

Bills Committee on Stablecoins Bill

List of follow-up actions arising from the discussion at the meeting on 21 January 2025

Issues	Government's response
<p>Regarding the penalties imposed for unlicensed activities and non-compliance under the Stablecoins Bill, the Administration proposed that committing criminal offences punishable on conviction on indictment, including carrying on a regulated stablecoin activity without a licence, and offering a specified stablecoin by a non-specified licensed institution, would be liable to a fine of HK\$5 million and to imprisonment for seven years. The Administration was requested to provide supplementary information on the justifications and criteria for the penalties, as well as whether the proposed penalties were different from those imposed under sections 114 and 115 of the Securities and Futures Ordinance (Cap. 571), and if so, the reasons for the difference.</p>	<p>Clause 8 of the Bill provides that a person carrying on, or holding out as carrying on, a regulated stablecoin activity without a licence or without being exempted, would be liable to a fine of HK\$5 million and to imprisonment for seven years. Clause 9 of the Bill provides that offering, or holding out as offering, a specified stablecoin by a non-specified licensed institution, would be liable to a fine of HK\$5 million and to imprisonment for seven years.</p> <p>The level of penalties is aligned with Section 53ZRD(5) of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (“AMLO”), which provides that offences related to (i) carrying on a business of providing a virtual asset service (as defined in section 53ZR of the AMLO); or (ii) holding himself out as carrying on a business of providing a virtual asset service, is liable on conviction on indictment to a fine of HK\$5 million and to imprisonment for seven years.</p> <p>It is also aligned with the penalty level for contravention of Section 114(1) of the Securities and Futures Ordinance (Cap. 571) (“SFO”) which provides that, subject to certain exceptions, no person shall (i) carry on a business in a</p>

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	<p>regulated activity (as defined in section 1 of Part 1 of Schedule 1 to the SFO); or (ii) hold himself out as carrying on a business in a regulated activity. By virtue of section 115(1) of the SFO, such prohibitions under section 114(1) also capture the provision and marketing of relevant services (which, if provided in Hong Kong, would constitute a regulated activity) from a place outside Hong Kong to the public. Section 114(8) provides that a person who contravenes section 114(1) commits an offence, and is liable on conviction on indictment to a fine of HK\$5 million and imprisonment for seven years.</p>

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Financial Services and the Treasury Bureau
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