or its particulars	PO	Within 7 business days
	AE	Within 7 business days
Change in auditor's name	PO	Within 7 business days
Give notice of a motion to change auditor in a general meeting, etc. (see section 154 of the SFO and/or section 53ZSE of the AMLO)	PO	Within 1 business day
	AE	Within 1 business day

¹⁹ For details of the requirements, please refer to the [FAQ \(Measures for augmenting senior management accountability in platform operators\)](#)



Types of change / events	Applicable to ¹⁶	Notification time limit
Change in executive officer or his/her particulars	AE	Within 7 business days
Change in status of any authorization to carry on any regulated activity or Relevant Activities by authority or regulatory organization in Hong Kong or elsewhere ²⁰	PO, LR	Within 7 business days
Change in particulars in relation to wallet addresses	PO	Within 7 business days
	AE	Within 7 business days

8.8 Submission of audited accounts, etc.

- 8.8.1 Platform Operators and their Associated Entities are required to submit their audited accounts and other required documents within four months after the end of each financial year (section 156(1) of the SFO and/or section 53ZSC(1) of the AMLO).
- 8.8.2 If a Platform Operator ceases carrying on the Relevant Activities for which it is licensed, it should submit to the SFC its audited accounts and other required documents, made up to the date of cessation, not later than four months after the date of the cessation. The same requirement applies to an Associated Entity of a Platform Operator upon its ceasing to be an Associated Entity of the Platform Operator (section 156(2) of the SFO and/or section 53ZSC(2) of the AMLO).

8.9 Submission of financial resources returns

- 8.9.1 Platform Operators are required to submit **monthly** financial resources returns to the SFC (paragraph 6.5 of the [“Guidelines for Virtual Asset Trading Platform Operators”](#)).

²⁰ In regard to registrations with the regulatory authorities in the United States, the focus of the notification requirements is on registrations with the Securities and Exchange Commission (SEC), Financial Industry Regulatory Authority (FINRA), Commodity Futures Trading Commission (CFTC) and National Futures Association (NFA) only.



8.11 Submission of annual returns

- 8.11.1 Platform Operators and licensed individuals are required to submit annual returns to the SFC through WINGS-LIC within one month after each anniversary date of their licences (section 138(4) of the SFO and/or section 53ZRY(4) of the AMLO).
- 8.11.2 Failure to submit annual return before the due date could result in suspension and revocation of the licence (sections 195(4)(b) and (6) of the SFO and/or sections 53ZSQ(5)(b) and (8) of the AMLO). Details are set out in the table below.

Overdue period	Penalty
Over 3 months but less than 4 months	Suspension ²¹ of licence
Over 4 months	Revocation of licence

8.12 Continuous professional training (CPT)

- 8.12.1 Platform Operators are primarily responsible for planning and implementing a continuous education programme best suited to the training needs of the licensed representatives or relevant individuals they engage. Such programmes should enhance the individuals' industry knowledge, skills and professionalism. The firms should perform due diligence to ensure CPT compliance by the individuals they engage.
- 8.12.2 Licensed individuals are required to complete 10 CPT hours per calendar year. Five of these 10 CPT hours must be on topics directly related to the Relevant Activities.
- 8.12.3 In view of the greater responsibility and accountability placed on responsible officers, they are required to take two additional CPT hours per calendar year on regulatory compliance.
- 8.12.4 Within the 12 months after a person first becomes an LR or RO, he or she must undertake two CPT hours on ethics. Thereafter, that person is required to complete two CPT hours per calendar year on topics relating to either ethics or compliance.
- 8.12.5 Details of CPT requirements for Platform Operators and individuals are set out in paragraph 4.6 to 4.19 of the ["Guidelines for Virtual Asset Trading Platform Operators"](#).
- 8.12.6 In terms of the content, please refer to paragraphs 4.23 and 4.24 of the ["Guidelines for Virtual Asset Trading Platform Operators"](#) for examples. The important point to note is that the training topics must be relevant to the functions to be performed by the person.

²¹ Subject to the SFC giving 10 business days notice.



- 8.12.7 Further to paragraph 4.21 of the ["Guidelines for Virtual Asset Trading Platform Operators"](#), the taking of online courses will be considered as self-study. Provided that there are independent assessments, such as evaluation or test results, and sufficient records to demonstrate fulfilment and duration of training, they can be counted towards acceptable CPT activities. Those online courses have to be of relevance to the licensee's functions.
- 8.12.8 Platform Operators should keep sufficient records on the programmes and the CPT activities undertaken by the individuals for a minimum of three years and be made available for inspection upon request by the