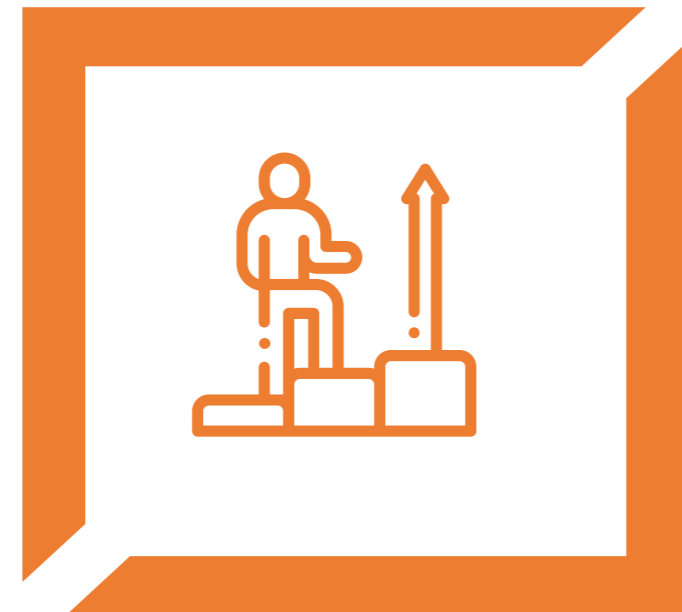


# Hong Kong Licensing Regime for Virtual Asset Service Provider (VASP)



## Scope and Offence

- Intended to capture the operation of a Virtual Assets Exchange
- An offence to carry on a business of providing VA service in Hong Kong without license, with maximum penalties of a HK\$5 million and 7 years' imprisonment and daily fine
- An offence to issue advertisements relating to an unlicensed person's provision of a VA service
- An offence if making a fraudulent or deceptive representation of inducing others to invest in VA



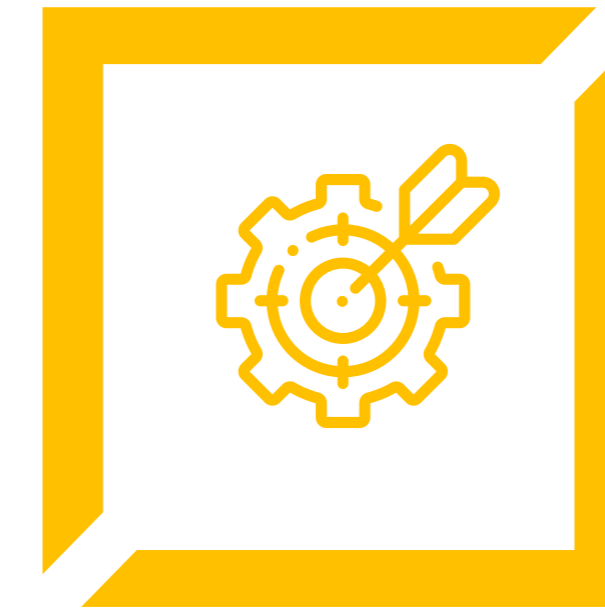
## Requirements

- At least TWO Responsible Officers
- Adequate Financial Resources, knowledge and experience
- Risks Management, financial reporting and disclosure and conflicts of interests
- Approval of office premises
- Approval of Substantial Shareholders
- Appointment of Auditor
- Fulfilling SFC Fit and Proper and Notifications and Reporting Requirements



## AML

- AML Policy to be in place
- Know Your Clients / Customers Due Diligence / AML Risks Monitoring
- Verification of Ultimate Beneficiary Owners and source of funding
- Clients Screening against Sanctions / Embargo lists
- Institutional Risks Assessment on money laundering risks
- Suspicious Transactions Monitoring and reporting to the Hong Kong Police Force's JFIU if needed



## Operation

- Cyber security control to be in place
- Operation and Settlement personnel
- System capacity and resiliency
- Business Continuity Plan
- Data Protection and data back up plan



## Timeline

- Commencement date of VASP licensing regime : 1 June 2023 with 12 months transitional period for existing VASP to carry on business without a VASP license
- Existing VASP must file license application to the SFC on or before 1 March 2024