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HKEX clarifies listing expectations for digital asset activities

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In July 2026, HKEX published Guidance Letter HKEX-GL122-26 clarifying how the Listing Rules apply to new applicants and listed issuers engaging in digital asset-related activities.

Table of Contents

Guidance Letter HKEX-GL122-26 (Guidance Letter) builds on HKEX's November 2025 Listing Regulation and Enforcement Newsletter (Issue 13) (Newsletter), which first set out HKEX's disclosure expectations and continuing obligation reminders for issuers navigating the digital asset landscape. Rather than creating a separate listing or compliance regime, the Guidance Letter provides important guidance on how existing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Listing Rules) apply to digital asset-related activities by listed issuers and applicants. Applicants and listed issuers should assess at an early stage whether those activities may affect listing suitability or continued listing, constitute notifiable or connected transactions, or require enhanced disclosure, shareholder approval and risk controls.

Importantly, the Guidance Letter does not signal a blanket restriction on digital asset-related activities. HKEX expressly recognises the "transformative potential of digital assets" to deliver benefits to the real economy and financial markets. Its principal suitability concern is directed at digital asset treasury company (DAT)-style models – i.e., companies that accumulate substantial digital assets as their principal business and typically have no other substantive operating business, or whose digital asset holdings are unrelated to their other business operations.

The position is less clear where an applicant or listed issuer has a genuine operating business but also maintains material digital asset exposure. The Guidance Letter does not prescribe a quantitative bright-line test for such a hybrid model. Instead, depending on the circumstances, the analysis may turn on matters including the scale and purpose of the digital asset holdings, their relationship to the operating business and whether they raise cash-company or other continued-listing concerns.

1. Digital asset strategies may affect suitability for listing or continued listing

A DAT-style applicant is unlikely to qualify for listing as an operating company

HKEX has broad discretion to interpret and apply the concept of suitability for the purpose of maintaining market confidence with reference to currently acceptable standards in the marketplace. HKEX decisions on suitability for listing are supervised by the SFC, which may challenge a proposed positive listing decision.

Rule 8.04 requires both a listing applicant and its business to be suitable for listing in HKEX's opinion. Rule 8.05C also provides that, subject to limited exceptions, an applicant whose assets consist wholly or substantially of cash or short-term investments is unsuitable for listing. Applying these requirements, HKEX states that an applicant whose business primarily involves buying and holding digital assets under a DAT-style operating model will be unlikely to be regarded as having a business suitable for listing under Chapter 8.

Rule 8.05C expressly excludes investment companies governed by Chapter 21, which provides a separate listing regime for investment companies. While Rule 21.02 identifies a range of permitted investment categories, it does not expressly refer to digital assets, and the Guidance Letter does not indicate whether a DAT-style applicant may list under Chapter 21. The availability of that route for a digital asset investment vehicle would therefore require separate consideration of the particular asset and structure and, where appropriate, early consultation with HKEX.

The treatment of DAT-style applicants does not, however, amount to a general prohibition on listed investment products providing digital asset exposure. Chapter 20 expressly provides for the listing of interests in collective investment schemes authorised by the Securities and Futures Commission (SFC), and HKEX confirms that an SFC-authorised exchange-traded fund (ETF) investing in digital assets may be listed under that chapter. Such an ETF is expressly structured and regulated as an investment product, with product-level requirements addressing matters such as the competence of its management company, eligible digital asset exposure, custody, valuation, risk management and disclosure.

By contrast, a Chapter 8 applicant is expected to demonstrate a suitable operating business. A DAT-style applicant whose principal activity is accumulating digital assets may, in substance, more closely resemble an investment vehicle than an operating company.

HKEX also cautions that a DAT-style applicant should consider whether its arrangements constitute a collective investment scheme under the Securities and Futures Ordinance. An offering of interests in such a scheme to the Hong Kong public without SFC authorisation may be unlawful.

Existing listed issuers may face continued-listing and anti-avoidance concerns

For existing listed issuers, digital asset activities may raise issues relating to sufficiency of operations, cash-company status and reverse takeovers.

Sufficiency of operations

Rule 13.24 requires a listed issuer to carry on "*a business with a sufficient level of operations and assets of sufficient value to support its operations*" to warrant the continued listing of its securities. This is a qualitative assessment of whether the issuer maintains a business that has substance and is viable and sustainable. An issuer that fails to satisfy this requirement may be subject to trading suspension or cancellation of its listing.

When assessing an issuer's compliance with Rule 13.24, digital assets acquired or disposed of for investment purposes would generally be treated in the same way as securities and other comparable investments and would normally be excluded from the Rule 13.24 assessment. Under Rule 13.24(2), such investments are normally excluded from the assessment because they are regarded as unrelated to the issuer's principal operating business.

HKEX guidance (GL106-19) further clarifies that the value of significant investment assets does not compensate for insufficient operations: the relevant assets must support a substantive operating business. The relevant question is therefore whether the issuer retains substantive operating activities, rather than whether its digital asset holdings have substantial value or are described by the issuer as a new principal business.

Accordingly, an issuer that principally holds digital assets unrelated to its business operations, or that holds digital assets without any other substantive operations, will likely "*not be considered as having a business of substance suitable for listing*." (GL122-26, para. 11.) The value of the digital asset portfolio alone will not compensate for the absence of a substantive operating business. In such circumstances, HKEX may also suspend trading in the issuer's securities or cancel its listing.

Cash companies

Rule 14.82 provides that, subject to the express exception for Chapter 21 investment companies, a listed issuer whose assets consist wholly or substantially of cash and/or short-term investments will be regarded as unsuitable for continued listing. A corresponding restriction applies to new listing applicants under Rule 8.05C. HKEX states that digital assets held for investment purposes will likely constitute "*cash and/or short-term investments*." (GL122-26, para.14.) Accordingly, concerns may arise where a listed issuer holds a substantial portion of its assets in digital assets, particularly where those holdings, together with its other cash and short-term investments, represent a "*very large portion*" of its total assets. (GL122-26, para.14.)

There is no fixed percentage threshold for determining whether an issuer is a cash company. Rule 14.82 is intended to apply where an issuer holds a "*very high level*" of cash and short-term investments, and HKEX applies a principle-based assessment having regard to their value relative to total assets, the issuer's level of operations and financial position, the nature of its business and its ordinary cash requirements. HKEX will also consider the reasons for holding the digital assets. The reference to a "*substantial portion*" in the Guidance Letter should therefore be understood as a warning indicator, rather than a new numerical test.

If a listed issuer is found to be a cash company, trading in its securities will be suspended. To resume trading, the issuer must demonstrate that it has a business suitable for listing and will be assessed as if it were a new listing applicant. It must also comply with the new listing requirements and issue a new listing document.

Reverse takeovers

An acquisition of a business consisting wholly or substantially of digital assets may constitute a reverse takeover if it is, in substance, a means of listing the acquired business without complying with the requirements for new applicants. This concern may arise where the issuer's existing principal business becomes immaterial following the acquisition, such that the enlarged issuer would substantially carry on the acquired digital asset business.

HKEX applies a principle-based assessment in determining whether an acquisition constitutes a reverse takeover. Relevant factors include the size of the acquisition relative to the issuer, whether it results in a fundamental change in the issuer's principal business, the nature and scale of the issuer's existing business, the quality of the acquired business, any change in control or de facto control and whether the transaction forms part of a series of arrangements. (GL104-19.) The reverse takeover rules are not intended to unduly restrict genuine business expansion or diversification conducted over a reasonable period.

Existing HKEX guidance also provides a useful practical indication of when a newly established or acquired business may lack substance. Relevant warning signs include a "*very low barrier to entry*," the ability to establish or discontinue the business without significant cost, an asset-light model, or assets that are "*highly liquid or marketable*." (GL96-18) Where the business also lacks appropriate infrastructure, experienced management or sufficient operating scale, HKEX may question whether it is being genuinely operated and developed or merely used to maintain the issuer's listing status.

2. Digital asset transactions by listed issuers may trigger disclosure and approval obligations

Acquisitions and disposals of digital assets may fall within the scope of the notifiable and connected transaction requirements under Chapters 14 and 14A, subject to applicable exceptions and exemptions.

An acquisition or disposal of digital assets is generally considered to be a "transaction" under Chapters 14 and 14A of the Listing Rules. This applies "*regardless of whether the transaction is conducted for investment or treasury purposes, or for the purpose of future distributions to reward…shareholders*." (GL122-26, para. 20.)

Acquisition or disposal of digital assets classified as cash or cash equivalent on the issuer's financial statements which are:

a. central bank digital currencies; or
b. other forms of digital representation of monetary value that are authorised or otherwise subject to prudential supervision by competent financial regulators in the relevant jurisdiction (including for example stablecoins licensed by the Hong Kong Monetary Authority), where such digital representation of value is designed primarily for payment or settlement purposes and are redeemable at par value in the relevant fiat currency,

by a listed issuer would not normally be considered as a "transaction" for purposes of Chapter 14 of the Listing Rules. (GL122-26, para. 23.)

This exception reflects the economic function of qualifying digital assets as digital forms of money rather than investment assets. However, issuers should take care not to rely solely on an asset's description as a "stablecoin" and must instead assess whether that digital asset meets the requirements for the exemption set out above.

Note also that this exception is expressly framed by reference to Chapter 14, and an issuer must therefore consider separately whether a transaction with a connected person is subject to Chapter 14A.

Separate acquisitions or disposals involving the same type of digital asset may also need to be aggregated if they take place within a 12-month period. Issuers should therefore assess the cumulative size of a digital asset investment programme rather than each trade in isolation. Notably, the aggregation rule for acquisitions and disposals of the same type of digital asset differs from that applicable to wealth management products (which is based on net remaining holdings after prior disposals). Furthermore, market practice regarding other types of digital asset transactions – such as whether lending digital assets constitutes financial assistance – remains unsettled and awaits further regulatory clarification.

In addition, where equity fund-raising is involved for the purpose of funding any cryptocurrency acquisitions, issuers should clearly state the objective and intended use of the cryptocurrencies to be acquired, and keep the market informed on their use of proceeds as well as the relevant cryptocurrencies in subsequent annual reports.

Where shareholder approval is required, HKEX states that an advance "blanket approval" containing no key transaction terms and covering acquisitions or disposals of one or more types of digital assets over an extended period is generally not acceptable. Without the key terms, shareholders are unlikely to have sufficient information to make an informed voting decision. HKEX will also examine an advance mandate containing key terms cautiously and may reject it if the arrangement displays characteristics of abuse or non-compliance with the Listing Rules.

3. Disclosure best practices for digital asset-related activities

Where digital asset-related activities involve "*novel and unusual features*," HKEX expects issuers to exercise due care and provide "*clear and balanced disclosure*" that enables investors to understand the implications of the activities and supports a fair and orderly market. (GL122-26, para. 25.) The Newsletter similarly urged issuers to make concise disclosure that accurately reflects the structure of the activities, use plain language and avoid the overuse of buzzwords. Issuers should also avoid making voluntary announcements relating to potential plans for digital asset-related activities, especially when the transaction is at a preliminary or conceptual stage and devoid of details.

HKEX does not prescribe an exhaustive definition of "novel and unusual features." Read together with paragraphs 26 and 27, the expression may cover matters that are not readily understood through conventional corporate disclosure, including token ownership and redemption rights, custody arrangements, market accessibility, the relevant blockchain platform and regulatory treatment.

When an issuer engages, or proposes to engage, in digital asset-related activities, its disclosure should include the following information, to the extent relevant to the issuer's circumstances:

a. detailed description of the digital asset-related activities and the underlying operation (including the roles and responsibilities of the listed issuer and those of the other key parties);
b. the listed issuer's strategy and reasons for the proposal, including an explanation from the board of directors as to why the proposal is in the interests of the listed issuer and its shareholders and the expected source of fundings;
c. the management's expertise and experience in managing the proposed activities;
d. the material risks associated with the proposed activities and the related mitigation measures;
e. the risk management and internal control systems implemented or to be implemented by the listed issuer to deal with the identified risks and safeguard the listed issuer's assets (for example, custody and security arrangements for holding the digital assets and ongoing monitoring mechanism);
f. the applicable legal and regulatory requirements for engaging in the proposed digital asset-related activities and confirmation as to whether relevant laws and regulations have been complied with; and

g. the timeline of the digital asset-related activities, including the key milestones and the expected completion date.

   (GL122-26, para. 26.)

In addition, where the proposed digital asset-related activities relate to:

a. acquisition of digital assets by the listed issuer (particularly when the acquisition results in substantial holdings of digital assets relative to an issuer's total assets), sufficient information must be provided to investors to enable an assessment on how the digital assets will be used, including whether the digital assets are:
   a. integral to the issuers' business operations, in which case the listed issuer should disclose the specific purposes that those digital assets would serve as part of the issuer's past and future business strategies and provide a breakdown of the amount and expected timing of the deployment of those digital assets (if applicable);
   b. held for treasury management or investment purposes, in which case the listed issuer should disclose:
      i. the issuer's overall treasury management strategy and the role of digital assets within that strategy;
      ii. any investment limits or caps; and
      iii. the source of funds used for acquiring the digital assets (including whether any external financing or loans are involved);
b. and tokenisation of real world assets, in which case the listed issuer should disclose:
   a. the identity of the issuer of the tokens;
   b. information on the assets being tokenised (including who owns those assets and how the assets would be held, e.g. any custodian arrangements);
   c. rights attached to the tokens (including whether the token may be redeemed for the underlying asset);
   d. trading arrangements for the tokens (including who the tokens would be marketed to and the blockchain platform used; and
   e. other principal terms of the arrangements.

   (GL122-26, para. 27.)

Issuers should also avoid disclosure that may mislead investors or create unrealistic expectations, particularly for preliminary or conceptual proposals lacking detail. HKEX further cautions against generic or boilerplate explanations of the commercial rationale or how the digital assets will be integrated into the issuer's operations. Where an early-stage proposal is announced, the issuer should provide the available recommended disclosure, announce material developments and give regular updates in its financial reports.

4. Further practical considerations for listed issuers

A listed issuer proposing to distribute digital assets to its shareholders by way of a distribution in specie must ensure that all shareholders are treated fairly and equally. HKEX would have concerns where "*the objectives and reasons for the distribution in the form of digital assets are unclear, and no reasonable cash alternative is offered to the shareholders*." (GL122-26, para. 31) This is particularly relevant where some shareholders may be ineligible to receive the digital assets because of regulatory or other restrictions, or may be unable readily to hold title to or realise value from the distributed tokens due to limited market accessibility or liquidity.

The guidance reflects the concern that shareholders should not be forced to accept an unfamiliar or illiquid asset that they may be legally or practically unable to receive, hold or sell. A similar shareholder-protection principle is reflected in Rule 14.94. Where the relevant distribution in specie constitutes a very substantial disposal, the issuer must obtain prior independent shareholder approval, and eligible shareholders should be offered a reasonable cash or other alternative. HKEX may waive the alternative requirement for securities listed in another jurisdiction where the prescribed conditions are satisfied.

Based on the cases currently under HKEX review, while we are not aware of any completed precedents to date, a key focus of such review is likely on whether a reasonable cash alternative is available and associated disclosure. Separately, where a listed issuer's operational business involves the sale of tokenised digital assets that qualify as securities under the SFO, the issuer must hold the relevant SFC licences (e.g., Type 1), as dealing in or managing such assets constitutes regulated activities.

Issuers should monitor monthly management accounts to assess fair value fluctuations of digital assets and whether a profit alert is triggered. Where a profit alert is required, issuers should quantify the book gains or losses arising from such one-off items and present them accordingly. In addition, HKEX also reminds issuers to comply with the applicable continuing disclosure requirements – including interim and annual report disclosure where a particular digital asset represents 5% or more of total assets at period or year end – and to maintain risk management and internal control systems commensurate with the nature, scale and complexity of their digital asset-related activities.

5. Broader regulatory context: SFC/HKMA joint statement and the Stablecoins Ordinance

On 14 August 2025, the SFC and HKMA issued a joint statement on stablecoin-related market movements, noting that abrupt share price movements had followed corporate announcements, news reports, social media posts or speculation regarding plans to apply for stablecoin issuer licences, engage in related activities or explore such initiatives in Hong Kong. The joint statement warned that some of these claims had also referenced recent engagements with financial regulatory authorities in Hong Kong. The regulators urged the public to exercise caution, conduct thorough research and refrain from making irrational investment decisions based solely on market hype or price momentum. Market participants were specifically reminded to exercise responsibility in public communications and to refrain from making statements that could mislead investors or create unrealistic expectations.

The HKMA Chief Executive Eddie Yue, emphasised that the HKMA adopts a "rigorous and prudent approach" in assessing applications for stablecoin issuer licences, that "the approval thresholds set are high, and only a handful of licences will be granted initially," and that communication with the HKMA or the related indication of interest or application "is not an indicator of approval or endorsement of any entity's prospects." The SFC Chief Executive Officer Julia Leung, warned that investors should "always be mindful of the misleading prospects of gains from short-term price volatility and be wary of unsubstantiated claims, particularly those appearing on social media." The SFC confirmed that its dedicated market surveillance team will closely monitor trading activities in Hong Kong and will take stringent actions against any manipulative or deceptive practices.

The joint statement should be read alongside the Stablecoins Ordinance (Cap. 656), which came into effect on 1 August 2025 and established a licensing regime for issuers of fiat-referenced stablecoins in Hong Kong. The HKMA began accepting licence applications in August 2025 and, on 10 April 2026, announced the granting of two stablecoin issuer licences. Both licensees intend to issue Hong Kong Dollar-referenced stablecoins in the initial phase. The HKMA has indicated that any additional licences will remain very limited and that the licensing threshold will remain high.

For listed issuers, the practical implications are significant. An issuer's announcement of an intention to apply for a stablecoin licence or to engage in stablecoin-related activities may itself trigger Listing Rule obligations, including the requirement to ensure that any disclosure is accurate, complete and not misleading (Rule 2.13). Where the announcement relates to a preliminary or conceptual proposal, the issuer should include the recommended disclosure set out in Sections B and C above, announce material developments and provide regular updates in its financial reports. The Guidance Letter's caution against generic or boilerplate disclosure (GL122-26, para. 28) is especially pertinent in the context of stablecoin-related announcements, where the risk of market speculation is heightened.

6. Conclusion

The Guidance Letter does not establish a new digital asset listing regime. Its significance lies in consolidating HKEX's approach to listing suitability, business substance, cash-company status, notifiable and connected transactions, shareholder fairness, disclosure and internal controls in the context of digital asset activities. The HKEX will examine the economic substance, scale, commercial purpose and investor impact of the proposed activities.

As DATs, ETFs and other digital asset-related activities continue to develop, the Guidance Letter provides timely and detailed guidance on issues of increasing relevance to listing applicants and listed issuers. For companies with a substantive operating business but material digital asset exposure, however, the absence of a quantitative bright-line test means that the Listing Rule analysis will remain fact-sensitive. Applicants and listed issuers contemplating material digital asset-related activities should therefore assess potential suitability, cash-company, transaction classification and disclosure implications at an early stage, and ensure that their risk management and internal control systems are appropriately tailored to the nature, scale and complexity of those activities. Where the proposed structure is novel or material, early consultation with advisers and HKEX may also be appropriate.

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