

Hong Kong to explore legalizing crypto for retail investors

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Hong Kong officials are trying to woo businesses after years of strict pandemic controls and a political crackdown that have hammered the finance hub's economy.

Hong Kong is "back in business" and exploring whether to legalize

crypto trading by retail investors, the city's finance chief announced Monday, kicking off a week of conferences aimed at resuscitating the Chinese hub's image.

In contrast to mainland China where crypto has been all but banned, Hong Kong is looking to relax regulations and claw back some of the business that has left.

Years of strict pandemic controls and a political crackdown have hammered the Asian finance hub's economy and sparked an exodus of talent that authorities say they now want to reverse.

A fintech conference opened on Monday and will be followed on Wednesday by a finance summit attended by some of the world's top bankers.

"Hong Kong is open and inclusive towards the global community of innovators engaging in virtual asset businesses," finance secretary Paul Chan told delegates at the fintech conference.

"In a great many ways, we are telling the world that we are back in [business](#)," he added, in a speech that had to be delivered remotely after he caught COVID last week during an overseas trip.

In a new policy statement the government said it would launch a consultation to explore how the retail segment "may be given a suitable degree of access". It added that Hong Kong was willing to review "[property rights](#) for tokenised assets and the legality of smart contracts".

Currently Hong Kong restricts exchanges to clients with portfolios of at least HK\$8 million (\$1 million).

Expanding permission to [retail investors](#) would allow far more regular

residents to invest in cryptocurrencies and virtual assets. But that carries its own risks.

There has been a global push to regulate the crypto market and protect investors following wild swings and a string of high-profile collapses.

Critics say crypto is an ideal tool to generate investment bubbles, hide illicit wealth and enable scams.

China, once one of the world's largest crypto markets, banned transactions of digital currencies in 2021.

Singapore recently strengthened regulations around retail transactions after a number of crypto exchanges imploded, including in the city state.

Meanwhile, Japan has recently relaxed some of its more conservative rules on listing tokens.

Given its position as a gateway for China to the [international markets](#), Hong Kong was initially something of a [crypto](#) hub.

The city then introduced a voluntary licensing regime in 2018 for big exchanges but only two were approved for permits—BC Technology and HashKey.

One of the biggest exchanges that used to be in the city, FTX, moved to the Bahamas last year.

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