GBBC **JUST THE FACTS**

GBBC is a non-profit focusing on education, partnerships and standards for the blockchain and digital assets community. GBBC does not lobby.

DIGITAL MONEY, MARKETS & PAYMENTS SERIES
#3: HONG KONG'S STABLECOINS ORDINANCE

What is it?

The Stablecoins Ordinance (Cap. 656) establishes a comprehensive regime for regulating the issuance of fiat-referenced stablecoins in Hong Kong

Passed by Hong Kong's Legislative Council on May 21, gazetted May 30, and having taken effect on August 1, 2025, the ordinance defines the terms **"stablecoins," "specified stablecoins,"** and **"regulated stablecoin activities"** under Hong Kong law; sets out licensing requirements, and confers to the Hong Kong Monetary Authority (HKMA) powers of enforcement with the aim of fostering financial stability while encouraging financial innovation

Stablecoin

A cryptographically secured digital representation of value that:

(a) is expressed as a unit of account or store of economic value;
(b) is used, or intended to be used, as a medium of exchange accepted by the public for any one or more of the following purposes – *(i)* payment for goods or services; *(ii)* discharge of debt; *(iii)* investment;
(c) can be transferred, stored or traded electronically;
(d) is operated on a distributed ledger or similar information repository;
(e) purports to maintain a stable value with reference to – *(i)* a single asset; or *(ii)* a pool or basket of assets

Specified Stablecoin

A stablecoin that purports to maintain a stable value with reference wholly to one or more official currencies, or units of account or stores of value specified by the HKMA

Regulated Stablecoin Activity

A person carries on a regulated stablecoin activity if:

(a) the person issues a specified stablecoin in Hong Kong in the course of business;
(b) the person issues a specified stablecoin in a place outside Hong Kong in the course of business, and the specified stablecoin purports to maintain a stable value with reference (whether wholly or partly) to Hong Kong dollars
(c) the person carries on related activity specified by the HKMA

HOW IT WORKS

Licensing Process

- Applications to HKMA starting August 2025
- 6-month transition period for existing operators
- Must apply within first 3 months to continue operating

Permitted Offerors

- Licensed stablecoin issuers
- Authorized institutions under the Banking Ordinance Sec. 2(1)
- Licensed virtual asset trading platforms
- SFC-regulated securities dealers
- A licensee under the Payment Systems and Stored Value Facilities Ordinance Sec. 8F

Licensing

- Corporate status + HK incorporation (see Explanatory Note on Licensing Sec. 3.2)
- Adequate financial resources and liquid assets to meet obligation (see Explanatory Note on Licensing Sec 3.3)
- HKMA license or exemption under SO Sec. 13(1) required
- Fit and proper standards

Reserve Assets

- 100% backing at all times
- High-quality, liquid assets
- Segregated pools of reserve assets for each type of specified stablecoins issued
- Segregated from issuer's funds and any other pool of reserve assets; adequately protected against claims by other creditors
- Safekeeping by qualified custodians
- Reserve assets pool in same reference asset (limited exceptions)
- Regular independent attestation and audit

Enforcement Powers

- License suspension/revocation
- Penalties of up greater of 3x profit gained/loss avoided or HKD 10 million
- HKMA-required remedial actions
- Criminal penalties for unlicensed operation

Consumer Protection

- Redemption at par value; processed within one business day
- Stablecoin holder rights in event of issuer insolvency
- No unreasonable fees/unduly burdensome conditions in redemption
- No interest payments
- Clear, timely disclosure required
- Risk management and control systems (including AML/CFT compliance)

TIMELINE

- **Jan 2022** - HKMA issues Discussion Paper on Crypto-assets and Stablecoins to invite views from industry and public
- **Dec 2023 -** HKMA conducts consultation on legislative proposal for implementing the regulatory regime for stablecoin issuers in Hong Kong
- **Jul 2024 -** HKMA announces stablecoin issuer sandbox participants
- **May 2025 -** Stablecoins Bill passed by Legislative Council
- HKMA conducts consultation on the draft supervisory guidelines for licensed stablecoin issuers
- **Jul 29, 2025** - HKMA publishes supervisory guidelines, consultation conclusions, and explanatory note on licensing
- **Aug 1, 2025** - Stablecoins Ordinance comes into effect
- **Aug 1, 2025 to Jan 31, 2026** - Six-month transitional arrangement for handling pre-existing issuers in Hong Kong
- **Aug 1 to 31, 2025** - Parties considering applying for stablecoin issuer licence to discuss with HKMA in relation to licensing matters
- **By Sept 30, 2025** - Parties intending to apply for licence to submit required information to the HKMA
- **To be announced** - HKMA to announce first batch of stablecoin issuer licensees via registry

RESOURCES

Access the Stablecoin Ordinance

Access the HKMA's Regulatory Regime Implementation Documents

Prepared August 14, 2025; *Disclosure: AI Used*