



SFC Proposes Amendments to Restrict Use of Certain Titles in Hong Kong

On 12 June, 2025, the Hong Kong Securities and Futures Commission (**SFC**) launched a [Consultation on Proposed Amendments to the Securities and Futures Ordinance \(Cap. 571, SFO\) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance \(Cap. 615, AMLO\) relating to the use of certain titles](#)¹ that may mislead the public about an entity's regulatory status or affiliations, particularly in the context of virtual asset trading platforms (**VATPs**) and other financial operations. The SFC's proposed amendments are aimed at protecting investors. The following provides a summary of the key proposals and their implications.

Background and SFC's Objectives

The SFC's proposed statutory amendments address its concerns about unregulated entities adopting titles that falsely suggest that they are SFC-regulated or associated with well-known exchanges, clearing houses or VATPs. According to the SFC, high-profile failures in the virtual assets market, such as the collapses of Luna token, Terra stablecoin and FTX, have highlighted the need for stronger oversight. Since the introduction of the VATP licensing regime under the AMLO on 1 June 2023, the SFC has intensified its efforts to regulate virtual asset activities and educate investors about the risks of unregulated platforms.

The proposed amendments aim to:

- Prevent misrepresentation by prohibiting the use of titles that imply SFC regulation or licensing (e.g., as an exchange, clearing house or VATP) by unregulated entities;
- Counter misleading associations by restricting the use of titles that suggest connections with established or well-known financial entities, whether in Hong Kong or overseas, where there is no actual affiliation; and
- Enhance investor protection by ensuring clarity and transparency.

Key SFC Consultation Paper Proposals

The SFC proposes amendments to both the SFO and AMLO to address limitations in the current regulatory framework, particularly under section 34 of the SFO, which prohibits the use of certain titles (e.g., "stock exchange" and "futures market") or anything which closely resembles them without the SFC's authority. A breach of section

¹ See the consultation paper at: <https://apps.sfc.hk/edistributionWeb/api/consultation/openFile?lang=EN&refNo=25CP5>

34 is an offence under the SFO. According to the SFC, the fact that the SFO generally governs matters relating to securities and futures, means there is a potential argument that section 34 does not extend to operations providing services in respect of virtual assets that do not constitute securities or futures contracts. These operations are regulated under the AMLO which has no provision equivalent to section 34 of the SFO.

The key proposals include:

1. Expansion of Restricted Titles under Section 34 of the SFO:

- Modernised Terminology: Add titles such as “trading platform” and “trading centre” to reflect current industry practices;
- Financial Products: Include titles referencing regulated products, such as “virtual assets”, “digital assets”, “cryptoassets”, “securities” and “derivatives”;
- Clearing Operations: Include titles like “clearing house” and “clearing facilities”; and
- Misleading Associations: Prohibit titles or acronyms implying connections with established exchanges, clearing houses or VATPs (whether regulated or not, and whether local or overseas) without actual affiliation.

2. New Provision under Part 5B of the AMLO:

- Introduce a provision similar to section 34 of the SFO to restrict titles related to VATPs trading virtual assets (as defined in the AMLO) that do not constitute securities; and
- Cover titles implying associations with well-known VATPs or similar operations.

3. Combined Title Restrictions:

- Restrict combinations of titles in two categories (e.g., “cryptocurrency exchange” or “derivatives trading platform”). Some titles (e.g., “securities” and “derivatives”) will be restricted only under the SFO, while others (e.g., “virtual asset” and “crypto”) will be restricted under both the SFO and AMLO, reflecting their relevance to both securities and virtual assets that are not securities. Please see the tables below:

| Titles proposed to be restricted under section 34 of the SFO only | Titles proposed to be restricted under both section 34 of the SFO and Part 5B of the AMLO |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “commodity” / “商品” “derivatives” / “衍生工具” “futures” / “期貨” “securities” / “證券” “stock” / “股票” | “crypto” / “加密” “cryptoasset” / “加密資產” “cryptocurrency” / “加密貨幣” “crypto coin” / “加密幣” “digital asset” / “數字資產” “digital coin” / “數字幣” “digital currency” / “數字貨幣” “token” / “代幣” “tokenised assets” / “代幣化資產” “virtual asset” / “虛擬資產” “virtual coin” / “虛擬幣” “virtual currency” / “虛擬貨幣” |
| Titles proposed to be restricted under both section 34 of the SFO and Part 5B of the AMLO | |
| “clearing centre” / “結算中心” “clearing company” / “結算公司” “clearing facilities” / “結算設施” “clearing house” / “結算所” “clearing platform” / “結算平台” “exchange” / “交易所” “market” / “市場” “trading centre” / “交易中心” “trading company” / “交易公司” “trading facilities” / “交易設施” “trading house” / “交易行” “trading platform” / “交易平台” | |

Consultation Process and Next Steps

The SFC is inviting public and industry feedback on the proposals until 11 August 2025. Subject to feedback, the SFC plans to introduce an amendment bill to the Legislative Council to formalise these changes.

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