

20 August, 2025

Ms Salina Yan
Permanent Secretary for Financial Services and the Treasury
(Financial Services) Division 5, Financial Services Branch
Financial Services and the Treasury Bureau
24/F, Central Government Offices
Tim Mei Avenue, Tamar Central, Hong Kong

Dear Ms. Yan,

IFPHK's Response to the Consultation Paper on Legislative Proposal to Regulate Virtual Asset Custodian Services

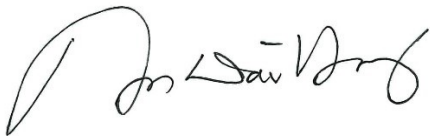
On behalf of the Institute of Financial Planners of Hong Kong (IFPHK), we are pleased to submit our response to the Financial Services and the Treasury Bureau (FSTB) and Securities and Futures Commission's (SFC) joint consultation paper on the legislative proposals regarding the regulation of virtual asset dealing and custodian service providers. IFPHK sincerely welcome the opportunity to be involved in this consultation paper. We hope that the FSTB will find the suggestions provided in our contained response paper useful.

As the leading professional body representing financial planning practitioners in Hong Kong, the IFPHK welcomes this important regulatory initiative aimed at fostering a secure, robust, and internationally aligned virtual asset ecosystem. Our submission reflects extensive independent analysis and experience in advancing financial planning standards, investor protection, and market integrity in line with evolving global frameworks.

We trust that our views and recommendations will contribute constructively to the development of a regulatory regime that balances innovation with prudent risk management and consumer safeguards.

Thank you for considering our suggestions. If you have any further questions, please email our Ms. Daphne So at daphneso@ifphk.org.

Yours faithfully,



Dr. Paris Yeung
Chief Executive Officer
Institute of Financial Planners of Hong Kong

Response to SFC/FSTB's Consultation Paper on Legislative Proposal to Regulate Virtual Asset Custodian Services

August 2025

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FSTB & SFC Consultation

On 27 June, the Financial Services and the Treasury Bureau (FSTB) and the Securities and Futures Commission (SFC) launched a joint consultation to introduce regulatory regimes for virtual asset (VA) dealing and custodian service providers. The deadline for the Consultation Paper is 29 August 2025.

The proposed regimes extend Hong Kong's efforts in fostering a secure, robust and globally competitive VA ecosystem, guided by the Government's latest policy statement on digital asset development. They also drive progress along the SFC's ASPIRe roadmap by attracting qualified participants to the city and enhancing investors' choice, while integrating Hong Kong's VA liquidity with the world's.

The proposals will empower the SFC to license and supervise VA dealers and custodians, as well as enforce relevant regulations. The SFC will also be responsible for setting the expected standards for these two important types of service providers to ensure robust investor protection and market integrity based on the "same business, same risks, same rules" principle. This puts our plans under the ASPIRe roadmap into action as the SFC continues to prioritise sustainability in nurturing a dynamic and secure digital asset market.

The Consultation Paper contains 17 questions as set out below:

Q1 Do you have any comments on the proposed definition and scope (e.g., too narrow or too wide) of VA custodian services to be regulated?

Q2 For entities which do not safekeep private keys but arrange a third party to custody the client VAs or otherwise safekeep the private keys (such as a private fund trustee of a VA fund that delegates the safekeeping of private keys to a sub-custodian), should they be required to obtain a VA custodian service provider licence? Please explain your comments.

Q3 Are there any entities which should be licensed or registered for providing VA custodian services but are not caught by the proposed definition? Please explain your comments.

Q4 For an entity ("Entity A") within a corporate group that safekeeps private keys whereby personnel from different group entities ("Group Entities") may also be involved in safekeeping the private key and/or signing a VA transaction:

(i) Should the Group Entities be required or not be required to obtain VA custodian service provider licences? Please explain your comments.

(ii) If the answer to (i) is yes, please provide your comments on the types of personnel within the Group Entities which should obtain an individual licence (“Relevant Personnel”). What steps of the transactions should trigger this licensing requirement?

(iii) If the answer to (i) is no, please provide your comments on whether the Relevant Personnel of the Group Entities should be required to be accredited to Entity A (assuming Entity A will obtain a VA custodian service provider licence) and also obtain an individual licence. Please explain your comments.

Q5 What are your comments on the proposed exemptions? Would there be other exemptions that are necessary?

Q6 Do you have any comments on the proposed scope of allowed activities?

Q7 Do you have any comments on the types of VAs that a VA custodian service provider should not provide custodian services for?

Q8 Do you have any comments on the scope of individual licence and engagement as relevant individuals for providing VA custodian service?

Q9 Should individuals with authority to approve or sign VA transactions be required to obtain a licence or be engaged as relevant individuals? If yes, what steps of the transactions should trigger this requirement?

Q10 Do you think that licensed VA custodian service providers should be subject to similar financial requirements as licensed corporations carrying on Type 13 regulated activity of providing depositary services for a relevant CIS? Do you think additional resources calibrated with scale of business or operations are required?

Q11 Should other regulatory requirements be added to mitigate the risks of VA custodian services?

Q12 What are your comments on the proposed transitional arrangement for the licensing regime for VA custodian service providers?

Q13 Based on the “user-pays” principle, do you have any comments on requiring higher licensing application fees and annual fees for a VA custodian service provider licensed by or registered with the SFC (such as requiring fees in the same amounts as those for Type 3 regulated activity under the SFO or other higher amounts)?

Q14 Do you agree that, for the purpose of protecting the investing public, persons not licensed by or registered with the SFC should not be allowed to actively market VA custodian services to the public of Hong Kong?

Q15 Do you agree that the SFC and the HKMA should be provided with the proposed powers?

Q16 Do you agree with the proposed sanctions, which are comparable to those under the existing regulatory regimes for VATPs?

Q17 Do you agree that a review tribunal mechanism should be put in place to handle appeals against the decisions to be made by the SFC or the HKMA in implementing the licensing regime?

IFPHK submission

The views expressed in this submission paper are not summaries of the views taken from the industry but may have undergone more independent and critical analysis and consideration by IFPHK as a professional body. As a result, not all the views collected by IFPHK are recorded in this submission paper and neither have all the views expressed in this submission paper been directly endorsed by those industry representatives or members consulted.

Prior to providing our views on the questions stipulated in the Consultation Paper, we wish to point out that the IFPHK's responses are formed upon the following principles:

IFPHK's Principles

Promoting the value of financial planning and enhancing practitioners' professional standards

The financial planning process, as defined by the Institute of Financial Planners of Hong Kong (IFPHK) and the Financial Planning Standards Board (FPSB), is a collaborative, iterative approach that Certified Financial Planner (CFP) professionals use to assess clients' financial situations across areas like financial management, asset management, risk management, tax planning, retirement planning, and estate planning, with a growing emphasis on integrating virtual assets like cryptocurrencies and stablecoins, which have surpassed \$200 billion in market capitalization by July 2025; the IFPHK urges CFPs to deepen their expertise in virtual assets through specialized training to address client demand, leverage diversification opportunities, ensure regulatory compliance with frameworks like Hong Kong's VASP regime and the EU's MiCA, manage risks such as volatility and cybersecurity, and enhance financial literacy to empower clients for informed long-term financial planning, while maintaining a level playing field through consistent regulatory standards. Financial institutions can operate with confidence in a regulated environment due to the adoption of standardised regulations around the world, such as those under the FSB and MiCA guidelines. In order to promote fair competition and safeguard consumers in the financial services sector, the IFPHK continues to petition regulators to harmonise regulations.

Aligning with International Best Practices

International organisations like the Financial Stability Board (FSB) and the International Organisation of Securities Commissions (IOSCO) have set strong standards to handle new risks in order to preserve global financial stability in the face of the explosive growth of virtual

assets, especially stablecoins like Tether (USDT) and USD Coin (USDC), which as of early 2025 had a combined market capitalisation of over \$200 billion. While IOSCO's 2024 guidance requires stablecoin systems to comply with international standards for payment, clearing, and settlement¹, the FSB's 2023 updated recommendations for Global Stablecoin (GSC) arrangements place an emphasis on coordinated oversight to reduce financial stability risks². With an emphasis on risk management, transparency, and licensing, the International Monetary Fund's 2024 policy document further promotes national rules to conform to international norms. While the European Union's Markets in Crypto-Assets (MiCA) framework, which will fully implement in 2024, sets a comprehensive model for digital asset regulation and attracts international firms with its legal clarity³, jurisdictions such as Hong Kong have implemented a 2023 licensing regime for virtual asset service providers (VASPs) under the Securities and Futures Commission⁴, enforcing anti-money laundering and counter-terrorism financing standards. Additionally, the U.S. Financial Stability Oversight Council's 2024 report advocates for bank-like oversight of stablecoin issuers, reflecting a global commitment to cohesive regulation of virtual assets.⁵

Enhancing Consumer Protection and Financial Literacy

As virtual assets like cryptocurrencies and stablecoins become increasingly complex, the Institute of Financial Planners of Hong Kong (IFPHK) emphasizes the critical need for robust consumer protection and enhanced financial literacy to support effective financial planning. The IFPHK encourages financial planners to incorporate virtual assets into all-encompassing financial planning strategies and promotes regulatory frameworks that strike a balance between consumer protection and innovation in virtual assets. As encouraged by IOSCO's 2024 investor education framework, a better understanding of blockchain and virtual assets enables customers to make wise investment choices and advances long-term financial objectives⁶. In order to ensure that consumers and financial planners have the skills to navigate the constantly changing digital asset landscape, key strategies include creating

¹ International Organization of Securities Commissions (IOSCO). (2024). *Policy Recommendations for Crypto and Digital Asset Markets*. <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD747.pdf>

² Financial Stability Board (FSB). (2023). *High-level Recommendations for the Regulation, Supervision and Oversight of Global Stablecoin Arrangements: Final Report*. <https://www.fsb.org/2023/10/high-level-recommendations-for-the-regulation-supervision-and-oversight-of-global-stablecoin-arrangements-final-report/>

³ European Union. (2024). *Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets (MiCA)*. Official Journal of the European Union.

⁴ Securities and Futures Commission (SFC). (2023). *Licensing Regime for Virtual Asset Service Providers*. <https://www.sfc.hk/en/Rules-and-standards/Virtual-assets>

⁵ Financial Stability Oversight Council (FSOC). (2024). *2024 Annual Report*. U.S. Department of the Treasury. <https://home.treasury.gov/system/files/261/FSOC2024AnnualReport.pdf>

⁶ International Organization of Securities Commissions (IOSCO). (2024). *Policy Recommendations for Crypto and Digital Asset Markets*. <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD747.pdf>

easily accessible educational content on virtual assets, increasing awareness of unlicensed or fraudulent platforms, utilising a variety of communication channels, and working with industry stakeholders to disseminate trustworthy materials.

The IFPHK supports the FSTB and SFC's initiative to regulate VA custodian services, as it strengthens investor protection and fosters a sustainable digital asset ecosystem in Hong Kong. Our responses emphasize the need for clear definitions, proportionate regulation, robust investor safeguards, and a supportive transitional framework. We encourage the SFC and HKMA to continue engaging with industry stakeholders to refine the regime and ensure its alignment with global standards and market developments. Our response to each question in the Consultation Paper is as follows:

Question 1

Do you have any comments on the proposed definition and scope (e.g., too narrow or too wide) of VA custodian services to be regulated?

IFPHK's views

IFPHK supports a clear and comprehensive definition of VA custodian services that effectively captures key activities posing risks to investors. We agree that the scope should cover both the direct safekeeping of virtual assets (VAs) and the control of instruments enabling their transfer (e.g., private keys), given their critical role in asset security. However, we recommend clarifying whether the definition extends to entities providing custodial services indirectly—such as through software or wallet solutions that facilitate self-custody but rely on third-party infrastructure. Overly broad interpretations risk unintentionally regulating entities whose involvement is purely technical or incidental, potentially hindering innovation. We urge the SFC to offer precise instructions or illustrations to define the parameters of "by way of business" in order to eliminate any confusion, especially for smaller or peripheral service providers.

Question 2

For entities which do not safekeep private keys but arrange a third party to custody the client VAs or otherwise safekeep the private keys (such as a private fund trustee of a VA fund that delegates the safekeeping of private keys to a sub-custodian), should they be required to obtain a VA custodian service provider licence? Please explain your comments.

IFPHK's views

IFPHK believes that entities delegating the safekeeping of virtual assets to appropriately licensed or registered third-party custodians should not be required to obtain a separate VA custodian service provider licence, provided they are already regulated by the SFC or HKMA. Since their role is supervisory rather than custodial, imposing additional licensing requirements could result in unnecessary regulatory burdens without materially enhancing investor protection. However, we strongly support robust oversight obligations for such entities, including thorough due diligence on sub-custodians, regular audits, and clear contractual arrangements to ensure accountability. This approach aligns with international standards and upholds high levels of investor protection while avoiding duplicative regulation.

Question 3

Are there any entities which should be licensed or registered for providing VA custodian services but are not caught by the proposed definition? Please explain your comments.

IFPHK's views

The proposed definition appears to capture most entities directly involved in virtual asset (VA) custody. However, we recommend the SFC consider whether custodial services for tokenized assets—such as tokenized securities or real-world assets not strictly classified as VAs under the AMLO—should also fall within scope, given the evolving nature of digital assets. In addition, entities offering custodial functions through decentralized finance (DeFi) protocols or smart contracts may require distinct regulatory treatment due to their non-traditional operational models. We also suggest careful review to ensure that all entities with effective control over client assets are appropriately captured, including those operating through multi-party computation arrangements or shared custody within corporate groups. At the same time, entities providing purely ancillary services without access to private keys should remain outside the licensing perimeter.

Question 4

For an entity ("Entity A") within a corporate group that safekeeps private keys whereby personnel from different group entities ("Group Entities") may also be involved in safekeeping the private key and/or signing a VA transaction:

(i) Should the Group Entities be required or not be required to obtain VA custodian service provider licences? Please explain your comments.

(ii) If the answer to (i) is yes, please provide your comments on the types of personnel within the Group Entities which should obtain an individual licence (“Relevant Personnel”). What steps of the transactions should trigger this licensing requirement?

(iii) If the answer to (i) is no, please provide your comments on whether the Relevant Personnel of the Group Entities should be required to be accredited to Entity A (assuming Entity A will obtain a VA custodian service provider licence) and also obtain an individual licence. Please explain your comments.

IFPHK’s views

The IFPHK supports a pragmatic approach whereby only the primary entity with ultimate control over the safekeeping of private keys—Entity A—is required to obtain a VA custodian service provider licence. Requiring separate licences for Group Entities that provide ancillary functions, such as technological infrastructure or support services, would create unnecessary regulatory overlap and operational inefficiencies. However, these Group Entities should remain under the oversight of Entity A to ensure compliance with all applicable regulatory standards, including fit-and-proper requirements and AML/CFT obligations. We also support requiring Relevant Personnel within Group Entities who are directly involved in key safekeeping or the approval of VA transactions to be accredited to Entity A and subject to fit-and-proper assessments. Rather than requiring individual licensing for such personnel, we propose that Entity A maintain an internal register and ensure these individuals meet appropriate competency and conduct standards, similar to the expectations for responsible officers. This approach maintains accountability while avoiding undue regulatory burden.

Question 5

What are your comments on the proposed exemptions? Would there be other exemptions that are necessary?

IFPHK’s views

IFPHK supports the proposed exemptions for SFC- and HKMA-regulated entities where virtual asset (VA) safekeeping is incidental to their primary business, as well as for HKMA-licensed stablecoin issuers. These exemptions help prevent duplicative regulation while maintaining

investor protection through existing supervisory frameworks. To further support innovation, we recommend an additional exemption for entities providing purely technical services—such as cloud storage or cybersecurity—that do not have access to, or control over, VAs or private keys. Including such service providers could unduly hinder technological development. We also recommend clearly defining what constitutes “incidental” custody activities to prevent ambiguity or misinterpretation.

Furthermore, IFPHK supports these exemptions where regulated entities do not hold private keys, and their VA-related activities are genuinely incidental. Greater clarity is needed on the regulatory treatment of trustees and sub-custodians to prevent potential gaps or overlaps in oversight.

Question 6

Do you have any comments on the proposed scope of allowed activities?

IFPHK’s views

IFPHK considers the proposed scope of permitted activities for VA custodians—such as safekeeping, deposit and withdrawal, and executing settlement instructions—to be appropriate. We also support allowing ancillary services, including staking, subject to regulatory approval by the SFC or HKMA on a case-by-case basis. This approach encourages market innovation while ensuring continued regulatory oversight. To safeguard investor interests, we recommend that any approved ancillary activities be subject to clear risk management, governance, and disclosure requirements to mitigate potential conflicts of interest and operational risks.

Question 7

Do you have any comments on the types of VAs that a VA custodian service provider should not provide custodian services for?

IFPHK’s views

The IFPHK supports a risk-based approach to managing the types of virtual assets (VAs) that custodians may hold, prioritizing investor protection and market integrity. Rather than imposing blanket restrictions on specific VA types, we recommend that custodians establish clear, risk-based policies to assess VAs based on factors such as legal status, volatility, technological

risks, and potential for money laundering/terrorist financing (ML/TF), such as anonymity-enhancing tokens (e.g., privacy coins like Monero). This aligns with our position in the VA dealing response (Question 2), where we support limiting retail exposure to high-liquidity tokens and regulated stablecoins to mitigate risks for less experienced investors. For custodians, a broader scope of VAs may be appropriate for institutional or sophisticated clients, provided robust due diligence and risk management are in place. The SFC should provide guidance on high-risk VAs and retain the authority to restrict or prohibit custody of non-compliant or high-risk tokens. This approach balances innovation with investor protection, ensuring consistency with our advocacy for proportionate regulation and risk management across both VA dealing and custody regimes.

Question 8

Do you have any comments on the scope of individual licence and engagement as relevant individuals for providing VA custodian service?

IFPHK's views

The proposed scope for individual licences and relevant individuals is reasonable, focusing on those with significant responsibilities in custody functions. We support exempting clerical staff from licensing requirements to reduce administrative burdens. However, we recommend that the SFC clarify the qualifications and training required for responsible officers and relevant individuals to ensure they possess adequate knowledge of VA-specific risks, such as cybersecurity and private key management.

Question 9

Should individuals with authority to approve or sign VA transactions be required to obtain a licence or be engaged as relevant individuals? If yes, what steps of the transactions should trigger this requirement?

IFPHK's views

The IFPHK agrees that individuals with authority to approve or sign VA transactions should be engaged as relevant individuals to enhance accountability. This requirement should apply to steps involving the initiation or finalization of VA transfers, as these actions directly impact client assets. We recommend that the SFC specify which roles (e.g., transaction approvers or key signers) trigger this requirement to ensure consistency across providers.

Question 10

Do you think that licensed VA custodian service providers should be subject to the similar financial requirements as licensed corporations carrying on Type 13 regulated activity of providing depositary services for a relevant CIS? Do you think additional resources calibrated with scale of business or operations are required?

IFPHK's views

The IFPHK supports aligning the financial resource requirements for VA custodians with those applicable to Type 13 regulated activity under the Securities and Futures Ordinance (SFO), as this promotes regulatory consistency and ensures a baseline level of financial soundness. However, given the distinct risk profile of virtual asset custody—particularly heightened cybersecurity and operational risks—we recommend that financial requirements be further calibrated to the scale and nature of a custodian's operations. For example, higher liquid capital thresholds could be imposed on entities managing larger volumes or more complex portfolios of virtual assets. Additionally, we strongly advocate for mandatory insurance or compensation arrangements to protect clients against potential losses arising from cyber incidents, fraud, or operational failures. These additional safeguards would enhance investor protection while supporting the resilience of the virtual asset ecosystem.

Question 11

Should other regulatory requirements be added to mitigate the risks of VA custodian services?

IFPHK's views

The IFPHK recommends introducing additional regulatory requirements tailored to the unique risks of virtual asset custody. Custodians should implement mandatory cybersecurity standards, such as those aligned with the NIST Cybersecurity Framework, to safeguard private keys and client assets. Regular stress testing of custodial systems should be mandated to assess resilience against cyberattacks and operational failures. Additionally, we advocate for the use of AI-driven tools and blockchain analytics to enhance risk management and transparency. AI can support real-time monitoring of custodial operations, flagging anomalies in transaction patterns, while blockchain analytics can strengthen AML/CFT compliance by tracing VA flows and identifying illicit activities. Custodians should also provide clear, transparent disclosures to clients regarding custody arrangements, associated risks, and the

presence or absence of insurance coverage, supported by AI-driven educational tools to enhance client understanding. These measures strengthen investor protection, align with international best practices (e.g., IOSCO's 2024 guidance), and complement our recommendations in the VA dealing response (Question 4) for technology-driven solutions to ensure a secure and innovative VA ecosystem.

Question 12

What are your comments on the proposed transitional arrangement for the licensing regime for VA custodian service providers?

IFPHK's views

The IFPHK supports the proposed open-ended licensing structure and the decision not to include a deeming arrangement, as this reinforces regulatory compliance and accountability. To facilitate a smooth transition, the SFC and HKMA should provide clear guidance and support throughout this period—including pre-application consultations and timely responses to enquiries—to help custodians align with the new regulatory framework effectively and efficiently.

Question 13

Based on the “user-pays” principle, do you have any comments on requiring higher licensing application fees and annual fees for a VA custodian service provider licensed by or registered with the SFC (such as requiring fees in the same amounts as those for Type 3 regulated activity under the SFO or other higher amounts)?

IFPHK's views

The IFPHK supports the application of the “user-pays” principle and agree with aligning licensing and supervisory fees with those applicable to Type 3 regulated activity under the SFO, reflecting the complexity of virtual asset custody. However, to avoid placing a disproportionate burden on smaller providers, we recommend that the SFC consider implementing a tiered fee structure based on the scale and scope of a custodian's operations. Additionally, greater transparency in how fees are allocated—such as for regulatory oversight, compliance monitoring, or technology assessments—would help enhance industry understanding and acceptance of the fee framework.

Question 14

Do you agree that, for the purpose of protecting the investing public, persons not licensed by or registered with the SFC should not be allowed to actively market VA custodian services to the public of Hong Kong?

IFPHK's views

We agree with prohibiting unlicensed entities from actively marketing VA custodian services to the Hong Kong public. This measure protects investors from unregulated providers and aligns with our advocacy for market integrity. We recommend that the SFC clarify what constitutes “active marketing” to prevent unintentional breaches by global providers.

Question 15

Do you agree that the SFC and the HKMA should be provided with the proposed powers?

IFPHK's views

We support the proposed powers for the SFC and HKMA, including licensing, inspection, investigation, and disciplinary actions. These powers are essential for effective oversight and enforcement, ensuring investor protection and regulatory compliance. We encourage coordination between the SFC and HKMA to avoid regulatory gaps or overlaps, particularly for banks and SVFs.

Question 16

Do you agree with the proposed sanctions, which are comparable to those under the existing regulatory regimes for VATPs?

IFPHK's views

We agree with the proposed sanctions, which are proportionate and aligned with those for VATPs under the AMLO. The tiered penalties for different offences (e.g., unlicensed operations, fraudulent behavior) provide a strong deterrent while maintaining fairness. We recommend periodic reviews of sanction levels to ensure they remain effective in deterring misconduct as the VA market evolves.

Question 17

Do you agree that a review tribunal mechanism should be put in place to handle appeals against the decisions to be made by the SFC or the HKMA in implementing the licensing regime?

IFPHK's views

We support the implementation of a review tribunal mechanism to guarantee the transparency and impartiality of regulatory decisions. This is consistent with our support for investor confidence and due process. We suggest that the tribunal includes members who possess specialised knowledge in VA technologies to resolve the sector's distinctive complexities.

Institute of Financial Planners of Hong Kong (IFPHK) - Profile

About IFPHK

IFPHK was established in June 2000 as a non-profit organization for the fast-growing financial services industry. It aims to be recognized in the region as the premier professional body representing financial planners dedicated to upholding the highest professional standards.

The Institute is the sole licensing body in Hong Kong authorized by the Financial Planning Standards Board Limited to grant the much-coveted and internationally recognized CFP® Certification and AFP® Certification to qualified financial planning professionals in Hong Kong and Macau.

Currently, there are more than 230,000 CFP certificants in 28 countries/regions; the majority of these professionals are in the U.S., Canada, China, Australia and Japan, with approximately 3,600 CFP certificants in Hong Kong.

IFPHK has 6,700 members in Hong Kong including 1,200 Qualified Retirement Adviser (QRA) holders; and represents financial planning practitioners in diverse professional backgrounds such as banking, insurance, independent financial advisory, stock trading, accounting, and legal services.

About CFP Certification

CFP certification is the global symbol of excellence in financial planning and represents financial planners who commit to standards of competency and ethics, and to putting clients' interests first. The CERTIFIED FINANCIAL PLANNER® credential represents financial planning professionals who commit to better serving their clients through rigorous international standards, ethical practices and lifelong learning.

IFPHK's interest in this consultation

As the leading professional body championing the welfare of the financial planning industry, the Institute of Financial Planners of Hong Kong (IFPHK) actively engages with policy changes impacting the industry and the broader financial system. Since 2009, IFPHK has provided critical feedback on key regulatory proposals, including the Securities and Futures Commission's (SFC) response to the Lehman Brothers Minibond Saga to enhance investor protection, the 2010 consultation on establishing an Investor Education Council and Financial Dispute Resolution Centre, the 2014 Consultation Document on Hong Kong's resolution

regime, and the 2015 Hong Kong Financial Competency Framework and Strategy for Financial Literacy. In 2017, IFPHK responded to the Consultation Paper on Online Distribution and Advisory Platforms, and in 2020, it provided insights on the Listing Regime for Companies from Emerging and Innovative Sectors and Weighted Voting Rights (WVR) structures. More recently, in 2023, IFPHK submitted responses to the SFC's Consultation Paper on the regulatory requirements for virtual asset trading platform operators, emphasizing robust anti-money laundering and investor protection measures.

In order to provide pertinent, forward-thinking advice in line with global regulatory trends such as the EU's Markets in Crypto-Assets (MiCA) framework and Hong Kong's VASP regime, Certified Financial Planner (CFP) professionals must integrate crypto-assets into the financial planning process. This is especially important given the quick rise of digital finance and the increasing client demand for virtual asset advice. Detailed responses from IFPHK can be found at <http://www.ifphk.org/ee/importance-of-advocacy>.