

SFC Announces Regulatory Framework for Virtual Asset Trading Platform Operators, Portfolio Managers and Fund Distributors

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The Hong Kong Securities and Futures Commission (“**SFC**”) last week took a significant step in its regulation of virtual asset activities by establishing a new, opt-in regulatory sandbox framework for virtual asset trading platform operators, proposing new licensing requirements for portfolio managers and imposing new requirements on fund distributors engaged in virtual asset activities. These actions were issued through several documents, including a “Circular to intermediaries – Distribution of virtual assets funds” (the “**Circular**”) and a “Statement on regulatory framework for virtual asset portfolios managers, fund distributors and trading platform operators” (the “**Statement**”, together with the Circular, the “**November 2018 Updates**”) and discussed in a speech by Mr. Ashley Alder, CEO of the SFC.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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