

Presto Original

# State of The Hong Kong Crypto Market

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**Peter Chung** | Head, Presto Research

[peterchung@prestolabs.io](mailto:peterchung@prestolabs.io)

**Jay Lee** | Partner, K&L Gates

[jay.lee@klgates.com](mailto:jay.lee@klgates.com)

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## Summary

- China plays a key role in the global digital asset industry as a major Bitcoin mining region, the largest contributor to global liquidity (M2), and a counterbalance to legacy financial systems. As China's sandbox for free finance, Hong Kong stands to benefit by integrating blockchain into its financial system to strengthen its position as a cutting-edge global financial hub.
  - Since October 2022, Hong Kong has introduced regulatory initiatives to streamline and clarify rules on digital assets, enabling qualified entities to enter and support industry growth. These efforts include an "add-on framework" that expands existing regulations across various sectors, following the principle of "same activity, same risk, same regulation."
  - Progress so far includes a licensing regime for crypto exchanges, spot crypto ETF listings on HKEX, and digital bond issuance. Rulemaking efforts are ongoing for stablecoin issuance and OTC trading. On-chain data reflects the impacts of these developments, showing rising on-chain transaction volumes, increased institutional participation, and a rebound in OTC trading.
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## 1. Introduction

This report provides an overview of the ongoing transformation of Hong Kong's financial industry through blockchain adoption. The pace of change and the level of institutional involvement are among the most significant in the region, yet this shift has received relatively little attention, particularly as recent headlines in the U.S. have dominated industry discussions.

To address this, Presto Research has collaborated with global law firm K&L Gates LLP to provide updates on Hong Kong's regulatory framework for digital assets and services. The report first examines Hong Kong's role in the global crypto industry, then explores the evolution of its crypto regulatory framework, and finally offers a snapshot of key players operating under the current licensing regime. Sections 1, 2, 4, and 5 were primarily prepared by [Peter Chung, Head of Research at Presto](#), while Sections 3 was contributed by [Jay Lee, a partner at K&L Gates' Hong Kong office](#).

## 2. Why Hong Kong Matters

To appreciate Hong Kong’s role in the crypto industry, it’s useful to first consider China’s broader position in the space, and its historical relationship with Hong Kong.

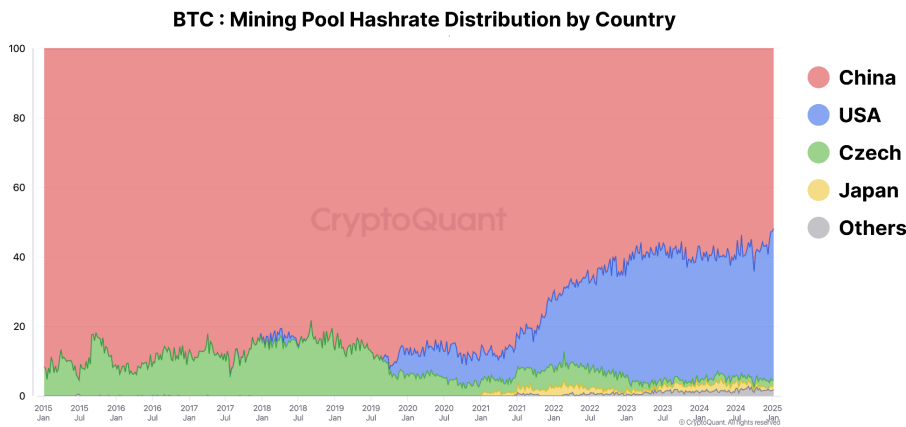
### 2.1. China's Role in Crypto

China’s crypto significance began around 2013 when ASIC mining became the Bitcoin standard<sup>1</sup>. China’s prominence was driven by: 1) a strong electronics ecosystem enabling efficient ASIC production, 2) cheap electricity in Sichuan, Xinjiang, and Inner Mongolia, and 3) vertical integration of miners and ASIC manufacturers. Bitcoin also gained traction as an investment in China, where limited financialization left few options beyond real estate and stocks. Its cross-border salability was especially appealing under strict capital controls.

Since banning Bitcoin mining in 2021, China's role has diminished, but its influence remains due to its economy and Bitcoin legacy (Figure 1). As the world’s second-largest economy with over four times the U.S. population, China holds 40% of global liquidity (M2) versus the U.S.’s 20%. While capital controls contain much of this liquidity, for Bitcoin – outside traditional finance – this figure gains new significance.

Game theory dynamics are also particularly relevant for China as a nation outside the U.S. sphere of influence. Seeking to reduce what it views as overdependence on the US-led financial system, China has a strategic incentive to explore alternatives where control is less centralized around its geopolitical rival.

**Figure 1: China Still Matters**



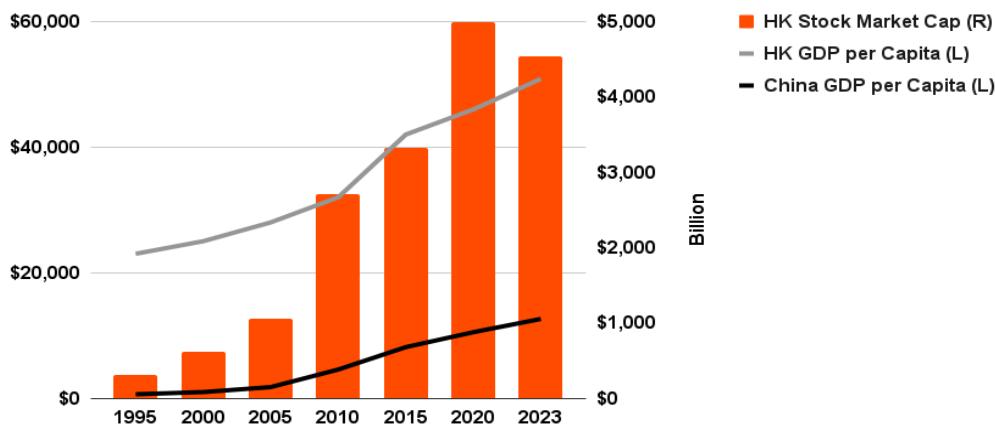
Source: CryptoQuant

<sup>1</sup> Bitcoin went through several distinct mining eras, starting off with CPU mining then GPU mining in its infancy years, followed by ASIC mining as mining became increasingly competitive. ASIC stands for Application-Specific Integrated Circuits - chips designed specifically for mining cryptocurrency.

## 2.2. Hong Kong As China's Sandbox

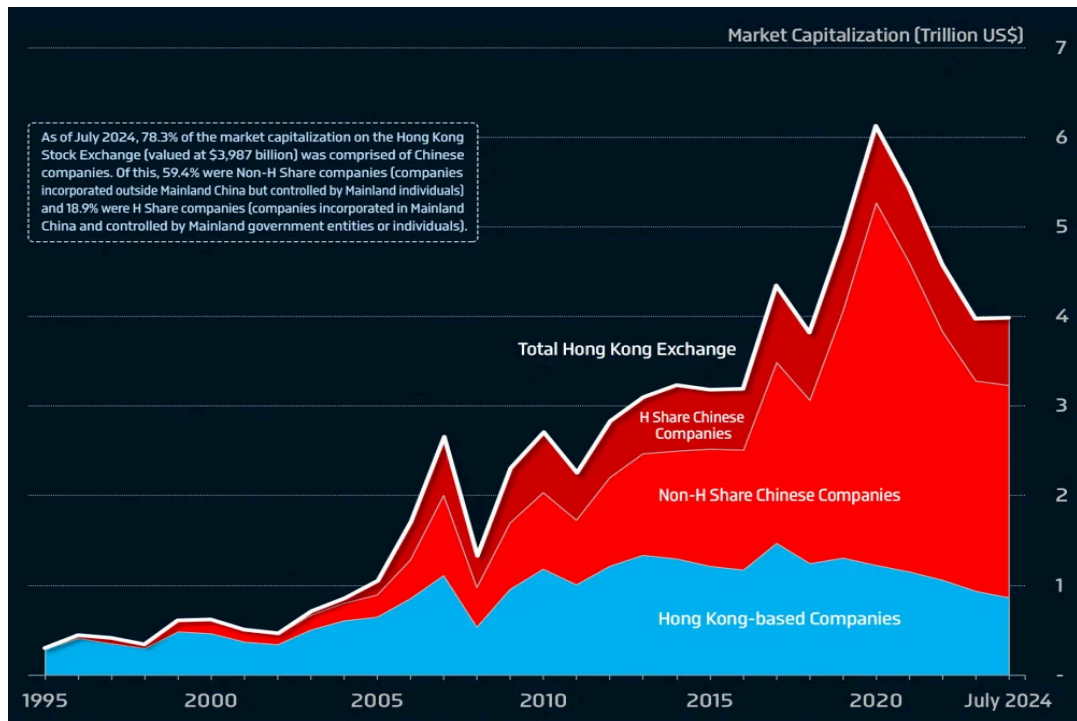
Since Hong Kong's return to Chinese sovereignty in 1997, it has been governed under the 'One Country, Two Systems (一国两制)' principle, allowing it to operate as a Special Administrative Region with its own constitution and economic systems, inherited from British rule. As a result, Hong Kong's globally integrated financial market has effectively served as a 'sandbox' for free-market finance, while mainland China's capital account remains largely closed even today. This arrangement has been mutually beneficial, as evidenced in Figure 2 and 3.

**Figure 2: Help Me Help You**



Source: ceicdata.com, macrotrends.net

**Figure 3: Hong Kong, Where China's Capital Seekers Meet Global Money**



Source: voronioapp.com, HKEX

As China's trade surplus surged after its WTO entry in the 2000s, Hong Kong became a key platform for managing Chinese savings and accessing global capital. The Hong Kong dollar, pegged to the U.S. dollar at 7.8:1 under a currency board system, ensures stability and confidence in its banking system. Its common law-based legal framework enhances financial clarity. These factors made Hong Kong Asia's top financial hub for much of the post-1997 era, outpacing Tokyo and Singapore.

Beijing's willingness to create synergies between China's massive economy and free-market systems through a sandbox approach was echoed in Macau. There, China transformed a once-sleepy gambling backwater into the world's largest gaming hub by opening the market to global casino operators, while gambling remains strictly prohibited in the rest of the country.

**Figure 4: China's Knack For Sandboxing**



Source: GGB Magazine

### 2.3. Bolstering Hong Kong With Blockchain

Hong Kong's push to develop its digital asset industry follows a similar trajectory, as China has embraced a growth-oriented approach in Hong Kong while maintaining trading bans across the mainland.

In 2022, on the 25th anniversary of Hong Kong's handover, President Xi Jinping visited the city and reaffirmed that the 'One Country Two Systems' model had fostered mutual prosperity, and would continue to ensure Hong Kong's success under the same principle. Soon after, the Hong Kong government announced a series of policies aimed at strengthening the city as a global financial hub. Recognizing the urgent need to restore its competitiveness – diminished against rivals like New York and Singapore during COVID-19 – incorporating digital assets became a key component of the strategy.

In October 2022, newly appointed Chief Executive John Lee introduced the 'Policy Statement on Development of Virtual Assets in Hong Kong', a high-level blueprint outlining why and how the government plans to integrate digital assets into the mainstream financial system (Figure 5). Starting in early 2023, Hong Kong rolled out regulatory initiatives to streamline and clarify rules on digital assets and related businesses, paving the way for qualified entities to enter the industry. This will be the subject of further exploration in the next section.

**Figure 5: Blueprint For Hong Kong's Crypto Policies**



Source: Financial Services And The Treasury Bureau

### 3. Regulatory Framework

In this section, we discuss the timelines of Hong Kong’s crypto policy implementations, key themes and principles behind them, and its unique sectoral approach.

#### 3.1. Timeline

Starting from October 2022, the Hong Kong government has been making announcements periodically to set up a comprehensive crypto regulatory framework, as summarized in Figure 6.

**Figure 6: Timeline of Major Regulatory & Policy Announcements and Developments**

Oct. 2022	Policy statement on the government’s vision and approach towards the development of virtual assets in Hong Kong.
Feb. 2023	The first tokenized green bond in HK\$800 million under the Hong Kong government’s green bond program, becoming the first tokenized green bond issued by a government in the world.
June 2023	The licensing regime for virtual asset trading platforms (VATP, crypto exchanges) became effective.
Sept. 2023	Hong Kong Monetary Authority (HKMA) announced its new fintech promotion roadmap, highlighting distributed ledger technology as one of the two key technology overlays to keep developing fintech industries in Hong Kong. HKMA pronounced its bond tokenization initiatives.
Nov. – Dec. 2023	HKMA and/or Securities and Futures Commission (SFC) promulgated a few regulatory circulars to provide guidance on virtual asset business areas such as tokenization of SFC authorized investment products, intermediaries engaging in tokenized securities-related activities, intermediaries’ virtual asset related activities or SFC-authorized funds with exposure to virtual assets.
Feb. 2024	Virtual asset OTC outlet or trading platform consultation.
Mar. 2024	Hong Kong’s CBDC phase II project started, including wholesale CBDC and tokenized deposit pilot programs.
Apr. 2024	Bitcoin and Ethereum spot ETFs were approved and started trading.
Nov. 2024	HKMA implemented a tokenized bond issuance subsidy program, called “Digital Bonds Grant Scheme” to support the tokenization of securities in Hong Kong.
Dec. 2024	A stablecoin licensing regime bill is submitted to Legislative Counsel for enactment.
	Four new crypto exchanges are granted licenses by the SFC. The number of licensed exchanges totalled to seven licensees.
Jan. 2025	Two new crypto exchanges are granted licenses by the SFC. The number of licensed exchanges now total nine licensees.

Source: K&L Gates

The Hong Kong government first made public its intention to nurture the crypto industry on October 31st, 2022, when the Financial Services and Treasury Bureau pronounced the government's vision and approach towards developing Web3 industries<sup>2</sup>. Its policy statement prioritized five areas.

- e-HKD Development
- Virtual Asset ETFs
- Stablecoin
- Tokenization of Green Bonds
- Clarifying Virtual Assets' Property Rights

### **3.1.1. e-HKD Development**

Since the announcement, the Hong Kong government has consistently followed up on the key priorities to help its implementation. For example, the government has been studying the feasibility of Hong Kong's own central bank digital currency (CBDC), with a shift towards a wholesale CBDC rather than a retail CBDC.

### **3.1.2. Virtual Asset ETFs**

In April 2024, six Bitcoin and Ethereum spot ETFs were approved and began trading in Hong Kong. Seen as a key industry growth driver, the approval drew significant attention both locally and internationally. Unlike U.S. spot ETFs, Hong Kong's ETFs allow in-kind subscriptions and redemptions.

### **3.1.3. Stablecoin**

A stablecoin consultation was completed by the HKMA in early 2024. The consultation was followed by a stablecoin licensing regime legislative bill, which was submitted to the Legislative Council, Hong Kong's legislative body, at the end of 2024 (Figure 7).

### **3.1.4. Tokenization of Green Bonds**

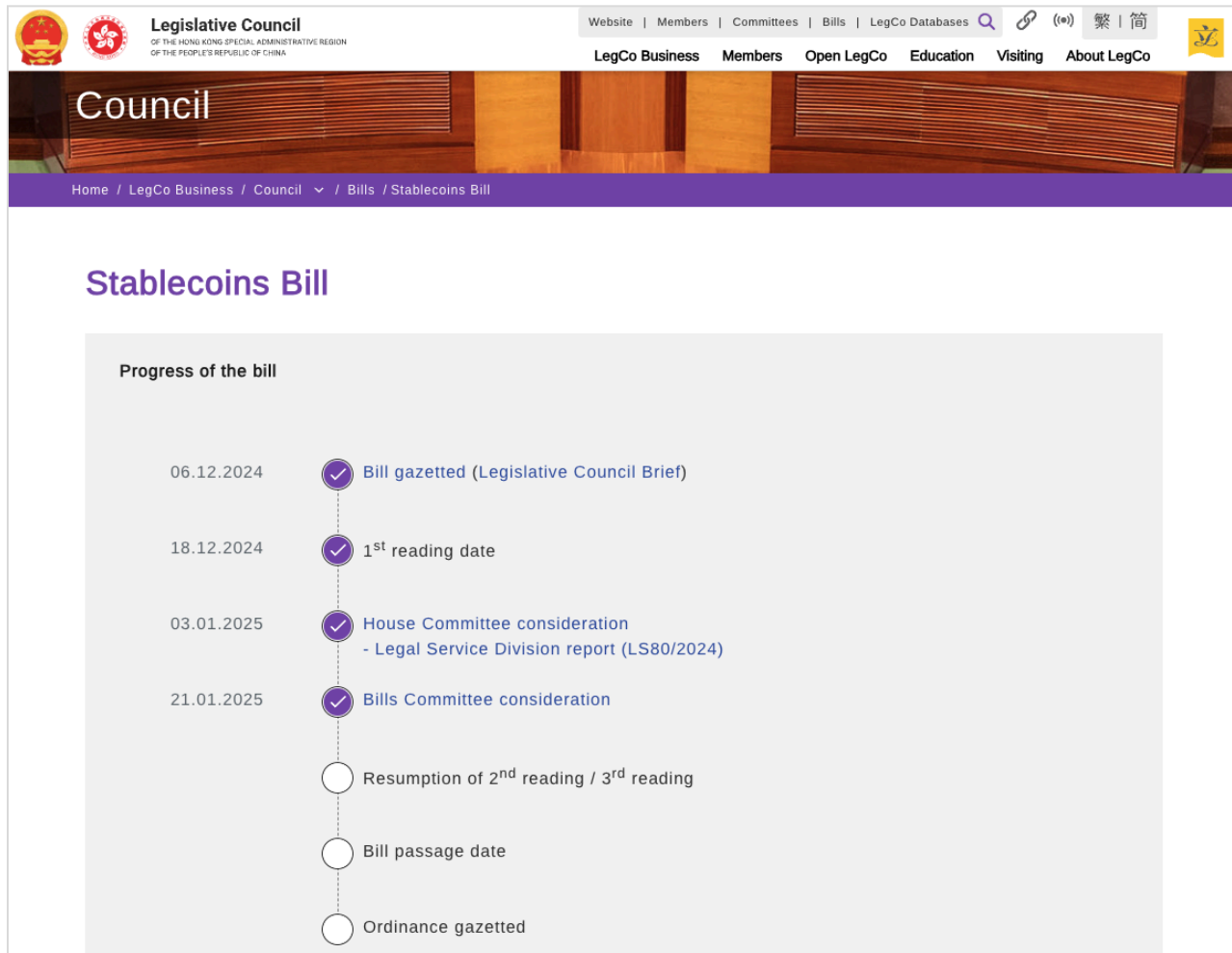
To experiment with the tokenization frameworks and showcase the Hong Kong government's commitment to develop the tokenization ecosystems, the government itself has been issuing tokenized green bonds since February 2023. It also published a report on bond tokenization to educate market participants on conceptual frameworks and practical considerations on the tokenization process.

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<sup>2</sup> [Government issues Policy Statement on development of Virtual Assets in Hong Kong](#)



**Figure 7: Stablecoins Bill Legislation Progress**



Source: Legislative Council of The HK SAR

### 3.1.5. Clarifying Virtual Assets' Property Rights

The government has been open to future review on property rights for tokenized assets and the legality of smart contracts, which may help set a solid legal foundation for the further development of these assets and stimulate the growth of related markets. Virtual assets have unique characteristics that differentiate them from traditional assets and may therefore require different legal and regulatory regimes. As with other jurisdictions, Hong Kong has been considering how best to clarify the laws relating to this rapidly evolving asset class. It is encouraging that Hong Kong has been looking to update and adapt its legal regimes to aid and bolster the future development of virtual assets and virtual asset related industries, as needed.

### 3.2. Key Themes

A few key themes are driving the crypto policies in the post-2022 era, which distinguish Hong Kong from other competing jurisdictions.

#### 3.2.1. Make Hong Kong Global Web3 Industry Hub

Hong Kong aims to become a global Web3 hub, a goal reflected not only in its supportive regulations, but also in its direct involvement in securities tokenization efforts, and in hosting industry events like Consensus 2025 Hong Kong. This is also demonstrated by the statement from Paul Chan, Hong Kong’s Financial Secretary: “blockchain and Web3 will be responsible for the next big wave of growth in Hong Kong’s digital tech sector.” Given the nascent stage of Web3 evolution, government support can help bootstrap early-stage ventures, foster innovation, and help build a thriving digital asset economy in Hong Kong .

#### 3.2.2. Government-Driven Tokenization Initiatives

Rather than leaving it to the private sector, the Hong Kong government is taking direct leadership in exploring several financial innovations. For instance, the government has been issuing tokenized green bonds for two years, and published guidelines to educate market participants on conceptual frameworks and the tokenization process. The HKMA also launched the tokenized bonds subsidy program, called “Digital Bonds Grant Scheme,” where issuers are compensated for the expenses incurred by the bond issuances up to HK\$2.5 million (approximately US\$321,000).

**Figure 8: Hong Kong's Digital Green Bonds**

Issuer Information				Identifiers	
<b>Name</b>	HONG KONG			<b>FIGI</b>	BBG01LCC3K59
<b>Industry</b>	Treasury (BCLASS)			<b>ISIN</b>	HK0000976420
Security Information				<b>ID Number</b>	ZF8587304
<b>Mkt Iss</b>	EURO MTN			Bond Ratings	
<b>Ctry/Reg</b>	HK	<b>Currency</b>	HKD	<b>S&amp;P</b>	AA+
<b>Rank</b>	Sr Unsecured	<b>Series</b>	GMTn	<b>Fitch</b>	AA-
<b>Coupon</b>	3.800000	<b>Type</b>	Fixed	<b>Composite</b>	AA
<b>Cpn Freq</b>	S/A			Issuance & Trading	
<b>Day Cnt</b>	ACT/365	<b>Iss Price</b>	100.0000	<b>Amt Issued/Outstanding</b>	
<b>Maturity</b>	02/07/2026			HKD	2,000,000.00 (M) /
<b>BULLET</b>				HKD	2,000,000.00 (M)
<b>Iss Yield</b>	3.800			<b>Min Piece/Increment</b>	
<b>Calc Type</b>	(348)HONG KONG GOVT BDS			1,000,000.00 / 500,000.00	
<b>Pricing Date</b>	02/06/2024			<b>Par Amount</b>	500,000.00
<b>Interest Accrual Date</b>	02/07/2024			<b>Book Runner</b>	JOINT LEADS
<b>1st Settle Date</b>	02/07/2024			<b>Exchange</b>	HONG KONG
<b>1st Coupon Date</b>	08/07/2024				
<b>DIGITAL BOND - DIGITALLY NATIVE. OTC TRADING ONLY.</b>					

Source: Bloomberg

### 3.3. Three Principles of Regulatory Frameworks

Hong Kong's crypto regulatory frameworks are shaped around the following principles.

#### 3.3.1. Licensing & Authorization Regimes

The government has made and will make successful efforts to put relevant licensing regimes into applicable virtual asset industry sectors to allow businesses to apply for the licenses from the relevant regulators and thereby comply with required regulations, subject to the regulators' supervisions.

Specifically, virtual asset exchange businesses have been subject to the licensing requirement by the SFC. Stablecoin businesses will be subject to the licensing requirement by HKMA (details to be released in 1H 2025). OTC businesses will be subject to a specified licensing regime as well.

#### 3.3.2. Retail Investors' Access & Protections

While implementing strict licensing regimes, the government has been allowing retail investors access to certain services involving virtual assets. That said, licensing requirements and operator guidelines for VATPs issued by the SFC include a set of investor protection mechanisms. For example, while licensed VATPs can onboard retail investors, the services have to be limited to a small number of eligible virtual assets.

#### 3.3.3. Regulatory Clarity

There has been emphasis on clear rule-making through the whole process. Prior to the pre-2022 era, there has been lack of clarity on what the market participants can do, or what requirements they are subject to, necessitating the need to guide industry participants on the applicable regulatory boundaries. However, in November and December 2023, both the HKMA and SFC promulgated a few regulatory circulars to provide clearer guidance on areas such as tokenization of SFC-authorized investment products, intermediaries engaging in tokenized securities-related activities, intermediaries' virtual asset related activities or SFC-authorized funds with exposure to virtual assets<sup>3</sup>. These circulars provide clear guidelines on how the businesses can conduct such virtual asset businesses and what their compliance requirements are.

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<sup>3</sup> [Circular on tokenisation of SFC-authorized investment products | Securities & Futures Commission of Hong Kong](#); [Circular on intermediaries engaging in tokenised securities-related activities | Securities & Futures Commission of Hong Kong](#); [Joint circular on intermediaries' virtual asset-related activities | Securities & Futures Commission of Hong Kong](#); and [Circular on SFC-authorized funds with exposure to virtual assets | Securities & Futures Commission of Hong Kong](#).

### 3.4. Regulations By Sectors

Unlike many major jurisdictions, Hong Kong has already implemented or is in the process of implementing laws and regulations specifically for the following eight sectors to provide regulatory clarity.

- Exchanges
- Fund managers
- Intermediaries dealing in or advising on virtual assets
- Intermediaries distributing virtual asset-related products
- Stablecoins (in progress)
- OTC channels (in progress)
- Custody business
- Tokenization

Hong Kong has rolled out the “add-on framework” under which existing relevant laws and regulations have been expanded to cover broad areas of virtual asset businesses, adhering to the principle of “same activity, same risk, same regulation.” For example, exchanges (VATPs) need to obtain and uplift a Type 1 license (for dealing in securities) and a Type 7 license (for automated trading services), while asset management firms who wish to enter crypto asset management business need to obtain and uplift a Type 9 license (for asset management) <sup>4</sup>.

Unlike many countries and regions still lacking or developing virtual asset regulations, Hong Kong has already implemented laws covering various sectors, providing clarity for industry participants. Its sector-specific approach ensures regulations address the unique needs of each sector.

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<sup>4</sup> The SFC regulates 13 types of activities by issuing licenses for each. For more, refer to SFC’s website [Do you need a licence or registration?](#)

## 4. Industry Landscape

This section reviews the players licensed under the post-2022 policy statement regulatory regime, and the emerging trends as captured by the on-chain data. Among the eight sectors, we focus on VATPs and virtual asset ETFs as they are currently two key businesses with any meaningful activities operating under the new regulatory regime.

### 4.1. Nine VATPs Approved

As of Feb 11, 2025, the SFC has approved nine applications for VATPs (Figure 9).

**Figure 9: Hong Kong's Licensed Exchanges**

License Holder	Brand	Date of License
OSL Digital Securities Limited	OSL Exchange	15/12/2020
Hash Blockchain Limited	HashKey Exchange	09/11/2022
Hong Kong Virtual Asset Exchange Limited	HKVAX	03/10/2024
Hong Kong Digital Asset EX Limited	HKbitEX	18/12/2024
Accumulus GBA Technology (Hongkong) Co., Limited	Accumulus	18/12/2024
DFX Labs Company Limited	DFX Labs	18/12/2024
Thousand Whales Technology (BVI) Limited	EX.IO	18/12/2024
Panthertrade (Hong Kong) Limited	PantherTrade	27/01/2025
YAX (Hong Kong) Limited	YAX	27/01/2025

Source: SFC

VATPs' crypto asset listing must follow the "[Guidelines for Virtual Asset Trading Platform Operators](#)", which contains several clauses that limit the VATPs' scope of business. Some of the constraints include:

- The assets listed "should have been included in a minimum of two acceptable indices issued by at least two different index providers."
- VATPs should not offer any lending services ("should not...make any arrangements with the effect of generating returns for the clients").
- VATPs should not offer any services in derivatives.

It is difficult to gauge the level of activities on the eight VATPs, as most of them are either only recently awarded the license or do not disclose trading volume publicly. HashKey is the only one who does, with its reported trading volume averaging US\$50-60mn daily in recent months. It supports 32 trading pairs in total, against USD, HKD, USDT, and USDC.

#### 4.2. Six Virtual Asset ETFs Listed in HKEX

On April 30, 2024, Hong Kong Exchange and Clearing Ltd. (HKEX) listed six spot crypto ETFs, as summarized in Figure 10 and 11.

**Figure 10: Spot Bitcoin ETFs on HKEX (as of Feb 11, 2025)**

Issuer Name	FX	Ticker	Mkt Cap (US\$ mn)	Participating Dealers		Market Makers
				Cash	In-kind	
ChinaAMC Bitcoin ETF	HKD	3042 HK	-	Victory Securities, Solomon JFZ, Eddid Securities, Huatai Financial, Mirae, Arta Global, Valuable Capital	Victory Securities, Solomon JFZ, Eddid Securities	CLSA, Jane Street, Optiver, Virtu, Vivienne Court, Eclipse, Flow Traders
	CNY	83042 HK	-			CLSA, Jane Street, Optiver, Virtu, Vivienne Court
	USD	9042 HK	\$230			CLSA, Jane Street, Optiver, Virtu, Vivienne Court
BOSERA HASHKEY BITCOIN ETF	HKD	3008 HK	-	Victory Securities, Eddid Securities, China Merchant, Mirae	Victory Securities, Eddid Securities	Jane Street, Optiver, Vivienne Court, Eclipse
	USD	9008 HK	\$156			Jane Street, Optiver, Vivienne Court
HARVEST BITCOIN SPOT ETF	HKD	3439 HK	-	Victory Securities, Solomon JFZ, Eddid Securities, Mirae, China Merchant, Valuable Capital	Victory Securities, Solomon JFZ, Eddid Securities	China Merchant, CLSA, Virtu, Optiver, Jane Street, Eclipse
	USD	9439 HK	\$36			China Merchant, CLSA, Virtu, Optiver, Jane Street

Source: Bloomberg

**Figure 11: Spot Ethereum ETFs on HKEX (as of Feb 11, 2025)**

Issuer Name	FX	Ticker	Mkt Cap (US\$ mn)	Participating Dealers	
				Cash	In-kind
ChinaAMC Ether ETF	HKD	3046 HK	-	Victory Securities, Solomon JFZ, Eddid Securities, Huatai Financial, Mirae, Arta Global, Valuable Capital	Victory Securities, Solomon JFZ, Eddid Securities
	CNY	83046 HK	-		
	USD	9046 HK	\$30		
BOSERA HASHKEY ETHER ETF	HKD	3009 HK	-	Victory Securities, Eddid Securities, China Merchant, Mirae	Victory Securities, Eddid Securities
	USD	9009 HK	\$18		
HARVEST ETHER SPOT ETF	HKD	3179 HK	-	Victory Securities, Solomon JFZ, Eddid Securities, Mirae, China Merchant, Valuable Capital	Victory Securities, Solomon JFZ, Eddid Securities
	USD	9179 HK	\$8		

Source: Bloomberg

The six ETFs allow in-kind creation and redemption, enabling direct asset exchange instead of cash settlements like their U.S. counterparts. This not only enhances tax and trading efficiency, but also addresses liquidity concerns. The regulation restricts ETF sponsors' crypto trading to licensed exchanges, but this could be a concern due to their currently low trading volumes (Coinbase's BTC/USD volume is at least 10x larger than HashKey's, per CoinGecko.) In-kind creation and redemption mitigates this risk, by allowing the sponsors to trade the underlying assets directly against their ETF shares.

Admittedly, the AUM growth of Hong Kong's spot ETFs has been disappointing. The slow growth can be attributed to a second-mover disadvantage. In non-U.S. markets with open financial regimes such as Hong Kong, local investors can easily access U.S.-listed ETFs with higher liquidity and tighter spreads. As a result, locally listed ETFs appeal only to narrow audiences, such as investors with domestic mandates, those averse to FX transactions, or those needing liquidity in non-U.S. time zones.

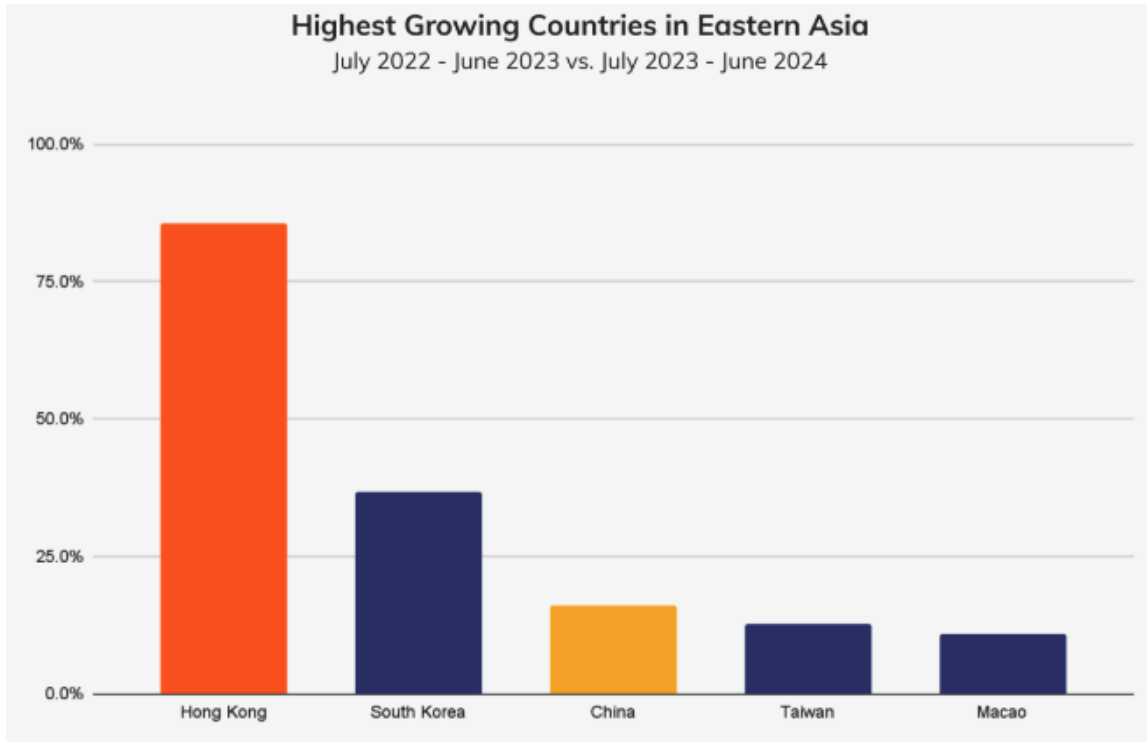
That said, Chinese investors have historically shown strong demand for politically neutral global assets like gold. Bitcoin's 'digital gold' narrative could attract similar interest, especially if HKEX-listed Bitcoin ETFs become eligible for the Southbound Stock Connect. Such a possibility was highlighted at last year's Bitcoin Asia conference by Han Tongli, who is the CEO/CIO of Harvest Global Investments, a sponsor of one of the HKEX-listed spot crypto ETFs. If so, AUM growth would likely accelerate significantly.

### 4.3. On-Chain Data Illustration

Although only two years have passed since Hong Kong's pro-crypto policies are being rolled out, we can observe the structural changes prompted by the new regulatory regime, as highlighted in the Chainalysis' '2024 Geography of Crypto Report' released in October 2024. The data is somewhat dated now (Figure 12-15), but they nonetheless capture interesting trends which include:

- The highest adoption growth in Hong Kong vs other East Asian jurisdictions, as measured in transaction value.
- Rebound in OTC trading activities in China.
- Declining BTC flow into non-license exchanges in HK.
- BTC moves to institutional exchanges ahead of Hong Kong's spot ETF launch.

**Figure 12: Highest Transaction Growth in East Asia at 85.6%**



Source: Chainalysis

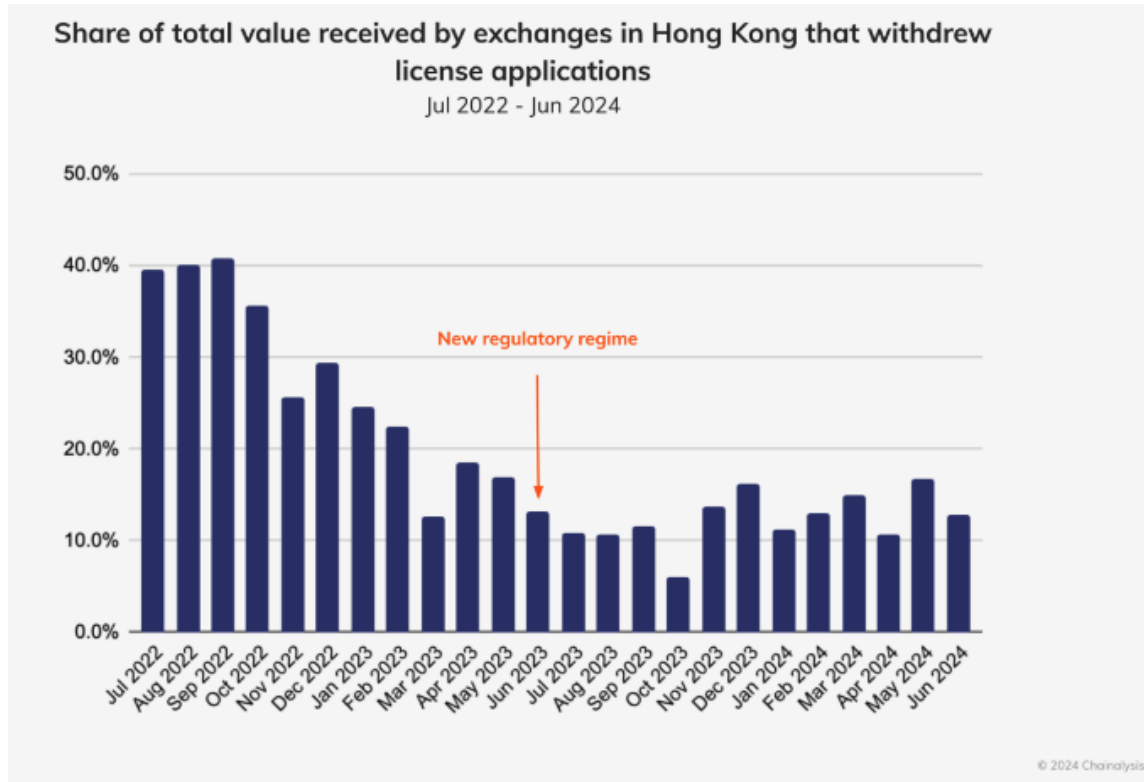
**Figure 13: Booming OTC Transactions in China**



Source: Chainalysis

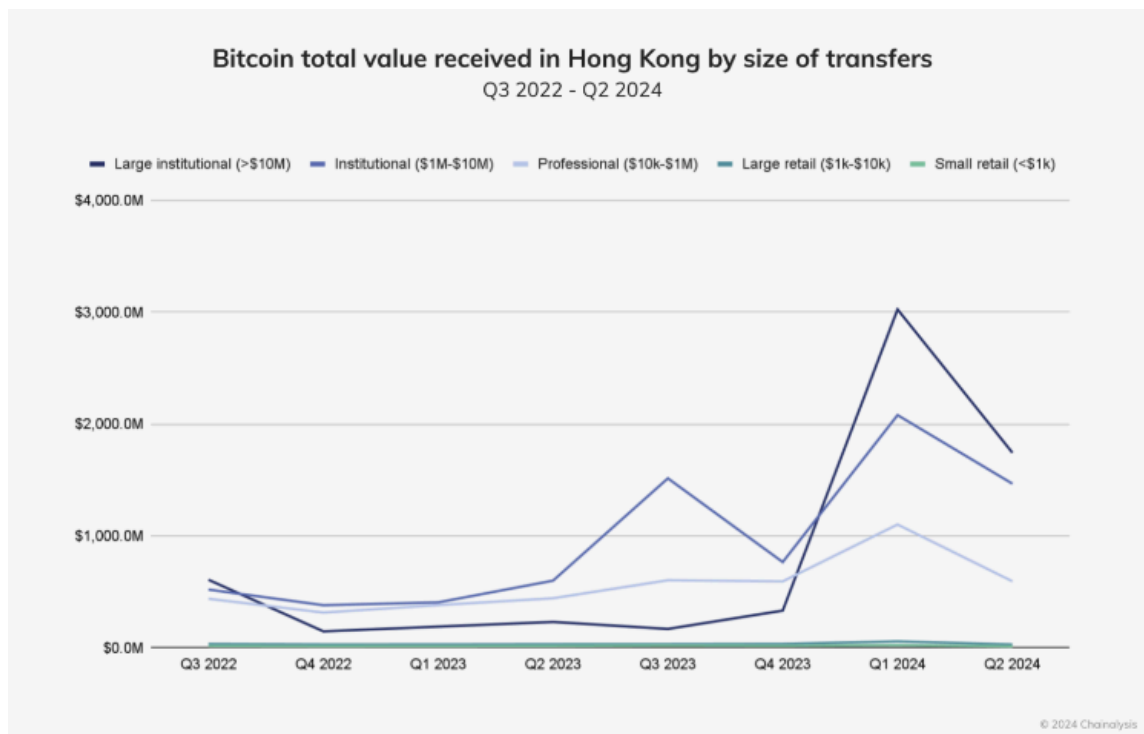


**Figure 14: Unregulated Exchanges Headed For Exist**



Source: Chainalysis

**Figure 15: Institutional Size Transactions Spiked Ahead of ETF Launch**



Source: Chainalysis

## 5. Final Words

Hong Kong's evolving crypto landscape reflects its ambition to become a global hub for digital assets. Unlike many jurisdictions still grappling with crypto policy uncertainty, Hong Kong has actively implemented sector-specific regulations, licensing exchanges, launching tokenized bonds, and approving spot Bitcoin and Ethereum ETFs. More policies are on the way to nurture the city into a leading springboard for launching stablecoins, OTC trading and other blockchain-backed financial innovations.

While adoption is still in its early stages, on-chain data already shows structural shifts, including a surge in on-chain transaction volumes, a rebound in OTC trading activity, and increased institutional engagement. The city's commitment to integrating blockchain into its financial system – along with its status as China's financial sandbox – positions it well for long-term growth.

Challenges remain, particularly in driving liquidity and overcoming competition from global markets. However, Hong Kong's track record of leveraging its unique position between China and the global economy suggests that its crypto industry could follow the same trajectory as its other sandbox growth strategies. If regulatory efforts continue aligning with innovation, Hong Kong has the potential to become a key bridge between East and West in the digital asset space.

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---

## Authors

**Peter Chung**, Head of Research, Presto [X](#), [Telegram](#), [LinkedIn](#)

**Jay Lee**, Partner, K&L Gates [Jay Lee | People | K&L Gates](#), [Jay Lee | LinkedIn](#)