
Stablecoins Bill

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A BILL

To

Provide for the supervision of activities involving stablecoins; to provide the Monetary Authority with investigatory and enforcement powers; and to provide for incidental and related matters.

Enacted by the Legislative Council.

Part 1

Preliminary

1. Short title and commencement

- (1) This Ordinance may be cited as the Stablecoins Ordinance.
- (2) This Ordinance comes into operation on a day to be appointed by the Secretary for Financial Services and the Treasury by notice published in the Gazette.

2. Interpretation

(1) In this Ordinance—

advisor (顧問), in relation to a licensee, means a person appointed to be an advisor of the licensee under section 79(1)(a) or 95(1)(a);

associate (相聯者), in relation to a person (*relevant person*) entitled to exercise or control the exercise of the voting rights in relation to, or holding shares in, a company, means another person with whom—

- (a) the relevant person has an agreement or arrangement (whether oral or written, express or implied) with respect to the acquisition, holding or disposal of shares or other interests in the company; or
- (b) the relevant person has an agreement or arrangement (whether oral or written, express or implied) under which the relevant person and that other person act together in exercising their voting rights in relation to the company;

associated company (有聯繫公司) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622);

authorized institution (認可機構) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

authorized institution incorporated outside Hong Kong (在香港以外成立為法團的認可機構) has the meaning given by section 2(1) of the Banking Ordinance (Cap. 155);

authorized person (獲授權人) means a person authorized by a warrant issued under section 124(1) to do the acts set out in paragraphs (a) and (b) of that section;

body corporate (法人團體) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622);

chief executive (行政總裁)—

- (a) in relation to a licensee that is not an authorized institution, means—
 - (i) the person appointed as the chief executive of the licensee in compliance with section 53;
 - (ii) except in Subdivision 4 of Division 3 of Part 2, a person appointed as an alternate chief executive of the licensee in compliance with section 53; or
 - (iii) the person appointed as a chief executive of the licensee under section 86(3)(a); or
- (b) in relation to a licensee that is an authorized institution, means the chief executive as defined by section 2(1) of the Banking Ordinance (Cap. 155);

company (公司) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622);

controller (控權人) means—

- (a) a majority shareholder controller;
- (b) a minority shareholder controller; or
- (c) an indirect controller;

court (法庭、法院) includes a magistrate;

designated stablecoin entity (指定穩定幣實體) means an entity designated under section 101(1);

director (董事) includes a person occupying the position of director (by whatever name called);

entity (實體) means a body of persons (corporate or unincorporate) or a legal arrangement, and includes—

- (a) a body corporate;
- (b) a partnership; and

(c) a trust;

Exchange Fund (外匯基金) means the fund established under section 3 of the Exchange Fund Ordinance (Cap. 66);

functions (職能) includes powers and duties;

indirect controller (間接控權人), in relation to a licensee—

- (a) means a person in accordance with whose directions or instructions the directors or a majority of the directors of the licensee, or a body corporate of which the licensee is a subsidiary, are accustomed to act; but
- (b) does not include—
 - (i) an advisor or a statutory manager of the licensee; or
 - (ii) a person in accordance with whose directions or instructions those directors are accustomed to act by reason only that they act on advice given by the person in the person's professional capacity;

investigation (調查) means an investigation instituted under section 116(2);

investigator (調查員) means a person directed under section 116(2)(a) or appointed under section 116(2)(b);

licence (牌照) means a licence granted under section 15;

licence number (牌照編號), in relation to a licence, means the licence number specified under section 15(5)(b)(i);

licensee (持牌人) means the person who holds a licence;

majority shareholder controller (大股東控權人), in relation to a company, means a person who, either alone or jointly with an associate, is entitled to exercise, or control the exercise

of, more than 50% of the voting rights at a general meeting of—

- (a) the company; or
- (b) a body corporate of which the company is a subsidiary;

manager (經理), in relation to a licensee—

- (a) means—
 - (i) an individual appointed by the licensee;
 - (ii) an individual appointed by a person acting for or on behalf of the licensee; or
 - (iii) an individual appointed by a person under an arrangement with the licensee,

to be principally responsible (either alone or jointly with others) for the conduct of one or more of the specified affairs in relation to the licensee's licensed stablecoin activities; but

- (b) does not include a person who is—
 - (i) a person declared under subsection (2) not to be a manager;
 - (ii) a person of a class of persons declared under that subsection not to be managers; or
 - (iii) a chief executive, a director or the stablecoin manager of the licensee;

minority shareholder controller (小股東控權人), in relation to a company, means a person who, either alone or jointly with an associate, is entitled to exercise, or control the exercise of, at least 10% but not more than 50% of the voting rights at a general meeting of—

- (a) the company; or

- (b) a body corporate of which the company is a subsidiary;

Monetary Authority (金融管理專員) means the Monetary Authority appointed under section 5A of the Exchange Fund Ordinance (Cap. 66);

officer (高級人員)—

- (a) in relation to a licensee that is not an authorized institution, means a chief executive, a director or a manager of the licensee;
- (b) in relation to a licensee that is an authorized institution, means a chief executive, a director, a manager or the stablecoin manager of the licensee; or
- (c) in relation to a designated stablecoin entity or any other entity, means—
- (i) a director of the entity; or
 - (ii) any other person involved in the management of the entity;

public (公眾) means the public of Hong Kong, and includes a class of that public;

regulated stablecoin activity (受規管穩定幣活動)—see section 5;

reserve assets (儲備資產), in relation to a specified stablecoin issued by a person, means assets for backing the value of the stablecoin that are available to the person for honouring a redemption request by a holder of the stablecoin;

specified affairs (指明事務) means the affairs specified in Schedule 1;

specified form (指明格式) means a form specified under section 167;

specified stablecoin (指明穩定幣)—see section 4;

stablecoin (穩定幣)—see section 3;

stablecoin manager (穩定幣經理), in relation to a licensee, means the person appointed as the stablecoin manager of the licensee in compliance with section 66;

stablecoin payment system (穩定幣支付系統) means a system or arrangement that comprises a set of instruments, procedures and rules for the transfer of specified stablecoins, or for the clearing or settlement of payment obligations using specified stablecoins;

statutory manager (法定管理人), in relation to a licensee, means a person appointed to be a statutory manager of the licensee under section 80(1)(a) or 95(2)(a);

subsidiary (附屬公司) means a subsidiary within the meaning of section 15 of the Companies Ordinance (Cap. 622);

systems of control (管控制度) includes procedures of control;

Tribunal (穩定幣審裁處) means the tribunal established by section 139(1).

- (2) For the purposes of the definition of **manager** in subsection (1), the Monetary Authority may, by notice published in the Gazette and subject to any condition specified in the notice, do either or both of the following—
 - (a) declare a person not to be a manager;
 - (b) declare a class of persons not to be managers.
- (3) For the purposes of this Ordinance, a reference to a person who has possession of a record or document includes a person who has power over, or custody or control of, the record or document.

- (4) For the purposes of this Ordinance, a reference to the minimum criteria applicable in relation to a licensee is a reference to the criteria set out in Part 2 of Schedule 2 that are specified in section 2 of that Schedule to be applicable in relation to the licensee.
- (5) For the purposes of this Ordinance, without limiting any other meanings that insolvent may have, a licensee is to be regarded as insolvent if the licensee—
 - (a) has ceased to pay its debts in the ordinary course of business; or
 - (b) cannot pay its debts when they become due.

3. **Meaning of *stablecoin***

- (1) For the purposes of this Ordinance, a stablecoin is a cryptographically secured digital representation of value that—
 - (a) is expressed as a unit of account or store of economic value;
 - (b) is used, or intended to be used, as a medium of exchange accepted by the public for any one or more of the following purposes—
 - (i) payment for goods or services;
 - (ii) discharge of a debt;
 - (iii) investment;
 - (c) can be transferred, stored or traded electronically;
 - (d) is operated on a distributed ledger or similar information repository; and
 - (e) purports to maintain a stable value with reference to—
 - (i) a single asset; or

- (ii) a pool or basket of assets.
- (2) However, a digital representation of value is not a stablecoin if—
- (a) it is issued by—
 - (i) a central bank;
 - (ii) an entity that performs the functions of a central bank;
 - (iii) an entity authorized by a central bank on the central bank’s behalf;
 - (iv) a government of a jurisdiction; or
 - (v) an entity authorized by a government of a jurisdiction that is acting in accordance with an authority to issue currency in that jurisdiction;
 - (b) it is a limited purpose digital token as defined by section 53ZR of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615);
 - (c) it constitutes securities, or a futures contract, as defined by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571);
 - (d) it constitutes a float, or an SVF deposit, as defined by section 2 of the Payment Systems and Stored Value Facilities Ordinance (Cap. 584); or
 - (e) it constitutes a deposit as defined by section 2(1) of the Banking Ordinance (Cap. 155).

- (3) In this section—

distributed ledger (分布式分類帳) means an information repository that uses a technology through which records of transactions are—

- (a) held in a ledger;
- (b) shared across a network;

- (c) verified among network participants using a consensus mechanism; and
- (d) synchronized between network nodes.

4. **Meaning of *specified stablecoin***

- (1) For the purposes of this Ordinance, a specified stablecoin is—
 - (a) a stablecoin that purports to maintain a stable value with reference wholly to—
 - (i) one or more official currencies;
 - (ii) one or more units of account or stores of economic value specified under subsection (2)(a); or
 - (iii) a combination of one or more official currencies and one or more units of account or stores of economic value specified under that subsection; or
 - (b) a digital representation of value, or a digital representation of value of a class, specified under subsection (2)(b).
- (2) The Monetary Authority may, by notice published in the Gazette, do either or both of the following—
 - (a) specify a unit of account or store of economic value for the purposes of subsection (1)(a)(ii);
 - (b) specify a digital representation of value, or class of digital representations of value, for the purposes of subsection (1)(b).
- (3) In this section—

official currency (官方貨幣), in relation to a jurisdiction, means the currency issued by the government, the central bank, the monetary authority, or an authorized note-issuing bank, of that jurisdiction.

5. Meanings of *regulated stablecoin activity* and related expressions

- (1) For the purposes of this Ordinance—
- (a) a person carries on a regulated stablecoin activity if—
 - (i) the person issues a specified stablecoin in Hong Kong in the course of business;
 - (ii) the person issues a specified stablecoin in a place outside Hong Kong in the course of business, and the specified stablecoin purports to maintain a stable value with reference (whether wholly or partly) to Hong Kong dollars; or
 - (iii) the person carries on an activity specified under subsection (4); and
 - (b) a reference to a regulated stablecoin activity is to be construed accordingly.
- (2) For the purposes of this Ordinance, without limiting any other meanings that holding out may have, a person is to be regarded as holding out as carrying on a regulated stablecoin activity if—
- (a) the person actively markets, whether in Hong Kong or elsewhere, to the public that the person carries on, or purports to carry on, an activity; and
 - (b) the activity, if carried on in Hong Kong, would constitute a regulated stablecoin activity.

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- (3) Subsection (2) applies in relation to a person regardless of—
 - (a) whether the carrying on, or purported carrying on, of an activity mentioned in subsection (2)(a) is actively marketed by the person or another person on the person's behalf; and
 - (b) whether the activity mentioned in subsection (2)(a) is carried on or not.
 - (4) The Monetary Authority may, after consulting the Financial Secretary, by notice published in the Gazette, specify an activity for the purposes of subsection (1)(a)(iii).
 - (5) In exercising a power to specify an activity under subsection (4), the Monetary Authority must, in addition to any other matters that the Monetary Authority considers relevant, have regard to—
 - (a) whether the activity is, or is likely to become, material to the monetary or financial stability of Hong Kong;
 - (b) whether the activity is, or is likely to become, material to the functioning of Hong Kong as an international financial centre; and
 - (c) whether matters of significant public interest are involved.
 - (6) For the purposes of subsection (5)(a), an activity is, or is likely to become, material to the monetary or financial stability of Hong Kong if the occurrence of any significant disruption to the carrying on of the activity is likely to adversely affect the stability of the monetary or financial system of Hong Kong.

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- (7) For the purposes of subsection (5)(b), an activity is, or is likely to become, material to the functioning of Hong Kong as an international financial centre if the occurrence of any significant disruption to the carrying on of the activity is likely to—
- (a) adversely affect the functioning of Hong Kong as an international financial centre; or
 - (b) cause systemic disruption to the financial system of Hong Kong.
- (8) For the purposes of subsection (5)(c), the following matters are to be regarded as matters of significant public interest—
- (a) whether the occurrence of any significant disruption to the carrying on of the activity is likely to adversely affect the public's confidence in the financial system of Hong Kong; and
 - (b) whether the occurrence of any significant disruption to the carrying on of the activity is likely to adversely affect day-to-day commercial activities in Hong Kong.

6. **Meanings of offering specified stablecoin and related expressions**

- (1) For the purposes of this Ordinance, a person (*person A*) offers a specified stablecoin if person A makes, in the course of business, a communication to another person (*person B*) that presents sufficient information on all of the following matters so as to enable person B to decide whether to acquire the stablecoin from person A—
- (a) the stablecoin to be offered;
 - (b) the terms on which the stablecoin will be offered;

- (c) the channels through which the stablecoin will be offered.
- (2) The communication mentioned in subsection (1) may be made in any form and by any means.
- (3) For the purposes of this Ordinance, without limiting any other meanings that holding out may have, a person (*person C*) is to be regarded as holding out as offering a specified stablecoin if—
 - (a) person C actively markets, whether in Hong Kong or elsewhere, to the public that person C carries on, or purports to carry on, an activity; and
 - (b) the activity, if carried on in Hong Kong, would constitute the offering of a specified stablecoin.
- (4) Subsection (3) applies in relation to a person regardless of—
 - (a) whether the carrying on, or purported carrying on, of an activity mentioned in subsection (3)(a) is actively marketed by the person or another person on the person's behalf; and
 - (b) whether the activity mentioned in subsection (3)(a) is carried on or not.

7. **Meanings of licensed stablecoin activity and related expressions**

For the purposes of this Ordinance—

- (a) a person is licensed for a regulated stablecoin activity if the person is authorized to carry on the activity by a licence granted to the person;
- (b) a reference to a licensed stablecoin activity of a licensee is a reference to a regulated stablecoin activity for which the licensee is licensed;

- (c) a reference to a specified stablecoin connected with a licence is a reference to—
 - (i) a specified stablecoin that is issued by the licensee under the licence; or
 - (ii) a specified stablecoin that is not issued by the licensee under the licence but to which a licensed stablecoin activity of the licensee relates; and
 - (d) a reference to the business activities of a licensee under its licence—
 - (i) for every licensee—is a reference to the licensee’s licensed stablecoin activities; and
 - (ii) for a licensee who has obtained the Monetary Authority’s consent mentioned in section 12(2) of Schedule 2 to carry on a business activity—also includes that business activity.
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Part 2

Regulation of Activities Involving Specified Stablecoins

Division 1—Restrictions on Activities Involving Specified Stablecoins

- 8. Offence related to carrying on regulated stablecoin activity**
- (1) A person must not—
 - (a) carry on a regulated stablecoin activity; or
 - (b) hold the person out as carrying on a regulated stablecoin activity.
 - (2) Subsection (1) does not apply to—
 - (a) a person licensed for the regulated stablecoin activity; or
 - (b) a person, or a person of a class, exempted under section 13(1)(a) in relation to the regulated stablecoin activity.
 - (3) A person who, without reasonable excuse, contravenes subsection (1)(a) or (b) commits an offence and is liable—
 - (a) on summary conviction—to a fine of \$500,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$5,000,000 and to imprisonment for 7 years and, in the case of a continuing offence, to a further fine of \$100,000 for every day during which the offence continues.

9. Offence related to offering specified stablecoin

- (1) A person must not—
 - (a) offer a specified stablecoin; or
 - (b) hold the person out as offering a specified stablecoin.
- (2) Subsection (1) does not apply to a person if—
 - (a) both of the following are fulfilled—
 - (i) the person is a permitted offeror;
 - (ii) the issue of the specified stablecoin is authorized by a licence (whether or not held by the person);
 - (b) all of the following are fulfilled—
 - (i) the person is a permitted offeror;
 - (ii) the issue of the specified stablecoin is not prohibited by section 8;
 - (iii) the person to whom the specified stablecoin is offered is a person, or a person of a class, specified under subsection (3);
 - (c) both of the following are fulfilled—
 - (i) the specified stablecoin is to be issued by the person;
 - (ii) the person is a person, or a person of a class, exempted under section 13(1)(a) in relation to the issue of the specified stablecoin; or
 - (d) the person is a person, or a person of a class, exempted under section 13(3)(a) in relation to the offering of the specified stablecoin.
- (3) The Financial Secretary may, by notice published in the Gazette, specify a person, or a class of persons, for the purposes of subsection (2)(b)(iii).

- (4) A person who, without reasonable excuse, contravenes subsection (1)(a) or (b) commits an offence and is liable—
- (a) on summary conviction—to a fine of \$500,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$5,000,000 and to imprisonment for 7 years and, in the case of a continuing offence, to a further fine of \$100,000 for every day during which the offence continues.

- (5) In this section—

permitted offeror (認許提供者) means—

- (a) a licensee;
- (b) a corporation (as defined by section 1 of Part 2 of Schedule 1 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (*AMLO*)) that is granted a licence under section 53ZRK of the AMLO to provide a VA service (as defined by section 53ZR of the AMLO);
- (c) a licensed corporation (as defined by section 1 of Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571) (*SFO*)) that is licensed for a Type 1 regulated activity under section 116 of the SFO; or
- (d) an authorized institution.

10. Offence related to advertising regulated stablecoin activity and advertising offering of specified stablecoin

- (1) A person (*subject person*) commits an offence if—
- (a) the subject person publishes, or has in the subject person's possession for the purpose of publication—

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- (i) an advertisement in which, to the subject person's knowledge, a person (*advertised person*) holds the advertised person out as carrying on a regulated stablecoin activity; or
 - (ii) a document that, to the subject person's knowledge, contains an advertisement mentioned in subparagraph (i); and
 - (b) to the subject person's knowledge, the advertised person—
 - (i) is not licensed for the regulated stablecoin activity; and
 - (ii) is not a person, or a person of a class, exempted under section 13(1)(b) in relation to the regulated stablecoin activity.
 - (2) A person (*subject person*) commits an offence if—
 - (a) the subject person publishes, or has in the subject person's possession for the purpose of publication—
 - (i) an advertisement in which, to the subject person's knowledge, a person (*advertised person*) holds the advertised person out as offering a specified stablecoin; or
 - (ii) a document that, to the subject person's knowledge, contains an advertisement mentioned in subparagraph (i); and
 - (b) to the subject person's knowledge—
 - (i) the offering of the specified stablecoin does not fall within section 9(2)(a), (b) or (c); and
 - (ii) the advertised person is not a person, or a person of a class, exempted under section 13(3)(b) in relation to the offering of the specified stablecoin.

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- (3) A person who commits an offence under subsection (1) or (2) is liable on conviction to a fine at level 5 and to imprisonment for 6 months.
 - (4) A person does not commit an offence under subsection (1) or (2) merely because the person publishes, or has in the person's possession for the purpose of publication, an advertisement or document if—
 - (a) the advertisement or document was so published, or possessed for the purpose of publication, in the ordinary course of a business (whether or not carried on by the person) the principal purpose of which was receiving and publishing materials provided by others;
 - (b) the contents of the advertisement or document were not, wholly or partly, devised by the person or (if applicable) a related person of the person; and
 - (c) for the purpose of the publication, neither the person nor a related person of the person selects, adds to, modifies or otherwise exercises control over the contents of the advertisement or document.
 - (5) A person does not commit an offence under subsection (1) or (2) merely because the person publishes by way of live broadcast, or has in the person's possession for the purpose of publication by way of live broadcast, an advertisement or document if—
 - (a) the advertisement or document was so published, or possessed for the purpose of publication, in the ordinary course of the business of a broadcaster (whether or not the person was such a broadcaster);
 - (b) the contents of the advertisement or document were not, wholly or partly, devised by the person or (if applicable) a related person of the person;

- (c) for the purpose of the publication, neither the person nor a related person of the person selects, adds to, modifies or otherwise exercises control over the contents of the advertisement or document; and
- (d) in relation to the broadcast, the person acted, or (if the person was not the broadcaster) the person believed and had reasonable grounds to believe that the broadcaster acted, in accordance with—
 - (i) the terms and conditions of the licence (if any) by which the person or the broadcaster became entitled to broadcast as a broadcaster; and
 - (ii) a code of practice or guidelines (however described) that is or are—
 - (A) issued under the Telecommunications Ordinance (Cap. 106) or the Broadcasting Ordinance (Cap. 562); and
 - (B) applicable to the person or the broadcaster as a broadcaster.
- (6) It is a defence to a charge for an offence under subsection (1) or (2) for the person charged to establish that the person took all reasonable steps to avoid the commission of the offence.
- (7) For the purposes of this section, an advertisement or document published by a person on behalf of another person is to be regarded as an advertisement or document published by both persons.
- (8) In this section—

advertisement (廣告) includes every form of advertising, whether made orally or produced mechanically, electronically, optically, manually or by any other means;

document (文件) means a publication (including a newspaper, magazine or journal, a poster or notice, a circular, brochure, pamphlet or handbill, or a prospectus)—

- (a) directed at, or the contents of which are likely to be accessed or read (whether concurrently or otherwise) by, the public; and
- (b) whether produced mechanically, electronically, optically, manually or by any other means;

publish (刊登), in relation to any material (including an advertisement or document), includes issuing, circulating, distributing or otherwise disseminating the material or the contents of the material, whether—

- (a) by a visit in person;
- (b) in a newspaper, magazine, journal or other publication;
- (c) by the display of posters or notices;
- (d) by means of circulars, brochures, pamphlets or handbills;
- (e) by an exhibition of photographs or cinematograph films;
- (f) by way of sound or television broadcasting;
- (g) by way of social media;
- (h) by an information system or other electronic device; or
- (i) by any other means, whether mechanically, electronically, optically, manually or by any other medium, or by way of production or transmission of light, image or sound or any other medium,

and also includes causing or authorizing the material to be published;

related person (有關連人士), in relation to a person who publishes, or has in the person's possession for the purpose of publication, an advertisement or document, in the ordinary course of a business carried on by the person (whether or not the business of a broadcaster), means an officer, employee or agent of the person in the business.

11. Offence involving fraud and deception in relation to specified stablecoin transaction

- (1) A person commits an offence if the person, directly or indirectly, in a transaction involving a specified stablecoin—
 - (a) employs a device, scheme or artifice with intent to defraud or deceive; or
 - (b) engages in an act, practice or course of business that is fraudulent or deceptive, or would operate as a fraud or deception.
- (2) A person who commits an offence under subsection (1) is liable—
 - (a) on summary conviction—to a fine of \$1,000,000 and to imprisonment for 3 years; or
 - (b) on conviction on indictment—to a fine of \$10,000,000 and to imprisonment for 10 years.
- (3) If a person is convicted of an offence under subsection (1), the court before which the person is so convicted may, in addition to any penalty specified in subsection (2), make an order that, for the period (not exceeding 5 years) specified in the order, the person must not directly or indirectly in any way acquire, dispose of, offer, subscribe for or underwrite in Hong Kong, any specified stablecoin without the leave of the court.

- (4) When making an order under subsection (3), the court may take into account any conduct by the person that previously resulted in the person being convicted of an offence in Hong Kong.
- (5) A person who fails to comply with an order made under subsection (3) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.
- (6) In this section—
transaction (交易) includes an offer and invitation (however described).

12. Offence for inducing others to acquire etc. specified stablecoin

- (1) A person commits an offence if the person makes a fraudulent misrepresentation or reckless misrepresentation for the purpose of inducing another person to enter into, or offer to enter into, an agreement to acquire, dispose of, subscribe for or underwrite a specified stablecoin.
- (2) A person who commits an offence under subsection (1) is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 7 years.
- (3) In this section—
fraudulent misrepresentation (欺詐的失實陳述) means—

- (a) a statement that, at the time it is made, is to the knowledge of its maker false, misleading or deceptive;
- (b) a promise that, at the time it is made—
 - (i) its maker has no intention of fulfilling; or
 - (ii) is to the knowledge of its maker not capable of being fulfilled;
- (c) a forecast that, at the time it is made, is to the knowledge of its maker not justified on the facts then known to its maker;
- (d) a statement from which, at the time it is made, its maker intentionally omits a material fact, with the result that the statement is rendered false, misleading or deceptive; or
- (e) a forecast from which, at the time it is made, its maker intentionally omits a material fact, with the result that the forecast is rendered misleading or deceptive;

reckless misrepresentation (罔顧實情的失實陳述) means—

- (a) a statement that, at the time it is made, is false, misleading or deceptive and is made recklessly;
- (b) a promise that, at the time it is made, is not capable of being fulfilled and is made recklessly;
- (c) a forecast that, at the time it is made, is not justified on the facts then known to its maker and is made recklessly;
- (d) a statement from which, at the time it is made, its maker recklessly omits a material fact, with the result that the statement is rendered false, misleading or deceptive; or

- (e) a forecast from which, at the time it is made, its maker recklessly omits a material fact, with the result that the forecast is rendered misleading or deceptive.

13. Power to grant exemption from sections 8, 9 and 10

- (1) The Monetary Authority may, by notice published in the Gazette—
 - (a) exempt a person, or a class of persons, from section 8(1) in relation to a regulated stablecoin activity; and
 - (b) if the Monetary Authority considers it appropriate, also exempt that person, or class of persons, for the purposes of section 10(1)(b)(ii) in relation to the regulated stablecoin activity to which the exemption from section 8(1) relates.
- (2) The Monetary Authority must not exempt a person, or a class of persons, under subsection (1) in relation to a regulated stablecoin activity unless the Monetary Authority is satisfied that the risks posed by the carrying on of the regulated stablecoin activity by the person, or class of persons, to both of the following are immaterial—
 - (a) the holders or potential holders of any specified stablecoins to which the activity relates;
 - (b) the monetary or financial system of Hong Kong.
- (3) The Monetary Authority may, by notice published in the Gazette—
 - (a) exempt a person, or a class of persons, from section 9(1) in relation to the offering of a specified stablecoin; and

- (b) if the Monetary Authority considers it appropriate, also exempt that person, or class of persons, for the purposes of section 10(2)(b)(ii) in relation to the offering of the specified stablecoin to which the exemption from section 9(1) relates.
- (4) The Monetary Authority must not exempt a person, or a class of persons, under subsection (3) in relation to the offering of a specified stablecoin unless the Monetary Authority is satisfied—
 - (a) that the risks posed by the offering of the specified stablecoin by the person, or class of persons, to both of the following are immaterial—
 - (i) the potential holders of the specified stablecoin;
 - (ii) the monetary or financial system of Hong Kong; and
 - (b) that—
 - (i) the issue of the specified stablecoin is authorized by a licence;
 - (ii) the issue of the specified stablecoin is not prohibited by section 8 and the person to whom the specified stablecoin is offered is a person, or a person of a class, specified under section 9(3); or
 - (iii) the specified stablecoin is to be issued by the person, or class of persons, under an exemption granted under subsection (1) in relation to the issue of the specified stablecoin.
- (5) An exemption mentioned in subsection (1) or (3) is subject to any condition specified in the notice.
- (6) The Monetary Authority may, by notice published in the Gazette—

- (a) revoke an exemption mentioned in subsection (1) or (3);
- (b) vary, or add to, a condition of the exemption; or
- (c) revoke a condition of the exemption.

Division 2—Licensing

Subdivision 1—Grant of Licence

14. Application for licence

- (1) An application to the Monetary Authority for a licence to carry on a regulated stablecoin activity may be made by—
 - (a) a company; or
 - (b) an authorized institution incorporated outside Hong Kong.
- (2) The application must—
 - (a) be made in the specified form; and
 - (b) contain the address of the applicant’s principal place of business in Hong Kong, a postal address and an electronic mail address.
- (3) The Monetary Authority may, by written notice, require the applicant to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for determining the application.
- (4) If the information or document is not provided, the Monetary Authority may—
 - (a) refuse to process the application further; or
 - (b) reject the application.

15. Determination of application

- (1) The Monetary Authority may determine an application for a licence made by a person (*applicant*) under section 14 by—
 - (a) granting the licence to the applicant to authorize the applicant to carry on any regulated stablecoin activity for which the application is made; or
 - (b) refusing to grant the licence.
- (2) The Monetary Authority may grant a licence without conditions or subject to any condition attached under section 17.
- (3) However, the Monetary Authority must not grant a licence unless the Monetary Authority is satisfied that, if the licence is granted, the minimum criteria applicable in relation to the licensee of the licence would be fulfilled.
- (4) If the Monetary Authority refuses to grant a licence, the Monetary Authority must give a written notice to the applicant stating—
 - (a) the decision to refuse to grant the licence; and
 - (b) the ground for the refusal.
- (5) If the Monetary Authority grants a licence, the Monetary Authority must—
 - (a) give a written notice to the applicant stating the decision to grant the licence; and
 - (b) specify in the notice—
 - (i) the licence number; and
 - (ii) the date on which the licence is to take effect.

16. Validity of licence

A licence takes effect on the date specified under section 15(5)(b)(ii) and remains in force until it is revoked under section 28 or 29.

Subdivision 2—Licence Conditions**17. Monetary Authority may attach conditions to licence**

- (1) The Monetary Authority—
 - (a) subject to section 18, may, on the grant of a licence, attach to the licence any condition that the Monetary Authority considers appropriate; and
 - (b) subject to section 19, may, at any time after the grant of a licence—
 - (i) attach to the licence any new condition that the Monetary Authority considers appropriate; or
 - (ii) amend a condition attached under subparagraph (i) or paragraph (a), including such a condition as amended under this subparagraph, as the Monetary Authority considers appropriate.
- (2) Without limiting subsection (1), a condition attached under that subsection may—
 - (a) impose requirements or restrictions, either generally or in a particular case, on the business activities of the licensee under the licence;
 - (b) impose requirements for the administration, maintenance, management, composition, use and regulation of reserve assets in respect of specified stablecoins issued under the licence, including requirements relating to measures for protecting the reserve assets;

- (c) impose requirements for the licensee to maintain additional financial resources, including a level of paid-up share capital greater than that set out in the minimum criteria applicable in relation to the licensee;
 - (d) require the licensee to cease to, on and after the date or occurrence of the event specified by the Monetary Authority, carry on any of the business activities of the licensee under the licence;
 - (e) impose requirements as to the accounts of the licensee, including a requirement to disclose to the Monetary Authority or the public—
 - (i) all or part of those accounts; or
 - (ii) any information relating to any matter in the accounts; or
 - (f) impose restrictions, either generally or in a particular case, as to the maximum value of specified stablecoins that may be issued under the licence.
- (3) A licensee who contravenes a condition attached under subsection (1) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

- 18. Procedural requirements for attaching conditions to new licence**
- (1) This section applies to the attachment of a condition to a licence under section 17(1)(a).
 - (2) The Monetary Authority must, before deciding whether to attach a condition—
 - (a) give a written notice to the applicant for the licence stating—
 - (i) the Monetary Authority’s intention to attach the condition;
 - (ii) the condition to be attached; and
 - (iii) the ground for attaching the condition;
 - (b) specify in the notice a period of not less than 14 days after the day on which the notice is given within which the applicant may make written representations to the Monetary Authority as to why the ground for attaching the condition has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).
 - (3) If the Monetary Authority decides to attach a condition to the licence, the Monetary Authority must, when the licence is granted, give a written notice to the applicant for the licence stating—
 - (a) the condition attached;
 - (b) the ground for attaching the condition; and
 - (c) the date on which the condition is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.

19. Procedural requirements for attaching conditions to existing licence or amending existing conditions

- (1) This section applies to the attachment of a condition to a licence, or the amendment of a condition attached to a licence, under section 17(1)(b).
- (2) The Monetary Authority must, before deciding whether to attach or amend a condition—
 - (a) give a written notice to the licensee stating—
 - (i) the Monetary Authority’s intention to attach or amend the condition;
 - (ii) the condition to be attached or amended; and
 - (iii) the ground for attaching or amending the condition;
 - (b) specify in the notice a period of not less than 14 days after the day on which the notice is given within which the licensee may make written representations to the Monetary Authority as to why the ground for attaching or amending the condition has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).
- (3) Subsection (2) does not apply in respect of a condition if—
 - (a) the condition falls within the description of section 17(2)(d); and
 - (b) the Monetary Authority considers that it is necessary in the interests of the holders or potential holders of any specified stablecoins connected with the licence to make the licence subject to the condition, or amended condition, immediately.

- (4) If the Monetary Authority decides to attach or amend a condition, the Monetary Authority must give a written notice to the licensee stating—
 - (a) the condition attached, or the condition as amended;
 - (b) the ground for attaching or amending the condition; and
 - (c) the date on which the condition attached, or the condition as amended, is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.

20. Cancellation of licence conditions

The Monetary Authority may cancel a condition attached to a licence under section 17(1)(a) or (b) by giving written notice of the cancellation to the licensee.

Subdivision 3—Register of Licensees

21. Register of licensees

- (1) The Monetary Authority must maintain a register of licensees in the form that the Monetary Authority considers appropriate.
- (2) The register must contain, in respect of each licensee—
 - (a) the licensee's name;
 - (b) the address of the licensee's principal place of business in Hong Kong;
 - (c) the licensee's electronic mail address;
 - (d) the licence number of the licence granted to the licensee; and
 - (e) the date on which the licence takes effect.

- (3) The register may also contain any other particulars of a licensee that the Monetary Authority considers appropriate to be contained in the register.
- (4) If the licence granted to a licensee is revoked under section 28 or 29, the Monetary Authority must, as soon as practicable after the revocation takes effect, remove from the register the entry relating to the licensee.
- (5) If the licence granted to a licensee is suspended under section 32 or 33, the Monetary Authority must—
 - (a) as soon as practicable after the suspension takes effect, make a notation that the licence has been so suspended in the register against the entry relating to the licensee; and
 - (b) ensure that the notation remains on the register until the suspension ceases to have effect.
- (6) The register—
 - (a) may be maintained in a documentary form; or
 - (b) may be maintained by recording the information to be contained in the register otherwise than in a documentary form, as long as the information is capable of being reproduced in a legible form.
- (7) The Monetary Authority must make the register available for inspection by the public in the form and manner determined by the Monetary Authority.
- (8) For the purposes of this section—
 - (a) the address of a licensee’s principal place of business in Hong Kong is—
 - (i) subject to subparagraph (ii), the address of the licensee’s principal place of business in Hong Kong contained in the application for the licence under section 14(2)(b); or

- (ii) if a notice of change of address of the licensee's principal place of business in Hong Kong is given by the licensee under section 26(1), the last address of the licensee's principal place of business in Hong Kong as changed; and
- (b) a licensee's electronic mail address is—
 - (i) subject to subparagraph (ii), the electronic mail address contained in the application for the licence under section 14(2)(b); or
 - (ii) if a notice of change of electronic mail address is given by the licensee under section 26(1), the last electronic mail address as changed.

Subdivision 4—Duties of Licensee

22. Duty to pay licence fee

- (1) A licensee must pay to the Monetary Authority a licence fee of an amount specified in Schedule 3—
 - (a) within 14 days after the date specified under section 15(5)(b)(ii); and
 - (b) annually on or before each anniversary of that date.
- (2) A licence fee received under subsection (1) must be paid into the Exchange Fund.

23. Duty to display licence number

- (1) A licensee must ensure that the licence number of its licence is clearly stated on—
 - (a) any advertising material relating to a licensed stablecoin activity of the licensee, published by the licensee or by another person for the licensee; and

- (b) the consumer-facing interface of any software application supporting a licensed stablecoin activity of the licensee, provided by the licensee or by another person for the licensee.
- (2) A licensee who contravenes subsection (1) commits an offence and is liable on conviction to a fine at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
- (3) In this section—
publish (刊登) has the meaning given by section 10(8).

24. Duty to fulfil minimum criteria

A licensee must ensure that the minimum criteria applicable in relation to the licensee are fulfilled.

25. Duty to report inability to meet obligations etc.

- (1) As soon as practicable after it appears to a licensee that it is likely to become unable to meet its obligations, is insolvent or is about to suspend payment, it must—
 - (a) report the matter to the Monetary Authority; and
 - (b) provide the Monetary Authority with all relevant facts, circumstances and information.
- (2) A licensee who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or

- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

26. Duty to report change of address

- (1) If, after a licence has been granted to a licensee, there is a change of an address given under this section or section 14(2)(b), the licensee must, within 7 days after the day on which the change takes place, give a written notice of the change to the Monetary Authority.
- (2) A licensee who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

27. Duty to report change of circumstances

- (1) This section applies if it appears to a licensee that there is, or is likely to be, a material change in the circumstances that is relevant to—
 - (a) the licensee's ongoing fulfilment of any of the minimum criteria applicable in relation to the licensee;
 - (b) the licensee's ongoing compliance with any of the conditions attached to its licence under section 17(1)(a) or (b); or

- (c) the licensee's carrying on of any of its business activities under its licence.
- (2) The licensee must—
- (a) for a material change that has taken place—provide the Monetary Authority with details of the change in the specified form as soon as practicable after it becomes aware of the change; or
 - (b) for a material change that is likely to take place—provide the Monetary Authority with details of the likely change in the specified form as soon as practicable after it appears to the licensee that the change is likely to take place.
- (3) A licensee who, without reasonable excuse, contravenes subsection (2) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$25,000 for every day during which the offence continues.

Subdivision 5—Revocation and Suspension of Licence

28. Revocation of licence by Monetary Authority

- (1) If the Monetary Authority is satisfied that a ground for revoking a licence specified in Schedule 4 exists, the Monetary Authority may—
- (a) give a written notice to the licensee stating—

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- (i) the Monetary Authority's intention to revoke the licence; and
 - (ii) the ground for the revocation; and
 - (b) specify in the notice a period within which the licensee may make written representations to the Monetary Authority as to why the ground stated in the notice does not exist.
- (2) The Monetary Authority may, after considering any representation made for the purposes of subsection (1)(b), decide whether or not to revoke the licence.
- (3) If the Monetary Authority decides to revoke a licence under this section, the Monetary Authority must give a written notice (*revocation notice*) to the licensee stating—
- (a) the fact that the Monetary Authority has decided to revoke the licence;
 - (b) the ground for the revocation; and
 - (c) the Monetary Authority's direction on the handling of the reserve assets in respect of a specified stablecoin issued under the licence before the revocation, whether or not subject to any condition attached under section 31.
- (4) After giving a revocation notice under subsection (3), the Monetary Authority must, as soon as practicable after the earliest of the following days, give a further written notice specifying the date on which, or the event on the occurrence of which, the revocation is to take effect (*notice of revocation date*)—

- (a) the day on which the licensee has given a written notice to the Monetary Authority stating that the licensee does not intend to refer the decision to revoke the licence to the Tribunal for review under section 140;
 - (b) the day on which the period within which, under that section, the licensee may refer the decision to the Tribunal for review has expired without such a referral having been made;
 - (c) (if the licensee referred the decision to the Tribunal for review under that section) the day on which the Monetary Authority becomes aware that—
 - (i) the decision was confirmed by the Tribunal under section 141(1)(a); or
 - (ii) the referral was abandoned or withdrawn.
- (5) The licence is revoked on the date, or the occurrence of the event, specified in the notice of revocation date.

29. **Revocation of licence on winding up etc.**

- (1) A licence granted to a licensee is revoked if the licensee is wound up, is deregistered or struck off the Companies Register, or is otherwise dissolved.
- (2) In this section—

Companies Register (公司登記冊) has the meaning given by section 2(1) of the Companies Ordinance (Cap. 622).

30. **Effect of revocation**

- (1) On the revocation of a licence under section 28, the person who held the licence immediately before the revocation (*former licensee*)—

- (a) must comply with the direction mentioned in section 28(3)(c) (as may be amended under section 31(1)(b)(i)); and
 - (b) must comply with any condition attached under section 31(1)(a) or (b)(ii) (as may be amended under section 31(1)(b)(iii)).
- (2) Subsection (1) does not affect the enforcement or other maintenance of a right or interest—
- (a) by another person against the former licensee; or
 - (b) by the former licensee against another person.
- (3) A former licensee who contravenes subsection (1)(a) or (b) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 5 years.

31. Further provisions on direction under section 28(3)(c)

- (1) The Monetary Authority—
- (a) may, at the time of giving a direction under section 28(3)(c), attach to the direction any condition that the Monetary Authority considers appropriate; and
 - (b) may, at any time after giving such a direction—
 - (i) amend or revoke the direction;
 - (ii) attach to the direction any new condition that the Monetary Authority considers appropriate; or

- (iii) amend or cancel a condition attached under subparagraph (ii) or paragraph (a), including such a condition as amended under this subparagraph, as the Monetary Authority considers appropriate.
- (2) The Monetary Authority may, by written notice, require the person to whom such a direction is or is to be given—
- (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for ascertaining whether the person complies, or is capable of complying, with the direction or a condition attached or to be attached under subsection (1); and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (3) A person who, without reasonable excuse, fails to comply with a requirement imposed under subsection (2) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$25,000 for every day during which the offence continues.

32. Temporary suspension of licence

- (1) The Monetary Authority may, by written notice, suspend a licence for a period not exceeding 14 days if—

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- (a) the Monetary Authority is satisfied that a ground for revoking a licence specified in Schedule 4 exists; and
 - (b) the Monetary Authority considers that it is necessary in the interests of the holders or potential holders of any specified stablecoins connected with the licence for urgent actions to be taken.
 - (2) The notice must state—
 - (a) the fact that the licence is or is to be suspended under this section on the date specified in the notice;
 - (b) the date on which, or the event on the occurrence of which, the suspension ceases; and
 - (c) the ground for the suspension.
 - (3) The licence is suspended under this section on the date specified under subsection (2)(a).
 - (4) The notice may be accompanied by another notice (*accompanying notice*) stating either or both of the following matters—
 - (a) the Monetary Authority is considering whether to revoke the licence under section 28;
 - (b) the Monetary Authority is considering whether to suspend the licence under section 33.
 - (5) The accompanying notice must—
 - (a) if the matter mentioned in subsection (4)(a) is stated in the notice—inform the licensee of the provisions in section 28(1) and (2); and
 - (b) if the matter mentioned in subsection (4)(b) is stated in the notice—inform the licensee of the provisions in section 33(1) and (2).
 - (6) A suspension under this section ceases to have effect on the earlier of the following—

- (a) the expiry of a period of 14 days beginning on the date specified under subsection (2)(a);
- (b) the date, or the occurrence of the event, mentioned in subsection (2)(b).

33. Suspension of licence

- (1) If the Monetary Authority is satisfied that a ground for revoking a licence specified in Schedule 4 exists, the Monetary Authority may—
 - (a) give a written notice to the licensee stating—
 - (i) the Monetary Authority’s intention to suspend the licence for a period not exceeding 6 months; and
 - (ii) the ground for the suspension; and
 - (b) specify in the notice a period of not less than 14 days after the day on which the notice is given within which the licensee may make written representations to the Monetary Authority as to why the ground stated in the notice does not exist.
- (2) The Monetary Authority may, after considering any representation made for the purposes of subsection (1)(b), decide whether or not to suspend the licence.
- (3) If the Monetary Authority decides to suspend a licence under this section, the Monetary Authority must give a written notice (*suspension notice*) to the licensee stating—
 - (a) the fact that the licence is or is to be suspended under this section on the date specified in the notice;
 - (b) the date on which, or the event on the occurrence of which, the suspension ceases;
 - (c) the ground for the suspension; and

- (d) the Monetary Authority's direction on the handling of the reserve assets in respect of a specified stablecoin issued under the licence before the suspension, whether or not subject to any condition attached under section 35.
- (4) The licence is suspended under this section on the date specified under subsection (3)(a).
- (5) A suspension under this section ceases to have effect on the earlier of the following—
 - (a) the expiry of a period of 6 months beginning on the date specified under subsection (3)(a);
 - (b) the date, or the occurrence of the event, mentioned in subsection (3)(b).
- (6) Before a suspension under this section ceases to have effect, the Monetary Authority may, by written notice, renew the suspension for a period not exceeding 6 months beginning immediately after the day on which the suspension would otherwise cease to have effect.
- (7) If the Monetary Authority renews a suspension under subsection (6)—
 - (a) the decision to renew is to be regarded as a decision mentioned in subsection (3);
 - (b) the Monetary Authority must give a suspension notice to the licensee under subsection (3); and
 - (c) subsections (4), (5) and (6) apply in relation to the renewed suspension accordingly.

34. Effect of suspension

- (1) During the period when a licence is suspended under section 32 or 33 (*suspension period*), the licensee—

- (a) must not, and must cease to, carry on its business activities under its licence; and
- (b) for a suspension under section 33—
 - (i) must comply with the direction mentioned in section 33(3)(d) (as may be amended under section 35(1)(b)(i)); and
 - (ii) must comply with any condition attached under section 35(1)(a) or (b)(ii) (as may be amended under section 35(1)(b)(iii)).
- (2) Unless otherwise stated in the notice under section 32(1) or 33(3), the following provisions continue to apply in relation to the licensee during the suspension period as if the licence were not suspended—
 - (a) section 22;
 - (b) Division 4;
 - (c) any other provision of this Ordinance under which duties are imposed on the licensee.
- (3) Subsection (1) does not affect the enforcement or other maintenance of a right or interest—
 - (a) by another person against the licensee; or
 - (b) by the licensee against another person.
- (4) A licensee who contravenes subsection (1)(a) or (b)(i) or (ii) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 5 years.

35. Further provisions on direction under section 33(3)(d)

- (1) The Monetary Authority—

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- (a) may, at the time of giving a direction under section 33(3)(d), attach to the direction any condition that the Monetary Authority considers appropriate; and
 - (b) may, at any time after giving such a direction—
 - (i) amend or revoke the direction;
 - (ii) attach to the direction any new condition that the Monetary Authority considers appropriate; or
 - (iii) amend or cancel a condition attached under subparagraph (ii) or paragraph (a), including such a condition as amended under this subparagraph, as the Monetary Authority considers appropriate.
- (2) The Monetary Authority may, by written notice, require the licensee concerned—
- (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for ascertaining whether the licensee complies, or is capable of complying, with the direction or a condition attached or to be attached under subsection (1); and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (3) A licensee who, without reasonable excuse, fails to comply with a requirement imposed under subsection (2) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or

- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$25,000 for every day during which the offence continues.

Division 3—Ownership and Management of Licensee

Subdivision 1—Preliminary

36. Application of this Division

- (1) Subdivisions 2, 3, 4, 5, 6, 8, 9 and 10 apply in relation to a licensee that is not an authorized institution.
- (2) Section 63 and Subdivisions 7, 8 and 10 apply in relation to a licensee that is an authorized institution.

Subdivision 2—Controller

37. Monetary Authority’s consent required for becoming controller

- (1) A person must not become a controller of a licensee unless the person becomes such a controller in the following circumstances—
 - (a) the person becomes such a controller within 12 months after the day on which a notice consenting to the person becoming such a controller (*consent notice*) is given to the person under section 38(2)(a);
 - (b) if a notice objecting to the person becoming such a controller (*objection notice*) is given to the person under section 38(2)(b) and the decision to give the objection notice is referred to the Tribunal for review under section 140—the person becomes such a controller within 12 months after the day on which

the decision is set aside by the Tribunal under section 141(1)(a); or

- (c) if neither a consent notice nor an objection notice is given within the period specified in section 38(4)—the person becomes such a controller within 12 months after the expiry of the period.
- (2) A person who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 5 years.
 - (3) It is a defence for a person charged with an offence under subsection (2) to establish that the person did not know that the acts or circumstances because of which the person became such a controller were such as to have that effect.

38. Consent for becoming controller under section 37

- (1) A person who is to become a controller of a licensee may apply in writing to the Monetary Authority for the Monetary Authority's consent for the person to become such a controller for the purposes of section 37.
- (2) On receiving an application under subsection (1), the Monetary Authority may, within the period specified in subsection (4)—
 - (a) by written notice, give consent for the person to become such a controller, whether or not subject to any condition attached under section 40; or
 - (b) subject to section 41, by written notice, object to the person becoming such a controller.

- (3) The Monetary Authority may, by written notice, require the person—
 - (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for deciding whether to give a consent under subsection (2); and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (4) Subject to subsection (5), the period is—
 - (a) a period of 3 months beginning on the day on which the Monetary Authority receives the application; or
 - (b) if the person is required under subsection (3) to provide any information or document—a period of 3 months beginning on the day on which the Monetary Authority receives the information or document.
- (5) If the person is given a preliminary notice under section 40(3) or 41(3), the period mentioned in subsection (4)(a) or (b) does not expire, if it would otherwise do so, until 14 days after the expiry of the period within which the person may make representations under section 40 or 41.

39. Person who becomes controller in other circumstances

- (1) This section applies to a person who—
 - (a) has become a controller of a licensee in circumstances other than those described in section 37(1);
 - (b) did not know that the acts or circumstances because of which the person became such a controller were such as to have that effect; and

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- (c) subsequently becomes aware of the fact that the person has become such a controller.
- (2) The person must, within 14 days after the day on which the person becomes aware of the fact, apply in writing to the Monetary Authority for the Monetary Authority's consent for the person to continue to be such a controller.
- (3) On receiving an application under subsection (2), the Monetary Authority may, within the period specified in subsection (5)—
- (a) by written notice, give consent for the person to continue to be such a controller, whether or not subject to any condition attached under section 40; or
- (b) subject to section 41, by written notice, object to the person continuing to be such a controller.
- (4) The Monetary Authority may, by written notice, require the person—
- (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for deciding whether to give a consent under subsection (3); and
- (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (5) Subject to subsection (6), the period is—
- (a) a period of 3 months beginning on the day on which the Monetary Authority receives the application; or
- (b) if the person is required under subsection (4) to provide any information or document—a period of 3 months beginning on the day on which the Monetary Authority receives the information or document.

- (6) If the person is given a preliminary notice under section 40(3) or 41(3), the period mentioned in subsection (5)(a) or (b) does not expire, if it would otherwise do so, until 14 days after the expiry of the period within which the person may make representations under section 40 or 41.
- (7) A person who contravenes subsection (2) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

40. Conditions for consent for controller

- (1) The Monetary Authority—
 - (a) may, at the time of giving consent for a person under section 38(2)(a) or 39(3)(a), attach to the consent any condition that the Monetary Authority considers appropriate; and
 - (b) may, at any time after giving such a consent—
 - (i) attach to the consent any new condition that the Monetary Authority considers appropriate; or
 - (ii) amend a condition attached under subparagraph (i) or paragraph (a), including such a condition as amended under this subparagraph, as the Monetary Authority considers appropriate.
- (2) Without limiting subsection (1), the Monetary Authority may attach to such a consent a condition that the

Monetary Authority considers appropriate to safeguard the interests of the holders or potential holders of any specified stablecoins connected with the licence.

- (3) The Monetary Authority must, before deciding whether to attach or amend a condition under subsection (1)—
 - (a) give a written notice (*preliminary notice*) to the person stating—
 - (i) the Monetary Authority’s intention to attach or amend the condition;
 - (ii) the condition to be attached or amended; and
 - (iii) the ground for attaching or amending the condition;
 - (b) state in the preliminary notice that the person may, within 1 month after the day on which the preliminary notice is given, make written representations to the Monetary Authority as to why the ground for attaching or amending the condition has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).
- (4) The Monetary Authority must not attach or amend a condition under subsection (1) unless—
 - (a) the attachment or amendment is stated in a preliminary notice given to the person under subsection (3); or
 - (b) the person consents to the condition to be attached or amended.
- (5) If the Monetary Authority decides to attach or amend a condition under subsection (1), the Monetary Authority must give a written notice to the person stating—

- (a) the condition attached, or the condition as amended;
 - (b) the ground for attaching or amending the condition; and
 - (c) the date on which the condition attached, or the condition as amended, is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.
- (6) The Monetary Authority may cancel a condition attached under subsection (1) by giving written notice of the cancellation to the person.
- (7) A person who contravenes a condition attached under subsection (1) to a consent given for the person commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
- 41. Supplementary provisions for objection notice given under section 38 or 39**
- (1) This section applies in relation to a notice to be given to a person under section 38(2)(b) or 39(3)(b) objecting to the person becoming or continuing to be a controller of a licensee (*objection notice*).
 - (2) The Monetary Authority may give an objection notice to the person if the Monetary Authority considers that any of the following matters (*specified matters*) is satisfied—

- (a) that the person is not a fit and proper person to become or continue to be such a controller;
- (b) that the interests of the holders or potential holders of any specified stablecoins connected with the licence, would be, or are, in any manner threatened by the person becoming or continuing to be such a controller;
- (c) if the person is not currently such a controller, having regard to the person's likely influence on the licensee if the person were to become such a controller—
 - (i) (if the Monetary Authority is of the opinion that the licensee is currently carrying on its business prudently) that the licensee is not likely to continue so carrying on its business; or
 - (ii) (if the Monetary Authority is of any other opinion) that the person is not likely to take adequate remedial action to ensure that the licensee will carry on its business prudently;
- (d) if the person is currently such a controller, having regard to the person's influence on the licensee as such a controller—
 - (i) (if the Monetary Authority is of the opinion that the licensee was carrying on its business prudently before the person became such a controller) that the licensee is not, and is not likely to continue, so carrying on its business; or
 - (ii) (if the Monetary Authority is of any other opinion) that the person is not taking, or is not likely to take, adequate remedial action to ensure that the licensee will carry on its business prudently.

- (3) The Monetary Authority must, before giving an objection notice to the person—
 - (a) give a written notice (*preliminary notice*) to the person stating—
 - (i) the Monetary Authority's intention to give an objection notice to the person; and
 - (ii) the specified matter that the Monetary Authority considers is satisfied;
 - (b) state in the preliminary notice that the person may, within 1 month after the day on which the preliminary notice is given, make written representations to the Monetary Authority as to why an objection notice should not be given; and
 - (c) consider any representation made for the purposes of paragraph (b).
- (4) If the Monetary Authority decides to give an objection notice, the Monetary Authority must state in the objection notice the specified matter that the Monetary Authority considers is satisfied.
- (5) For the purposes of subsection (4), the Monetary Authority may only state a specified matter that was stated in the preliminary notice.
- (6) The Monetary Authority is not obliged to disclose to any person the particulars of anything that the Monetary Authority has considered in giving a preliminary notice or objection notice.

42. Objection to existing controller

- (1) This section applies in relation to a person who—
 - (a) has become a controller of a licensee in the circumstances described in section 37(1); or

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- (b) has become a controller of a licensee in circumstances other than those described in section 37(1) but the Monetary Authority—
- (i) has given a consent under section 39(3)(a) for the person to continue to be such a controller; or
 - (ii) has not objected under section 39(3)(b) to the person continuing to be such a controller within the period specified in section 39(5).
- (2) The Monetary Authority may, by written notice (***objection notice***), object to the person continuing to be such a controller if the Monetary Authority considers that any of the following matters (***specified matters***) is satisfied—
- (a) that the person is not or is no longer a fit and proper person to be such a controller;
 - (b) that the interests of the holders or potential holders of any specified stablecoins connected with the licence may in any manner be threatened by the person being such a controller;
 - (c) that the person has contravened a condition attached to the consent under section 40.
- (3) The Monetary Authority must, before giving an objection notice to the person—
- (a) give a written notice (***preliminary notice***) to the person stating—
 - (i) the Monetary Authority's intention to give an objection notice to the person; and
 - (ii) the specified matter that the Monetary Authority considers is satisfied;

- (b) state in the preliminary notice that the person may, within 1 month after the day on which the preliminary notice is given, make written representations to the Monetary Authority as to why an objection notice should not be given; and
 - (c) consider any representation made for the purposes of paragraph (b).
- (4) If the Monetary Authority decides to give an objection notice, the Monetary Authority must state in the objection notice the specified matter that the Monetary Authority considers is satisfied.
 - (5) For the purposes of subsection (4), the Monetary Authority may only state a specified matter that was stated in the preliminary notice.
 - (6) The Monetary Authority is not obliged to disclose to any person the particulars of anything that the Monetary Authority has considered in giving a preliminary notice or objection notice.

43. Licensee to notify Monetary Authority of change of controller

- (1) If a licensee becomes aware that a person has become, or has ceased to be, a controller of the licensee, the licensee must, within 14 days after the day on which the licensee becomes aware of that fact, give a written notice of that fact to the Monetary Authority.
- (2) A licensee who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or

- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$25,000 for every day during which the offence continues.

Subdivision 3—Restrictions when Objection Notice is Given to Controller

44. Interpretation of Subdivision 3

- (1) In this Subdivision—

specified controller (指明控權人) means—

- (a) a majority shareholder controller; or
 - (b) a minority shareholder controller.
- (2) For the purposes of this Subdivision, if a person becomes a specified controller of a licensee by acquiring shares in the licensee or in another body corporate, or because of the acquisition of shares in the licensee or in another body corporate by the person's associate, the shares held by the person or any of the person's associates that fall within the following descriptions are specified shares of the person—
 - (a) that are so acquired by the person or the person's associates; and
 - (b) that were not so held by the person or the person's associates immediately before the person becomes such a controller.

45. Prohibition regarding indirect controller

- (1) For the purposes of this section, a person is a prohibited person in respect of a licensee if—

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- (a) the person has been given a notice under section 38(2)(b), 39(3)(b) or 42(2) objecting to the person becoming or continuing to be an indirect controller of the licensee; and
 - (b) either—
 - (i) the period within which, under section 140, the person may refer the Monetary Authority's decision to give the notice to the Tribunal for review has expired without such a referral having been made; or
 - (ii) the person referred the decision to the Tribunal for review under section 140 but—
 - (A) the decision was confirmed by the Tribunal under section 141(1)(a); or
 - (B) the referral was abandoned or withdrawn.
- (2) A person who is a prohibited person in respect of a licensee—
- (a) must not act or continue to act as an indirect controller of the licensee; and
 - (b) must not give, or must cease to give, as such a controller any directions or instructions to—
 - (i) the directors of the licensee; or
 - (ii) the directors of another body corporate of which the licensee is a subsidiary.
- (3) Subsection (4) applies if—
- (a) a person who is a prohibited person in respect of a licensee gives (whether directly or indirectly) any directions or instructions that are, or might reasonably be construed as being, prohibited from being so given under subsection (2)(b) to—

- (i) a director of the licensee; or
 - (ii) a director of another body corporate of which the licensee is a subsidiary; and
 - (b) the director knows, or ought reasonably to know, that the person is a prohibited person in respect of the licensee.
- (4) The director must, on being given the directions or instructions, notify the Monetary Authority of—
- (a) the directions or instructions; and
 - (b) the circumstances in which the directions or instructions are given to the director.
- (5) A person who contravenes subsection (2) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 5 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
- (6) A director who, without reasonable excuse, contravenes subsection (4) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

46. Restriction regarding specified shares in licensee

- (1) This section applies to a specified controller of a licensee if—
- (a) the person has become such a specified controller in circumstances other than those described in section 37(1);
 - (b) the person is a person to whom section 39 applies but has not made an application under section 39(2);
 - (c) the person has been given a notice under section 39(3)(b) and—
 - (i) the period within which, under section 140, the person may refer the Monetary Authority's decision to give the notice to the Tribunal for review has expired without such a referral having been made; or
 - (ii) the person referred the decision to the Tribunal for review under section 140 but—
 - (A) the decision was confirmed by the Tribunal under section 141(1)(a); or
 - (B) the referral was abandoned or withdrawn; or
 - (d) the person has been given a notice under section 42(2) and continues to be such a specified controller after—
 - (i) the period within which, under section 140, the person may refer the Monetary Authority's decision to give the notice to the Tribunal for review has expired without such a referral having been made; or

- (ii) the person referred the decision to the Tribunal for review under section 140 but—
 - (A) the decision was confirmed by the Tribunal under section 141(1)(a); or
 - (B) the referral was abandoned or withdrawn.
- (2) The Monetary Authority may, by written notice, direct that the specified shares held by the specified controller be subject to one or more of the following restrictions until further notice—
 - (a) any transfer of those shares or, if those shares are unissued shares, any transfer of the right to be issued with those shares, and any issue of those shares, are void;
 - (b) no voting rights carried by those shares are exercisable;
 - (c) no further shares are to be issued in right of those shares or pursuant to any offer made to the holder of those shares;
 - (d) except in a liquidation, no payment is to be made of any sums due from the licensee, or other body corporate to which the shares relate, on the shares, whether in respect of capital or otherwise.
- (3) The notice under subsection (2) must be given to—
 - (a) the licensee or the other body corporate to which the specified shares relate; and
 - (b) if the notice relates to specified shares held by an associate of the specified controller, that associate.

47. Revocation of notice in case of person mentioned in section 46(1)(b)

- (1) This section applies if a notice (*restriction notice*) has been given under section 46(2) in respect of the specified shares held by a specified controller of a licensee who is a person mentioned in section 46(1)(b).
- (2) The specified controller may, within 14 days after the restriction notice is given, make an application under section 39(2) (*section 39(2) application*) to the Monetary Authority as if it were an application made for the purposes of that section.
- (3) If a section 39(2) application is made, section 39 applies to the application as if it were made under section 39(2).
- (4) The restriction notice is revoked if, after the specified controller makes a section 39(2) application—
 - (a) the Monetary Authority gives the specified controller a notice under section 39(3)(a) within the permitted notice period;
 - (b) the Monetary Authority does not give the specified controller a notice under section 39(3)(b) within the permitted notice period; or
 - (c) the Monetary Authority gives the specified controller a notice under section 39(3)(b) within the permitted notice period but the specified controller refers the Monetary Authority's decision to give the notice to the Tribunal for review under section 140 and the decision is set aside by the Tribunal under section 141(1)(a).
- (5) If a restriction notice is revoked under subsection (4), the Monetary Authority must, as soon as practicable after the revocation, give a written notice of the revocation to—

- (a) the licensee or the other body corporate to which the specified shares relate; and
- (b) if the notice relates to specified shares held by an associate of the specified controller, that associate.

(6) In this section—

permitted notice period (准發通知期), in relation to the giving of a notice under section 39(3)(a) or (b), means the period within which the Monetary Authority may give such a notice under that section.

48. Effect of restriction mentioned in section 46(2)

- (1) If any specified shares are subject to a restriction mentioned in section 46(2)(a), the following agreements are void—
 - (a) an agreement to transfer the shares;
 - (b) if those shares are unissued shares, an agreement to transfer the right to be issued with those shares.
- (2) If any specified shares are subject to a restriction mentioned in section 46(2)(c), an agreement to transfer any right to be issued with other shares in right of those shares is void.
- (3) If any specified shares are subject to a restriction mentioned in section 46(2)(d), an agreement to receive any payment on those shares (except in a liquidation) is void.
- (4) The operation of section 46(2)(b) does not of itself cause a person to contravene section 37(1) or 39(2).

49. Offence regarding restriction mentioned in section 46(2)

- (1) A person must not—

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- (a) exercise or purport to exercise a right to dispose of any shares, or of a right to be issued with any shares, knowing that to do so would contravene a restriction mentioned in section 46(2);
 - (b) vote in respect of any shares as holder or proxy knowing that to do so would contravene such a restriction;
 - (c) appoint a proxy in respect of any shares knowing that to vote in respect of those shares would contravene such a restriction;
 - (d) being the holder of any shares that are subject to such a restriction, fail to give notice that those shares are subject to the restriction to another person whom the person knows to be entitled (apart from the restriction) to vote in respect of those shares whether as holder or proxy; or
 - (e) being the holder of any shares that are subject to such a restriction, or being entitled to a right to be issued with other shares in right of them, or any right to receive any payment on them, enter into an agreement that is void under section 48.
- (2) A person who contravenes subsection (1) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years.
- (3) Subsection (4) applies if—
- (a) shares in a licensee or any other body corporate are issued in contravention of the restriction mentioned in section 46(2)(c); or

- (b) payments are made by a licensee or any other body corporate in contravention of the restriction mentioned in section 46(2)(d).
- (4) An officer of the licensee or the body corporate (as the case requires) who knowingly and wilfully permits the issue of the shares or the making of such a payment commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years.

50. Court order regarding sale of specified shares on application of Monetary Authority

- (1) The Court of First Instance, on the application of the Monetary Authority—
 - (a) may make an order for the sale of the specified shares of a specified controller to whom section 46 applies; and
 - (b) if the shares are subject to a restriction mentioned in section 46(2), may also make an order that those shares cease to be subject to that restriction.
- (2) The Monetary Authority may make an application for the purposes of subsection (1) on the Monetary Authority's own initiative or on the request of a person made under section 51(1).
- (3) If the specified controller is a specified controller mentioned in section 46(1)(b), the Monetary Authority must not make an application for the purposes of subsection (1) unless—

- (a) the application relates to shares that are subject to a restriction mentioned in section 46(2); and
 - (b) the person to whom a notice is given under section 46(2) does not, within 14 days after the notice is given, make an application under section 39(2).
- (4) If the specified controller mentioned in subsection (3) becomes one that is mentioned in section 46(1)(c), that subsection does not prevent the Monetary Authority from making an application for the purposes of subsection (1) in respect of the specified shares of the specified controller by the operation of that section.
- (5) If the Court of First Instance makes an order under subsection (1), it may, on the application of the Monetary Authority, make a further order relating to the sale or transfer of the shares as it considers appropriate.
- (6) Without limiting subsection (5), a further order may be an order that the holder of the shares must—
 - (a) cause those shares to be transferred to a nominee of the Monetary Authority specified in the order; and
 - (b) cause those shares to be so transferred within the period specified in the order.
- (7) If any specified shares are sold under an order made under this section, then unless the Court of First Instance otherwise specifies, the proceeds of the sale, less the costs of the sale, are to be paid into court for the benefit of the persons beneficially interested in them.
- (8) The Court of First Instance, on the application of a person mentioned in subsection (7), may make an order that the whole or part of the amount paid into court under that subsection be paid to the person.

51. Requesting Monetary Authority to apply for order under section 50

- (1) If any specified shares are subject to a restriction mentioned in section 46(2), a person affected by the restriction may request the Monetary Authority to apply to the Court of First Instance for an order under section 50(1).
- (2) If a request is made under subsection (1), the Monetary Authority must, within 1 month after receiving it—
 - (a) comply with the request;
 - (b) give a written notice to the person making the request stating that the Monetary Authority is prevented by section 50(3) from applying; or
 - (c) give a written notice to the person making the request stating that the Monetary Authority will not apply.

52. Court order regarding sale of specified shares on application of person affected by restriction

- (1) This section applies if—
 - (a) a person has made a request to the Monetary Authority under section 51(1) in respect of any specified shares; and
 - (b) either—
 - (i) the Monetary Authority has given a notice under section 51(2)(c) in respect of the request; or

- (ii) the period mentioned in section 51(2) has expired but the Monetary Authority has neither complied with the request nor given the person a notice under section 51(2)(b) or (c) in respect of the request.
- (2) The Court of First Instance, on the application of the person, may make either or both of the following orders—
 - (a) an order for the sale of the specified shares to which the request relates;
 - (b) an order that those shares cease to be subject to any restriction mentioned in section 46(2).
- (3) If the Court of First Instance makes an order under subsection (2), it may, on the application of the Monetary Authority, make a further order relating to the sale or transfer of the shares as it considers appropriate.
- (4) Without limiting subsection (3), a further order may be an order that the holder of the shares must—
 - (a) cause those shares to be transferred to a nominee of the Monetary Authority specified in the order; and
 - (b) cause those shares to be so transferred within the period specified in the order.
- (5) If any specified shares are sold under an order made under this section, then unless the Court of First Instance otherwise specifies, the proceeds of the sale, less the costs of the sale, are to be paid into court for the benefit of the persons beneficially interested in them.
- (6) The Court of First Instance, on the application of a person mentioned in subsection (5), may make an order that the whole or part of the amount paid into court under that subsection be paid to the person.

Subdivision 4—Chief Executive

- 53. Licensee must have chief executive and alternate chief executive**
- (1) A licensee must appoint a person as the chief executive, and at least one person to be an alternate chief executive, of the licensee for the purposes of this Ordinance.
 - (2) A licensee must not appoint a person under subsection (1) without the Monetary Authority's consent given under section 54.
 - (3) If a vacancy arises in the office of the chief executive or alternate chief executive, the licensee must, as soon as practicable after the vacancy has arisen, apply for the Monetary Authority's consent under section 54 for a person to be appointed to fill the vacancy and fill the vacancy accordingly.
 - (4) If the person appointed as the chief executive of a licensee is precluded by illness, absence from Hong Kong or any other cause from performing the functions as the chief executive, an alternate chief executive of the licensee is to act as the chief executive of the licensee.
 - (5) Subsections (1) and (3) do not apply if a vacancy in the office of the chief executive or alternate chief executive arises because the appointment of a person to the office is regarded as revoked under section 84(1)(a).
 - (6) Subsection (2) does not apply in relation to—
 - (a) a person appointed as the chief executive or an alternate chief executive of the licensee under section 86(3)(a); or
 - (b) a person appointed as the chief executive or an alternate chief executive of the licensee immediately on the expiry of the previous term by the person as such a chief executive or alternate chief executive.

- (7) A licensee who appoints a person as the chief executive or an alternate chief executive of the licensee without the Monetary Authority's consent commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
- (8) A licensee who contravenes subsection (3) commits an offence and is liable, on summary conviction or on conviction on indictment, to a fine at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

54. Consent for appointing chief executive or alternate chief executive

- (1) An application to the Monetary Authority for consent to appoint a person (*subject person*) as the chief executive or an alternate chief executive of a licensee may be made by the following person (*consent applicant*)—
- (a) the licensee; or
 - (b) if the application is made before the licence is granted—the applicant for the licence.
- (2) On receiving an application under subsection (1), the Monetary Authority may—

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- (a) by written notice, give consent for the subject person to be appointed as such a chief executive or alternate chief executive, whether or not subject to any condition attached under section 55; or
 - (b) by written notice, refuse to give consent for the subject person to be appointed as such a chief executive or alternate chief executive.
 - (3) However, the Monetary Authority must not give a consent under subsection (2)(a) unless the Monetary Authority is satisfied that the subject person—
 - (a) is an individual who is ordinarily resident in Hong Kong; and
 - (b) is a fit and proper person to be such a chief executive or alternate chief executive.
 - (4) The Monetary Authority may, by written notice, require the consent applicant and the subject person—
 - (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for deciding whether to give a consent under subsection (2)(a); and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
 - (5) If the information or document is not provided, the Monetary Authority may—
 - (a) refuse to process the application further; or
 - (b) reject the application.
 - (6) A written notice given under subsection (2)(b) must state the ground for the refusal.

55. Conditions for consent to be appointed as chief executive or alternate chief executive

- (1) The Monetary Authority—
 - (a) may, at the time of giving consent under section 54(2)(a), attach to the consent any condition that the Monetary Authority considers appropriate for securing, or further securing, that the person for whom the consent is sought (*subject person*) will continue to be a fit and proper person to be the chief executive or an alternate chief executive of the licensee concerned; and
 - (b) may, at any time after giving such a consent—
 - (i) attach to the consent any new condition that the Monetary Authority considers appropriate for securing, or further securing, that the subject person will continue to be a fit and proper person to be such a chief executive or alternate chief executive; or
 - (ii) amend a condition attached under subparagraph (i) or paragraph (a), including such a condition as amended under this subparagraph, as the Monetary Authority considers appropriate.
- (2) The Monetary Authority must, before deciding whether to attach or amend a condition under subsection (1)—
 - (a) give a written notice to the subject person and the applicant for the consent (*consent applicant*) stating—
 - (i) the Monetary Authority's intention to attach or amend the condition;
 - (ii) the condition to be attached or amended; and
 - (iii) the ground for attaching or amending the condition;

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- (b) state in the notice that the subject person may, within 7 days after the day on which the notice is given, make written representations to the Monetary Authority as to why the ground for attaching or amending the condition has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).
 - (3) If the Monetary Authority decides to attach or amend a condition under subsection (1), the Monetary Authority must give a written notice to the subject person and the consent applicant stating—
 - (a) the condition attached, or the condition as amended;
 - (b) the ground for attaching or amending the condition; and
 - (c) the date on which the condition attached, or the condition as amended, is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.
 - (4) The Monetary Authority may cancel a condition attached under subsection (1) by giving written notice of the cancellation to the subject person and the consent applicant.
 - (5) The subject person or the consent applicant must comply with a condition attached under subsection (1) that, under the consent, is to be complied with by the subject person or the consent applicant (as the case may be).
 - (6) A subject person or a consent applicant who contravenes subsection (5) commits an offence and is liable—

- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

56. **Withdrawal of consent**

- (1) The Monetary Authority may withdraw a consent given under section 54(2)(a) if the Monetary Authority ceases to be satisfied that the person for whom the consent is given (*subject person*)—
 - (a) is an individual who is ordinarily resident in Hong Kong; or
 - (b) is a fit and proper person to be appointed as the chief executive or an alternate chief executive of the licensee concerned.
- (2) The Monetary Authority must, before deciding whether to withdraw a consent under subsection (1)—
 - (a) give a written notice to the subject person and the licensee stating—
 - (i) the Monetary Authority's intention to withdraw the consent; and
 - (ii) the ground for withdrawing the consent;
 - (b) state in the notice that the subject person may, within 7 days after the day on which the notice is given, make written representations to the Monetary Authority as to why the ground for withdrawing the consent has not been made out; and

- (c) consider any representation made for the purposes of paragraph (b).
 - (3) If the Monetary Authority decides to withdraw a consent under subsection (1), the Monetary Authority must give a written notice to the subject person and the licensee stating—
 - (a) the decision to withdraw the consent;
 - (b) the ground for withdrawing the consent; and
 - (c) the date on which the withdrawal is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.
 - (4) If a consent given under section 54 for a person to be appointed as the chief executive or an alternate chief executive of a licensee is withdrawn under subsection (1) after the person is appointed as such a chief executive or alternate chief executive—
 - (a) the person ceases to be such a chief executive or alternate chief executive; and
 - (b) a vacancy is to be regarded as having arisen for the purposes of section 53(3).
- 57. Licensee to notify Monetary Authority of change of chief executive or alternate chief executive**
 - (1) If a licensee becomes aware that a person has ceased to be the chief executive or an alternate chief executive of the licensee, the licensee must, within 14 days after the day on which the licensee becomes aware of that fact, give a written notice of that fact to the Monetary Authority.
 - (2) A licensee is not required under subsection (1) to give a written notice in respect of a person if—

- (a) the person's appointment as the chief executive or an alternate chief executive of the licensee is regarded as revoked under section 84(1)(a); or
 - (b) the person's appointment as the chief executive or an alternate chief executive of the licensee is revoked under section 86(3)(d).
- (3) A licensee who contravenes subsection (1) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

Subdivision 5—Director

58. Monetary Authority's consent required for becoming director

- (1) A person must not become a director of a licensee without the Monetary Authority's consent given under section 59.
- (2) If a person has become a director of a licensee without the Monetary Authority's consent given under section 59, the person must not act, or continue to act, as a director of the licensee.
- (3) However, if the Monetary Authority has given a consent in respect of the person's appointment as a chief executive of the licensee under section 54 and the person is appointed as such a chief executive, the person may, without the Monetary Authority's consent—
 - (a) become a director of the licensee; and

- (b) act as a director of the licensee.
- (4) A person who contravenes subsection (1) or (2) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

59. Consent for becoming director

- (1) An application to the Monetary Authority for consent for a person (*subject person*) to become a director of a licensee may be made by the following person (*consent applicant*)—
 - (a) the licensee; or
 - (b) if the application is made before the licence is granted—the applicant for the licence.
- (2) On receiving an application under subsection (1), the Monetary Authority may—
 - (a) by written notice, give consent for the subject person to become such a director, whether or not subject to any condition attached under section 60; or
 - (b) by written notice, refuse to give consent for the subject person to become such a director.
- (3) However, the Monetary Authority must not give a consent under subsection (2)(a) unless the Monetary Authority is satisfied that the subject person is a fit and proper person to be such a director.

- (4) The Monetary Authority may, by written notice, require the consent applicant and the subject person—
 - (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for deciding whether to give a consent under subsection (2)(a); and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (5) If the information or document is not provided, the Monetary Authority may—
 - (a) refuse to process the application further; or
 - (b) reject the application.
- (6) A written notice given under subsection (2)(b) must state the ground for the refusal.

60. Conditions for consent to become director

- (1) The Monetary Authority—
 - (a) may, at the time of giving consent under section 59(2)(a), attach to the consent any condition that the Monetary Authority considers appropriate for securing, or further securing, that the person for whom the consent is sought (*subject person*) will continue to be a fit and proper person to be a director of the licensee concerned; and
 - (b) may, at any time after giving such a consent—

- (i) attach to the consent any new condition that the Monetary Authority considers appropriate for securing, or further securing, that the subject person will continue to be a fit and proper person to be such a director; or
 - (ii) amend a condition attached under subparagraph (i) or paragraph (a), including such a condition as amended under this subparagraph, as the Monetary Authority considers appropriate.
- (2) The Monetary Authority must, before deciding whether to attach or amend a condition under subsection (1)—
 - (a) give a written notice to the subject person and the applicant for the consent (*consent applicant*) stating—
 - (i) the Monetary Authority’s intention to attach or amend the condition;
 - (ii) the condition to be attached or amended; and
 - (iii) the ground for attaching or amending the condition;
 - (b) state in the notice that the subject person may, within 7 days after the day on which the notice is given, make written representations to the Monetary Authority as to why the ground for attaching or amending the condition has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).
- (3) If the Monetary Authority decides to attach or amend a condition under subsection (1), the Monetary Authority must give a written notice to the subject person and the consent applicant stating—
 - (a) the condition attached, or the condition as amended;

- (b) the ground for attaching or amending the condition; and
 - (c) the date on which the condition attached, or the condition as amended, is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.
- (4) The Monetary Authority may cancel a condition attached under subsection (1) by giving written notice of the cancellation to the subject person and the consent applicant.
- (5) The subject person or the consent applicant must comply with a condition attached under subsection (1) that, under the consent, is to be complied with by the subject person or the consent applicant (as the case may be).
- (6) A subject person or a consent applicant who contravenes subsection (5) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

61. Withdrawal of consent

- (1) The Monetary Authority may withdraw a consent given under section 59(2)(a) if the Monetary Authority ceases to be satisfied that the person for whom the consent is given (*subject person*) is a fit and proper person to be a director of the licensee concerned.

- (2) If a consent given under section 59(2)(a) for a person to become a director of a licensee is withdrawn under subsection (1) after the person has become such a director, the person must not act, or continue to act, as such a director.
- (3) The Monetary Authority must, before deciding whether to withdraw a consent under subsection (1)—
 - (a) give a written notice to the subject person and the licensee stating—
 - (i) the Monetary Authority’s intention to withdraw the consent; and
 - (ii) the ground for withdrawing the consent;
 - (b) state in the notice that the subject person may, within 7 days after the day on which the notice is given, make written representations to the Monetary Authority as to why the ground for withdrawing the consent has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).
- (4) If the Monetary Authority decides to withdraw a consent under subsection (1), the Monetary Authority must give a written notice to the subject person and the licensee stating—
 - (a) the decision to withdraw the consent;
 - (b) the ground for withdrawing the consent; and
 - (c) the date on which the withdrawal is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.
- (5) A person who contravenes subsection (2) commits an offence and is liable—

- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

62. Licensee to notify Monetary Authority of change of director

- (1) If a licensee becomes aware that a person has become, or has ceased to be, a director of the licensee, the licensee must, within 14 days after the day on which the licensee becomes aware of that fact, give a written notice of that fact to the Monetary Authority.
- (2) A licensee is not required under subsection (1) to give a written notice in respect of a person if—
 - (a) the person is appointed as a director of the licensee under section 86(3)(a);
 - (b) the person’s appointment as a director of the licensee is regarded as revoked under section 84(1)(a); or
 - (c) the person’s appointment as a director of the licensee is revoked under section 86(3)(d).
- (3) A licensee who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or

- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

Subdivision 6—Manager and employee

63. Notice regarding manager of licensee

- (1) Subsection (2) applies if any of the following events occurs—
 - (a) a person is appointed as a manager of a licensee;
 - (b) a person ceases to be a manager of a licensee.
- (2) The licensee must, within 14 days after the day on which any of the events occurs, give a written notice to the Monetary Authority and the person mentioned in subsection (1)(a) or (b) stating—
 - (a) the date on which the event occurred; and
 - (b) the particulars of the specified affairs for which the person is appointed as, or ceases to be, a manager of the licensee.
- (3) Subsection (4) applies if—
 - (a) a notice has been given under subsection (2) in respect of a person who is appointed as a manager of the licensee; and
 - (b) apart from the specified affairs stated in the notice under subsection (2)(b) (*existing affairs*), the person is appointed as a manager of the licensee for any specified affairs (*new affairs*) in addition to, or in place of, any existing affairs.

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- (4) The licensee must, within 14 days after the day on which the person is appointed as a manager of the licensee for the new affairs, give a written notice to the Monetary Authority and the person mentioned in subsection (3)(a) stating—
 - (a) the date on which the person becomes a manager of the licensee for the new affairs; and
 - (b) the particulars of the new affairs.
 - (5) Subsections (2) and (4) do not apply if the appointment of the person for the specified affairs concerned is on a temporary basis.
 - (6) However, if the appointment of the person for the specified affairs concerned subsequently ceases to be on a temporary basis, subsections (2) and (4) apply in relation to the person beginning on the day of the cessation as if the person were so appointed on that day.
 - (7) The Monetary Authority may, by written notice, require a licensee—
 - (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for performing the Monetary Authority's functions under this Ordinance in relation to the appointment; and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
 - (8) A licensee who contravenes subsection (2) or (4) or fails to comply with a requirement imposed under subsection (7) commits an offence and is liable—

- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

64. Consent required for certain persons to become employee of licensee

- (1) Except with the Monetary Authority's consent, a person must not become an employee of a licensee if the person—
 - (a) is bankrupt;
 - (b) has entered into a composition or scheme of arrangement with the person's creditors;
 - (c) has entered into a voluntary arrangement as defined by section 2 of the Bankruptcy Ordinance (Cap. 6) with the person's creditors; or
 - (d) has been convicted in any place of an offence involving fraud or dishonesty.
- (2) A person who has become an employee of a licensee in contravention of subsection (1) must cease to act as such an employee.
- (3) If the Monetary Authority refuses to give a consent that is sought for a person for the purposes of subsection (1), the Monetary Authority must give a written notice to the person stating—
 - (a) the decision to refuse to give the consent; and
 - (b) the ground for the refusal.

- (4) A person who contravenes subsection (1) or (2) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$200,000 and to imprisonment for 1 year.

65. Consent required for certain persons to continue to act as employee of licensee

- (1) Except with the Monetary Authority's consent, a person who is an employee of a licensee must cease to act as such an employee if the person—
 - (a) becomes bankrupt;
 - (b) enters into a composition or scheme of arrangement with the person's creditors;
 - (c) enters into a voluntary arrangement as defined by section 2 of the Bankruptcy Ordinance (Cap. 6) with the person's creditors; or
 - (d) has been convicted in any place of an offence involving fraud or dishonesty.
- (2) If the Monetary Authority refuses to give a consent that is sought for a person for the purposes of subsection (1), the Monetary Authority must give a written notice to the person stating—
 - (a) the decision to refuse to give the consent; and
 - (b) the ground for the refusal.
- (3) A person who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

- (b) on conviction on indictment—to a fine of \$200,000 and to imprisonment for 1 year.

Subdivision 7—Stablecoin Manager

66. Licensee must have stablecoin manager

- (1) A licensee must appoint a person as the stablecoin manager of the licensee for the purposes of this Ordinance.
- (2) A licensee must not appoint a person under subsection (1) without the Monetary Authority’s consent given under section 67.
- (3) If a vacancy arises in the office of the stablecoin manager, the licensee must, as soon as practicable after the vacancy has arisen, apply for the Monetary Authority’s consent under section 67 for a person to be appointed to fill the vacancy and fill the vacancy accordingly.
- (4) A licensee who appoints a person as the stablecoin manager of the licensee without the Monetary Authority’s consent commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

- (5) A licensee who contravenes subsection (3) commits an offence and is liable, on summary conviction or on conviction on indictment, to a fine at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

67. Consent for appointing stablecoin manager

- (1) An application to the Monetary Authority for consent to appoint a person (*subject person*) as the stablecoin manager of a licensee may be made by the following person (*consent applicant*)—
 - (a) the licensee; or
 - (b) if the application is made before the licence is granted—the applicant for the licence.
- (2) On receiving an application under subsection (1), the Monetary Authority may—
 - (a) by written notice, give consent for the subject person to be appointed as such a stablecoin manager, whether or not subject to any condition attached under section 68; or
 - (b) by written notice, refuse to give consent for the subject person to be appointed as such a stablecoin manager.
- (3) However, the Monetary Authority must not give a consent under subsection (2)(a) unless the Monetary Authority is satisfied that the subject person—
 - (a) is an individual who is ordinarily resident in Hong Kong; and
 - (b) is a fit and proper person to be such a stablecoin manager.

- (4) The Monetary Authority may, by written notice, require the consent applicant and the subject person—
 - (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for deciding whether to give a consent under subsection (2)(a); and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (5) If the information or document is not provided, the Monetary Authority may—
 - (a) refuse to process the application further; or
 - (b) reject the application.
- (6) A written notice given under subsection (2)(b) must state the ground for the refusal.

68. Conditions for consent to be appointed as stablecoin manager

- (1) The Monetary Authority—
 - (a) may, at the time of giving consent under section 67(2)(a), attach to the consent any condition that the Monetary Authority considers appropriate for securing, or further securing, that the person for whom the consent is sought (*subject person*) will continue to be a fit and proper person to be the stablecoin manager of the licensee concerned; and
 - (b) may, at any time after giving such a consent—

- (i) attach to the consent any new condition that the Monetary Authority considers appropriate for securing, or further securing, that the subject person will continue to be a fit and proper person to be such a stablecoin manager; or
 - (ii) amend a condition attached under subparagraph (i) or paragraph (a), including such a condition as amended under this subparagraph, as the Monetary Authority considers appropriate.
- (2) The Monetary Authority must, before deciding whether to attach or amend a condition under subsection (1)—
 - (a) give a written notice to the subject person and the applicant for the consent (*consent applicant*) stating—
 - (i) the Monetary Authority’s intention to attach or amend the condition;
 - (ii) the condition to be attached or amended; and
 - (iii) the ground for attaching or amending the condition;
 - (b) state in the notice that the subject person may, within 7 days after the day on which the notice is given, make written representations to the Monetary Authority as to why the ground for attaching or amending the condition has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).
- (3) If the Monetary Authority decides to attach or amend a condition under subsection (1), the Monetary Authority must give a written notice to the subject person and the consent applicant stating—
 - (a) the condition attached, or the condition as amended;

- (b) the ground for attaching or amending the condition; and
 - (c) the date on which the condition attached, or the condition as amended, is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.
- (4) The Monetary Authority may cancel a condition attached under subsection (1) by giving written notice of the cancellation to the subject person and the consent applicant.
 - (5) The subject person or the consent applicant must comply with a condition attached under subsection (1) that, under the consent, is to be complied with by the subject person or the consent applicant (as the case may be).
 - (6) A subject person or a consent applicant who contravenes subsection (5) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

69. **Withdrawal of consent**

- (1) The Monetary Authority may withdraw a consent given under section 67(2)(a) if the Monetary Authority ceases to be satisfied that the person for whom the consent is given (*subject person*)—
 - (a) is an individual who is ordinarily resident in Hong Kong; or

- (b) is a fit and proper person to be appointed as the stablecoin manager of the licensee concerned.
- (2) The Monetary Authority must, before deciding whether to withdraw a consent under subsection (1)—
- (a) give a written notice to the subject person and the licensee stating—
 - (i) the Monetary Authority’s intention to withdraw the consent; and
 - (ii) the ground for withdrawing the consent;
 - (b) state in the notice that the subject person may, within 7 days after the day on which the notice is given, make written representations to the Monetary Authority as to why the ground for withdrawing the consent has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).
- (3) If the Monetary Authority decides to withdraw a consent under subsection (1), the Monetary Authority must give a written notice to the subject person and the licensee stating—
- (a) the decision to withdraw the consent;
 - (b) the ground for withdrawing the consent; and
 - (c) the date on which the withdrawal is to take effect or, if it is to take effect on the occurrence of an event, this fact and the event.
- (4) If a consent given under section 67 for a person to be appointed as the stablecoin manager of a licensee is withdrawn under subsection (1) after the person is appointed as such a stablecoin manager—

- (a) the person ceases to be such a stablecoin manager; and
- (b) a vacancy is to be regarded as having arisen for the purposes of section 66(3).

70. Licensee to notify Monetary Authority of change of stablecoin manager

- (1) If a licensee becomes aware that a person has ceased to be the stablecoin manager of the licensee, the licensee must, within 14 days after the day on which the licensee becomes aware of that fact, give a written notice of that fact to the Monetary Authority.
- (2) A licensee who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

Subdivision 8—Employment of Officer in case of Winding up etc.

71. Consent required for officer to become employee of another licensee

- (1) Except with the Monetary Authority's consent, a person who is or was an officer of a licensee (*first licensee*) must not become an employee of another licensee if the person knows, or ought reasonably to know, that—

- (a) the first licensee is being, or has been, wound up or otherwise dissolved; or
 - (b) the licence of the first licensee has been revoked.
- (2) A person who has become an employee of a licensee in contravention of subsection (1) must cease to act as such an employee.
- (3) If the Monetary Authority refuses to give a consent that is sought for a person for the purposes of subsection (1), the Monetary Authority must give a written notice to the person stating—
- (a) the decision to refuse to give the consent; and
 - (b) the ground for the refusal.
- (4) If the Monetary Authority has given a consent in relation to a person in the person's capacity as an officer of the first licensee or a former officer of the first licensee for the purposes of subsection (1), in so far as that capacity is concerned, that subsection is not again applicable to the person in respect of the person's employment with any other licensee.
- (5) A person who contravenes subsection (1) or (2) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$200,000 and to imprisonment for 1 year.

72. Consent required for officer to continue to act as employee of another licensee

- (1) This section applies to a person who—
- (a) is or was an officer of a licensee (*first licensee*);

- (b) is an employee of another licensee (*second licensee*); and
- (c) knows, or ought reasonably to know, that—
 - (i) the first licensee is being, or has been, wound up or otherwise dissolved; or
 - (ii) the licence of the first licensee has been revoked.
- (2) The person must cease to act as an employee of the second licensee unless—
 - (a) the Monetary Authority has been notified of the employment with the second licensee; and
 - (b) the notification is accompanied by a request to the Monetary Authority for consent for the person to act as such an employee.
- (3) Despite subsection (2), the person must cease to act as an employee of the second licensee once the Monetary Authority has given a notice under subsection (4).
- (4) If the Monetary Authority refuses to give a consent that is sought for a person for the purposes of subsection (2), the Monetary Authority must give a written notice to the person stating—
 - (a) the decision to refuse to give the consent; and
 - (b) the ground for the refusal.
- (5) If the Monetary Authority has given a consent in relation to a person in the person's capacity as an officer of the first licensee or a former officer of the first licensee for the purposes of subsection (2), in so far as that capacity is concerned, that subsection is not again applicable to the person in respect of the person's employment with any other licensee.

- (6) A person who contravenes subsection (2) or (3) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$200,000 and to imprisonment for 1 year.

Subdivision 9—Sale and Disposal of Business and Reconstruction of Capital

73. Sale and disposal of business require approval

- (1) Except with the Monetary Authority's prior written approval, a licensee must not make an arrangement, or enter into an agreement, for the sale or disposal of the whole, or any part, of its business.
- (2) A licensee that makes or enters into an arrangement or agreement mentioned in subsection (1) must, as soon as practicable after doing so, notify the Monetary Authority of the arrangement or agreement by written notice signed by a director of the licensee.
- (3) On receiving a notice mentioned in subsection (2), the Monetary Authority may, by written notice, require the licensee—
 - (a) to provide the Monetary Authority with any information or document relating to the arrangement or agreement specified in the notice that the Monetary Authority considers necessary for ascertaining the details of the arrangement or agreement; and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.

- (4) Subsections (2) and (3) apply irrespective of whether the arrangement or agreement is made or entered into with the approval mentioned in subsection (1).
- (5) A licensee who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years.
- (6) A licensee who contravenes subsection (2) or fails to comply with a requirement imposed under subsection (3) commits an offence and is liable, on summary conviction or on conviction on indictment, to a fine at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

74. Reconstruction of capital

- (1) A licensee that makes a reconstruction of its capital must, as soon as practicable after doing so, notify the Monetary Authority of the reconstruction by written notice signed by a director of the licensee.
- (2) On receiving a notice mentioned in subsection (1), the Monetary Authority may, by written notice, require the licensee—
 - (a) to provide the Monetary Authority with any information or document relating to the reconstruction specified in the notice that the Monetary Authority considers necessary for ascertaining the details of the reconstruction; and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.

- (3) A licensee who contravenes subsection (1) or fails to comply with a requirement imposed under subsection (2) commits an offence and is liable, on summary conviction or on conviction on indictment, to a fine at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

Subdivision 10—Miscellaneous

75. Monetary Authority may require information from controller, chief executive, director and stablecoin manager

- (1) The Monetary Authority may, by written notice, require a controller, chief executive, director or stablecoin manager of a licensee—
 - (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for performing the Monetary Authority's functions under this Ordinance; and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (2) A person who, without reasonable excuse, fails to comply with a requirement imposed under subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$25,000 for every day during which the offence continues.

Division 4—Control over Licensee

Subdivision 1—Preliminary

76. Application of this Division

This Division does not apply in relation to a licensee that is an authorized institution.

Subdivision 2—Powers of Monetary Authority over Management of Licensee

77. Circumstances in which powers may be exercised

The Monetary Authority may, after consulting the Financial Secretary, exercise in relation to a licensee one or more of the powers under sections 78, 79 and 80 that appear to the Monetary Authority to be necessary if—

- (a) the licensee informs the Monetary Authority that the licensee—
 - (i) is likely to become unable to meet its obligations;
 - (ii) is insolvent;
 - (iii) is about to suspend payment; or
 - (iv) is about to suspend any of its business activities under its licence;
- (b) the licensee—
 - (i) is unable to meet its obligations;
 - (ii) suspends payment; or
 - (iii) suspends any of its business activities under its licence; or
- (c) the Monetary Authority is of the opinion that—

- (i) the licensee is likely to become unable to meet its obligations;
- (ii) the licensee is insolvent;
- (iii) the licensee is about to suspend payment;
- (iv) the licensee is about to suspend any of its business activities under its licence;
- (v) the licensee is carrying on its business in a manner detrimental to the interests of the holders or potential holders of any specified stablecoins connected with the licence;
- (vi) the licensee is carrying on its business in a manner detrimental to the interests of its creditors;
- (vii) the licensee has contravened a provision of this Ordinance or a condition attached to its licence under section 17; or
- (viii) a ground for revoking the licence specified in Schedule 4 exists.

78. Power to require licensee to take immediate action relating to its affairs

- (1) The Monetary Authority may, by written notice, require a licensee to take an immediate action relating to the licensee's affairs, business or property that the Monetary Authority considers necessary.
- (2) Without limiting subsection (1), the requirement may impose restrictions on the licensee's business activities under its licence.
- (3) A licensee who fails to comply with a requirement imposed under subsection (1) commits an offence and is liable—

- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
- (b) on conviction on indictment—to a fine of \$2,000,000 and to imprisonment for 5 years and, in the case of a continuing offence, to a further fine of \$100,000 for every day during which the offence continues.

79. Power to direct licensee to seek advice on management of its affairs

- (1) The Monetary Authority—
 - (a) may appoint a person to be an advisor of a licensee; and
 - (b) may, by written notice to the licensee, direct the licensee to seek advice from the advisor, while the direction is in force, on the management of the affairs, business or property of the licensee to which the direction relates.
- (2) The notice must state—
 - (a) the terms of the direction; and
 - (b) the name and address of the advisor.
- (3) The Monetary Authority must specify in the terms of the direction the affairs, business or property of the licensee to which the direction relates.
- (4) The direction takes effect on the giving of the notice to the licensee by the Monetary Authority.
- (5) The Monetary Authority must not give a direction to a licensee under subsection (1)(b) if an order for the winding up of the licensee made by the Court of First Instance is in force.

- 80. Power to direct that licensee's affairs be managed by statutory manager**
- (1) The Monetary Authority—
 - (a) may appoint a person to be a statutory manager of a licensee; and
 - (b) may, by written notice to the licensee, direct that, while the direction is in force, the affairs, business or property of the licensee to which the direction relates are to be managed by the statutory manager.
 - (2) The notice must state—
 - (a) the terms of the direction; and
 - (b) the name and address of the statutory manager.
 - (3) The Monetary Authority must specify in the terms of the direction—
 - (a) the affairs, business or property of the licensee to which the direction relates; and
 - (b) one or more primary objectives, that are not inconsistent with this Ordinance, with which the statutory manager must comply.
 - (4) The direction takes effect on the giving of the notice to the licensee by the Monetary Authority.
 - (5) The Monetary Authority must not give a direction to a licensee under subsection (1)(b) if an order for the winding up of the licensee made by the Court of First Instance is in force.
 - (6) The Monetary Authority must publish a notice of the fact that a direction has been given under subsection (1)(b)—
 - (a) in the Gazette; and

- (b) in any other way that appears to the Monetary Authority to be expedient for notifying the public of that fact.

81. Supplementary provisions for appointment of advisor or statutory manager

- (1) The Monetary Authority may, in exercising the power under section 79(1)(a) or 80(1)(a) in respect of a licensee, appoint 2 or more persons to be an advisor or statutory manager of the licensee.
- (2) To avoid doubt, an advisor or statutory manager may be—
 - (a) a body corporate;
 - (b) a partnership; or
 - (c) a person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to assist the Monetary Authority.
- (3) If 2 or more persons are appointed as statutory managers of a licensee under section 80(1)(a), the Monetary Authority must—
 - (a) by written notice (*appointment notice*), specify which of the duties and powers imposed or conferred under this Ordinance on a statutory manager may be discharged, or exercised, in respect of the licensee by—
 - (i) any such person alone;
 - (ii) any such persons jointly; or
 - (iii) each such person; and
 - (b) attach the appointment notice to the notice given under section 80(1)(b).

- (4) If the Monetary Authority gives an appointment notice under subsection (3)(a), the provisions of this Ordinance that relate to the duties and powers imposed or conferred under this Ordinance on a statutory manager are to be construed with all necessary modifications to take into account the notice.
- (5) The Monetary Authority must publish a notice of the fact that an appointment notice has been given under subsection (3)(a)—
 - (a) in the Gazette; and
 - (b) in any other way that appears to the Monetary Authority to be expedient for notifying the public of that fact.

82. Revocation of direction

- (1) If it appears to the Monetary Authority that it is no longer necessary for a direction given under section 79 or 80 to remain in force in respect of a licensee, the Monetary Authority may, after consulting the Financial Secretary, by written notice, revoke the direction.
- (2) The notice must—
 - (a) state that the direction is revoked;
 - (b) be given to—
 - (i) for a direction given under section 79—the licensee and an advisor of the licensee; or
 - (ii) for a direction given under section 80—the licensee and a statutory manager of the licensee; and
 - (c) specify the date on which, or the event on the occurrence of which, the revocation takes effect.

- (3) If a notice is given for revoking a direction given under section 80, the Monetary Authority must publish the notice—
 - (a) in the Gazette; and
 - (b) in any other way that appears to the Monetary Authority to be expedient for notifying the public of the revocation.
- (4) To avoid doubt, the revocation of a direction given under section 80 does not revive any appointment that is to be regarded as having been revoked under section 84(1).

Subdivision 3—Management of Licensee by Statutory Manager

83. References to affairs, business or property of licensee and objective of statutory manager

- (1) While a direction given under section 80 is in force in respect of a licensee—
 - (a) a reference in this Ordinance to the affairs, business or property, or any combination of them, of the licensee is to be construed as the affairs, business or property, or such combination of them, of the licensee as specified in the terms of the direction under section 80(3)(a); and
 - (b) a reference in this Ordinance to the primary objective with which a statutory manager of the licensee must comply is to be construed as the primary objective as specified in the terms of the direction under section 80(3)(b).
- (2) If the terms of the direction are varied under section 92, a reference to the terms in subsection (1) is to be construed as the terms as varied under that section.

84. Effect of direction: chief executive and director of licensee

- (1) On a direction given under section 80 taking effect in respect of a licensee—
 - (a) an appointment of a person as a chief executive or a director of the licensee that was in force immediately before the direction takes effect is to be regarded as revoked; and
 - (b) accordingly the person must not act as a chief executive or a director while the direction is in force.
- (2) However, subsection (1)(a) does not apply to an appointment if the terms of the direction expressly state that the appointment is not to be regarded as revoked under that subsection.
- (3) A person who acts as a chief executive or a director of a licensee in contravention of subsection (1)(b) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

85. Effect of direction: meeting and resolution

- (1) While a direction given under section 80 is in force in respect of a licensee—

- (a) no general meeting of the members of the licensee or meeting of the directors of the licensee may be held, except with the consent and in the presence of a statutory manager of the licensee; and
 - (b) if any such meeting is held with the consent and in the presence of a statutory manager of the licensee, no resolution may be passed at the meeting, except with the consent of the statutory manager.
- (2) If a member or director of the licensee requests a statutory manager of the licensee to give a consent for the purposes of subsection (1)(a), the statutory manager—
- (a) must not unreasonably refuse the request; and
 - (b) if a consent is given, must attend the meeting held with the consent.
- (3) Subject to section 89, if a resolution is passed in contravention of subsection (1)(b), the purported resolution, and anything done in reliance on the purported resolution, is invalid because of the contravention.

86. Powers of statutory manager

- (1) Subject to the primary objective with which a statutory manager of a licensee must comply, the statutory manager—
- (a) may do anything necessary for the management of the licensee's affairs, business or property; and
 - (b) without limiting paragraph (a), may exercise one or more of the powers specified in Schedule 5.
- (2) A statutory manager of a licensee—
- (a) may call a meeting of the members, directors or creditors of the licensee; and

- (b) may require a person whose appointment as a chief executive or director of the licensee is to be regarded as revoked under section 84(1)(a) or who is not to be so regarded because of section 84(2)—
 - (i) to provide the statutory manager with any information or document relating to the licensee's affairs, business or property that the statutory manager considers necessary for discharging or exercising the statutory manager's duties or powers under this Ordinance in respect of the licensee; and
 - (ii) to provide the information or document within the period, and in the manner, specified in the notice.
- (3) A statutory manager of a licensee may exercise one or more of the following powers with the approval of the Monetary Authority—
 - (a) appoint a person (including a person whose appointment as a chief executive or director of the licensee is to be regarded as revoked under section 84(1)(a)) as a chief executive or director of the licensee, whether or not to fill a vacancy that arises as a result of the operation of that section;
 - (b) at a meeting of the members of the licensee, move any resolution that—
 - (i) is to be seconded by a member of the licensee;
or
 - (ii) is approved by the Monetary Authority;
 - (c) at a meeting of the directors of the licensee, move any resolution that—

- (i) is to be seconded by a director of the licensee;
or
 - (ii) is approved by the Monetary Authority;
 - (d) revoke an appointment made under paragraph (a) or to which section 84(2) relates.
- (4) If, while a direction given under section 80 is in force in respect of a licensee, a conferred power may be exercised in such a way as to interfere with the exercise of the powers of a statutory manager of the licensee, the conferred power is not exercisable except with the consent of the statutory manager given either generally or in a particular case.
- (5) For the purposes of subsection (4), a conferred power is a power conferred on the licensee, or an officer or member of the licensee, under—
- (a) this Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) or the Companies Ordinance (Cap. 622);
 - (b) the articles of association of the licensee; or
 - (c) any other instrument constituting the licensee.
- (6) Subject to the primary objective with which a statutory manager of a licensee must comply—
- (a) the statutory manager exercising the powers conferred on the statutory manager under this Ordinance is to be regarded as acting as an agent of the licensee; and
 - (b) section 9 (other than section 9(4) and (5)) of the Prevention of Bribery Ordinance (Cap. 201) applies to—
 - (i) the statutory manager acting as such an agent;
and

- (ii) a person who offers an advantage (within the meaning of that Ordinance) to the statutory manager acting as such an agent.
- (7) A person dealing with a statutory manager of a licensee in good faith and for good consideration is not required to inquire whether the statutory manager—
 - (a) is acting within the statutory manager's powers; or
 - (b) is complying with the primary objective with which the statutory manager must comply.

87. Offence in relation to powers of statutory manager

A person who, without reasonable excuse, fails to comply with a requirement imposed under section 86(2)(b) commits an offence and is liable—

- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$100,000 for every day during which the offence continues.

88. Delegation by statutory manager

- (1) With the written approval of the Monetary Authority, a statutory manager of a licensee may, subject to the terms and conditions that the statutory manager considers appropriate to impose, delegate in writing to a person any or all of the duties and powers imposed or conferred under this Ordinance on the statutory manager.

- (2) Subsection (1) does not apply to any duties or powers that are not to be, or may not be, discharged or exercised by the statutory manager because of a notice given under section 81(3).
- (3) A delegate of a statutory manager of a licensee—
 - (a) must discharge the delegated duties as if the delegate were the statutory manager;
 - (b) may exercise the delegated powers as if the delegate were the statutory manager; and
 - (c) is presumed to be acting in accordance with the terms and conditions of the delegation in the absence of evidence to the contrary.

89. Court of First Instance may approve certain resolutions

- (1) The Court of First Instance may, while a direction given under section 80 is in force in respect of a licensee, approve or refuse to approve a resolution specified in subsection (2) on—
 - (a) an application of a statutory manager of the licensee;
 - (b) an application of not less than 100 members of the licensee; or
 - (c) an application of members of the licensee holding not less than 10% of the issued shares in the licensee.
- (2) The resolution is—
 - (a) for an application mentioned in subsection (1)(a)—
 - (i) a resolution proposed to be moved at a general meeting of the members of the licensee but not so moved because a quorum was not present at the meeting; or

- (ii) a resolution moved at a general meeting of the members of the licensee but not passed for whatever reason; or
 - (b) for an application mentioned in subsection (1)(b) or (c), a resolution moved at a general meeting of the members of the licensee but not passed for whatever reason.
- (3) In the hearing of an application made for the purposes of subsection (1), a statutory manager of the licensee, the Monetary Authority or any member of the licensee is entitled to be heard, and—
 - (a) may call, examine and cross-examine witnesses; and
 - (b) may support or oppose the application.
- (4) If the Court of First Instance approves a resolution under subsection (1), the resolution is to be regarded as passed and taking effect on the giving of that approval or at a later time specified by the Court of First Instance.
- (5) If a resolution specified in subsection (2)(a)(ii) or (b) is approved by the Court of First Instance under subsection (1), section 85(3) does not apply to the resolution on and after the resolution is to be regarded as taking effect under subsection (4).

90. Court of First Instance may make certain orders

- (1) The Court of First Instance may, on the application of a statutory manager of a licensee made while a direction given under section 80 is in force in respect of the licensee, make one or more of the orders specified in subsection (2) if it appears to the Court of First Instance that—
 - (a) a person is about to do an act that may adversely affect or conflict with the discharge or exercise of the statutory manager's duties or powers in respect of

- any of the affairs, business or property of the licensee; or
- (b) a person is doing, or has done, an act that adversely affects or conflicts with the discharge or exercise of the statutory manager's duties or powers in respect of any of the affairs, business or property of the licensee.
- (2) The orders are—
- (a) for subsection (1)(a)—an order to restrain the person from doing the act mentioned in that subsection;
 - (b) for subsection (1)(b)—
 - (i) an order to declare that, with effect on and after the date of the order, the act mentioned in that subsection is invalid; and
 - (ii) an order to declare that, with effect on and after the date of the order, anything done in reliance on the act mentioned in that subsection is invalid;
 - (c) an order to direct a person to do or refrain from doing an act, for securing compliance with any other order made under this section;
 - (d) an ancillary order that the Court of First Instance considers necessary as a consequence of making any other order under this section.
- (3) To avoid doubt, an order mentioned in subsection (2)(b) does not affect the validity of an act, or anything done in reliance on the act, before the date of the order.
- (4) Subsection (1) does not affect—
- (a) the operation of any other provisions of this Part; or

- (b) any other order that the Court of First Instance may make otherwise than under this section.
- (5) Before making an order under subsection (1), the Court of First Instance—
 - (a) may direct that notice of the application be given to a person that it considers appropriate; and
 - (b) may direct that notice of the application be published in a manner that it considers appropriate.
- (6) The Court of First Instance may, on its own initiative or on an application made to it, by order suspend, reverse, vary or discharge an order made under this section.
- (7) Before making an order under subsection (1) or (6), the Court of First Instance must satisfy itself, in so far as it can reasonably do so, that the order would not unfairly affect any person.

91. Offence for obstructing statutory manager

- (1) A person must not wilfully obstruct, resist or delay a statutory manager of a licensee in the lawful discharge of any of the statutory manager's duties, or the lawful exercise of any of the statutory manager's powers, in respect of the licensee.
- (2) A person must not wilfully obstruct, resist or delay a person lawfully assisting the statutory manager in the lawful discharge of any of the statutory manager's duties, or the lawful exercise of any of the statutory manager's powers, in respect of the licensee.
- (3) A person who contravenes subsection (1) or (2) commits an offence and is liable—

- (a) on summary conviction—to a fine at level 6 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
- (b) on conviction on indictment—to a fine of \$2,000,000 and to imprisonment for 5 years and, in the case of a continuing offence, to a further fine of \$100,000 for every day during which the offence continues.

92. Variation of direction

- (1) While a direction given under section 80 is in force in respect of a licensee, the Monetary Authority may, by written notice, vary the direction in respect of either or both of the following—
 - (a) the affairs, business or property of the licensee that is to be managed by a statutory manager of the licensee;
 - (b) the primary objective with which a statutory manager of the licensee must comply.
- (2) The notice must—
 - (a) state the variation; and
 - (b) be given to the licensee and the statutory manager.
- (3) Unless otherwise specified in the notice, the variation takes effect on the giving of the notice to the licensee under subsection (2)(b).
- (4) Anything done in reliance on a direction before a variation is made is not invalid only because of the variation.

Subdivision 4—Further Provisions for Advisor and Statutory Manager**93. Revocation of appointment of advisor or statutory manager**

- (1) The Monetary Authority may at any time revoke the appointment of an advisor or a statutory manager made under section 79(1)(a) or 80(1)(a).
- (2) If a direction given under section 79 or 80 in relation to an appointment of an advisor or a statutory manager under that section is revoked, the appointment is to be regarded as revoked when the revocation of the direction takes effect.

94. Resignation of advisor or statutory manager

- (1) An advisor or a statutory manager of a licensee may resign from office by giving written notice to the Monetary Authority.
- (2) A resignation under subsection (1) takes effect when it is accepted by the Monetary Authority.

95. Appointment to fill vacancy in office of advisor or statutory manager

- (1) If a vacancy arises in the office of an advisor of a licensee, the Monetary Authority must, as soon as practicable after the vacancy arises—
 - (a) appoint a person to fill the vacancy; and
 - (b) give a written notice to the licensee stating the name and address of the person so appointed.
- (2) If a vacancy arises in the office of a statutory manager of a licensee, the Monetary Authority must, as soon as practicable after the vacancy arises—

- (a) appoint a person to fill the vacancy; and
- (b) give a written notice to the licensee stating the name and address of the person so appointed.

96. Advisor or statutory manager may engage assistant

- (1) An advisor or statutory manager of a licensee may engage a person as the advisor or statutory manager considers appropriate to assist in the discharge or exercise of duties or powers of the advisor or statutory manager in respect of the affairs, business or property of the licensee.
- (2) Without limiting subsection (1), a person who may be engaged under that subsection includes a person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to assist the Monetary Authority.
- (3) The power under subsection (1) may only be exercised—
 - (a) with the written approval of the Monetary Authority; and
 - (b) in accordance with any condition specified by the Monetary Authority in the approval.

97. Remuneration and expenses of advisor or statutory manager

- (1) The Monetary Authority may, after consulting the Financial Secretary, determine the remuneration or expenses to be paid by a licensee to—
 - (a) an advisor of the licensee, or a person engaged by an advisor under section 96; or
 - (b) a statutory manager of the licensee, or a person engaged by a statutory manager under that section.
- (2) The power under subsection (1) may be exercised whether or not—

- (a) the appointment of the advisor or statutory manager, or the engagement of the person, has been revoked or otherwise terminated; or
 - (b) the direction given under section 79 or 80 for which the advisor or statutory manager was appointed has been revoked.
- (3) The Monetary Authority must, as soon as practicable after making a determination under subsection (1)(a), give a copy of the determination to the licensee.
- (4) The Monetary Authority must—
- (a) as soon as practicable after making a determination under subsection (1)(b), publish in the Gazette a notice stating the name of the licensee and the fact that the determination has been made; and
 - (b) if requested by a member of the licensee, give a copy of the determination to the member.
- (5) The Monetary Authority may, after consulting the Financial Secretary, use the Exchange Fund to pay the whole or part of the remuneration or expenses payable under a determination under subsection (1).

Division 5—Miscellaneous

98. Winding up of licensee and protection of reserve assets

- (1) The provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) regarding a creditors' voluntary winding up do not apply to a licensee.
- (2) Subsection (3) applies if there is a presentation of a petition for the winding up of a licensee by the Court of First Instance and—

- (a) before the presentation of the petition there has in respect of the licensee been a direction given under section 80 which has continued in force until the presentation of the petition; and
 - (b) a winding-up order is made on the petition.
- (3) Despite section 184(2) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), the winding up of the licensee is taken to have commenced at the time the direction was given for the purposes of sections 170, 170A, 179, 182, 183, 262B, 266B, 267A, 269, 271(1)(d), (e), (h), (i), (j), (k), (l) and (o) and 274 of that Ordinance.
- (4) Section 182 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) does not invalidate any disposition of the business or property of a licensee made—
- (a) by a statutory manager of the licensee, acting in good faith in the course of managing the affairs, business and property of the licensee;
 - (b) by the licensee under the direction of a statutory manager of the licensee, acting in good faith in the course of managing the affairs, business and property of the licensee; or
 - (c) by the licensee under the requirement of the Monetary Authority imposed under section 78.

99. Monetary Authority's power to modify or waive application of minimum criteria

- (1) The Monetary Authority may, on the application of a licensee or an applicant for a licence (*subject person*) in the specified form, modify or waive any of the minimum criteria applicable in relation to the subject person.

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- (2) However, the Monetary Authority must not grant a modification or waiver under subsection (1) in relation to a subject person unless the Monetary Authority is satisfied that—
- (a) the subject person carries on a business of issuing specified stablecoins that is subject to adequate supervision of an authority or regulatory organization outside Hong Kong that, in the Monetary Authority’s opinion, performs in the jurisdiction of the authority or regulatory organization a function similar to the Monetary Authority under this Ordinance; and
 - (b) the grant of the modification or waiver does not pose any material risk to—
 - (i) the holders or potential holders of any specified stablecoins issued by the subject person; or
 - (ii) the monetary or financial system of Hong Kong.
- (3) The Monetary Authority may grant a modification or waiver under subsection (1) subject to any condition that the Monetary Authority considers appropriate.
- (4) If the Monetary Authority grants a modification or waiver under subsection (1), the Monetary Authority must—
- (a) give a written notice to the subject person stating the decision to grant the modification or waiver; and
 - (b) specify in the notice—
 - (i) whether the modification or waiver is subject to any validity period and, if so, the period for which the modification or waiver is valid; and

- (ii) if the modification or waiver is subject to any condition mentioned in subsection (3)—the condition.
- (5) If the Monetary Authority refuses to grant a modification or waiver under subsection (1), the Monetary Authority must give a written notice to the subject person stating—
 - (a) the decision to refuse to grant the modification or waiver; and
 - (b) the ground for the refusal.
- (6) The Monetary Authority may, by written notice to the subject person to whom a modification or waiver is granted under subsection (1)—
 - (a) amend or revoke the modification or waiver; or
 - (b) attach a new condition to, or amend or cancel a condition attached to, the modification or waiver.
- (7) Subject to subsection (8), the Monetary Authority must, as soon as practicable after granting a modification or waiver under subsection (1), amending or revoking a modification or waiver under subsection (6)(a), or attaching, amending or cancelling a condition under subsection (6)(b), publish in any manner that the Monetary Authority considers appropriate for informing the public of the grant, amendment, revocation, attachment or cancellation a notice stating—
 - (a) for the grant of a modification or waiver under subsection (1)—
 - (i) the modification or waiver granted;
 - (ii) whether the modification or waiver is subject to any validity period and, if so, the period for which the modification or waiver is valid; and

- (iii) if the modification or waiver is subject to any condition mentioned in subsection (3)—the condition;
 - (b) for the amendment of a modification or waiver under subsection (6)(a)—the modification or waiver as amended;
 - (c) for the revocation of a modification or waiver under subsection (6)(a)—the fact that the modification or waiver is revoked;
 - (d) for the attachment, amendment or cancellation of a condition under subsection (6)(b)—the condition attached, as amended or cancelled.
 - (8) If the subject person satisfies the Monetary Authority that publishing a notice of any matter mentioned in subsection (7)(a), (b), (c) or (d) would affect, to an unreasonable degree, the commercial interests of the subject person, the Monetary Authority may, instead of publishing the matter, publish—
 - (a) a brief account of the ground for not publishing the matter; and
 - (b) such appropriate information on the matter that the Monetary Authority considers incapable of affecting, to an unreasonable degree, the commercial interests of the subject person.
 - (9) While a modification or waiver granted under subsection (1) is in force in relation to a subject person, a reference in this Ordinance to the minimum criteria applicable in relation to the subject person is to be construed as the minimum criteria as modified or waived under that subsection.
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Part 3

Designation of Stablecoin Entities

100. Application of this Part in relation to person outside Hong Kong

This Part applies in relation to—

- (a) an individual who is outside Hong Kong; or
- (b) an entity incorporated or established in a place outside Hong Kong,

as it applies in relation to an individual who is in Hong Kong or an entity incorporated or established in Hong Kong.

101. Monetary Authority may designate entity

- (1) The Monetary Authority may, by notice published in the Gazette, designate for the purposes of this Ordinance an entity—
 - (a) if—
 - (i) the entity carries on a business outside Hong Kong of issuing specified stablecoins; and
 - (ii) section 8 does not prohibit the entity from carrying on the business; or
 - (b) if the entity provides, whether in Hong Kong or elsewhere, any services to a stablecoin payment system.
- (2) However, the Monetary Authority must not designate an entity under subsection (1) unless—

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- (a) the Monetary Authority is of the opinion that the issue of specified stablecoins by the entity or the provision of services by the entity to a stablecoin payment system (as the case requires) is, or is likely to become, material to the monetary or financial stability of Hong Kong;
 - (b) the Monetary Authority is of the opinion that the issue of specified stablecoins by the entity or the provision of services by the entity to a stablecoin payment system (as the case requires) is, or is likely to become, material to the functioning of Hong Kong as an international financial centre; or
 - (c) having regard to matters of significant public interest, the Monetary Authority is of the opinion that the entity should be designated.
- (3) The Monetary Authority must, before designating an entity under subsection (1)—
- (a) give a written notice to the entity stating—
 - (i) the Monetary Authority's intention to designate the entity; and
 - (ii) the ground for the designation;
 - (b) specify in the notice a period of not less than 14 days after the day on which the notice is given within which the entity may make written representations to the Monetary Authority as to why the designation should not be made; and
 - (c) consider any representation made for the purposes of paragraph (b).

102. Provisions supplementary to section 101(2)

- (1) For the purposes of section 101(2)(a), the issue of specified stablecoins by an entity is, or is likely to become, material to the monetary or financial stability of Hong Kong if the occurrence of any significant disruption to the business operation of the entity relating to the issue of the specified stablecoins—
 - (a) is likely to adversely affect the monetary or financial stability of Hong Kong;
 - (b) is likely to cause significant disruption to a stablecoin payment system; or
 - (c) is likely to cause systemic disruption to the financial system of Hong Kong.
- (2) For the purposes of section 101(2)(a), the provision of services by an entity to a stablecoin payment system is, or is likely to become, material to the monetary or financial stability of Hong Kong if the occurrence of any significant disruption to the provision of the services—
 - (a) is likely to adversely affect the monetary or financial stability of Hong Kong;
 - (b) is likely to cause significant disruption to a stablecoin payment system to which the services are provided; or
 - (c) is likely to cause systemic disruption to the financial system of Hong Kong.
- (3) For the purposes of section 101(2)(b), the issue of specified stablecoins by an entity is, or is likely to become, material to the functioning of Hong Kong as an international financial centre if the occurrence of any significant disruption to the business operation of the entity relating to the issue of the specified stablecoins is

likely to adversely affect the functioning of Hong Kong as an international financial centre.

- (4) For the purposes of section 101(2)(b), the provision of services by an entity to a stablecoin payment system is, or is likely to become, material to the functioning of Hong Kong as an international financial centre if the occurrence of any significant disruption to the provision of the services is likely to adversely affect the functioning of Hong Kong as an international financial centre.
- (5) For the purposes of section 101(2)(c), the following matters are to be regarded as matters of significant public interest—
 - (a) whether the occurrence of any significant disruption to the business operation of an entity relating to the issue of specified stablecoins is likely to adversely affect—
 - (i) the public's confidence in a stablecoin payment system;
 - (ii) the public's confidence in the financial system of Hong Kong; or
 - (iii) day-to-day commercial activities in Hong Kong; or
 - (b) whether the occurrence of any significant disruption to the provision of services by an entity to a stablecoin payment system is likely to adversely affect—
 - (i) the public's confidence in the stablecoin payment system;
 - (ii) the public's confidence in the financial system of Hong Kong; or
 - (iii) day-to-day commercial activities in Hong Kong.

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- (6) Without limiting subsections (1), (2), (3), (4) and (5), the Monetary Authority may have regard to one or more of the factors specified in subsection (7) for determining—
- (a) whether the issue of specified stablecoins by the entity or the provision of services by the entity to a stablecoin payment system is, or is likely to become, material to the monetary or financial stability of Hong Kong;
 - (b) whether the issue of specified stablecoins by the entity or the provision of services by the entity to a stablecoin payment system is, or is likely to become, material to the functioning of Hong Kong as an international financial centre; or
 - (c) whether a matter is of significant public interest.
- (7) The factors are—
- (a) for an entity that issues specified stablecoins—
 - (i) the number of holders of specified stablecoins issued by the entity who are members of the public;
 - (ii) the estimated aggregate and average value of transactions processed, cleared or settled, or likely to be processed, cleared or settled, with such specified stablecoins, being transactions any part of which is carried out in Hong Kong, in a normal business day; and
 - (iii) the estimated aggregate and average number of transactions processed, cleared or settled, or likely to be processed, cleared or settled, with such specified stablecoins, being transactions any part of which is carried out in Hong Kong, in a normal business day; or

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- (b) for an entity that provides services to a stablecoin payment system—
- (i) the estimated aggregate and average value of such services provided, or likely to be provided, by the entity in a normal business day;
 - (ii) the estimated aggregate and average number of times such services are provided, or are likely to be provided, by the entity in a normal business day;
 - (iii) the estimated aggregate and average value of transactions processed, cleared or settled, or likely to be processed, cleared or settled, with specified stablecoins that involve the provision of such services by the entity in a normal business day;
 - (iv) the estimated aggregate and average number of transactions processed, cleared or settled, or likely to be processed, cleared or settled, with specified stablecoins that involve the provision of such services by the entity in a normal business day;
 - (v) the significance of such services provided, or likely to be provided, by the entity to the operation of the stablecoin payment system;
 - (vi) the nature of such services provided, or likely to be provided, by the entity; and
 - (vii) whether such services provided, or likely to be provided, by the entity or their equivalent could be provided by others.

103. Power of Monetary Authority to require information from officer

- (1) This section applies if—
 - (a) the Monetary Authority has reasonable grounds to believe that—
 - (i) an entity is an entity mentioned in section 101(1)(a) or (b); and
 - (ii) the Monetary Authority will form the opinion mentioned in section 101(2)(a), (b) or (c); and
 - (b) the Monetary Authority is unable on the basis of the information before the Monetary Authority to determine whether the entity should be designated under section 101(1)(a) or (b).
- (2) The Monetary Authority may, by written notice, require a person that the Monetary Authority knows or reasonably believes is an officer of the entity—
 - (a) to provide the Monetary Authority with any information or document specified in the notice that the Monetary Authority considers necessary for deciding whether to designate the entity under section 101(1); and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (3) A person who, without reasonable excuse, fails to comply with a requirement imposed under subsection (2) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$200,000 and to imprisonment for 1 year.

104. Provision of information to Monetary Authority

- (1) On the designation of an entity under section 101(1), the Monetary Authority may, by written notice, require the entity to provide the Monetary Authority with the following information—
 - (a) the names of the directors and shareholders of the entity;
 - (b) the name of the chief executive officer (by whatever name called) of the entity; and
 - (c) any other information about the directors, shareholders and chief executive officer.
- (2) The information must be provided within 7 days after the day on which the notice is given.
- (3) If, after the designation of an entity under section 101(1), there is any change to the information provided to the Monetary Authority under subsection (1) in respect of the entity, the entity must, within 7 days after the day on which the change takes place, give a written notice of the change to the Monetary Authority.
- (4) A designated stablecoin entity that, without reasonable excuse, fails to comply with a requirement imposed under subsection (1) or contravenes subsection (3) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

105. Register of designated stablecoin entities

- (1) The Monetary Authority must maintain a register of designated stablecoin entities in the form the Monetary Authority considers appropriate.
- (2) The register must contain, in respect of each designated stablecoin entity—
 - (a) the entity's name; and
 - (b) the date on which the entity was designated.
- (3) The register may also contain any other particulars of a designated stablecoin entity that the Monetary Authority considers appropriate to be contained in the register.
- (4) If the designation of a designated stablecoin entity is revoked under section 106, the Monetary Authority must, as soon as practicable after the revocation takes effect, remove from the register the entry relating to the entity.
- (5) The register—
 - (a) may be maintained in a documentary form; or
 - (b) may be maintained by recording the information to be contained in the register otherwise than in a documentary form, as long as the information is capable of being reproduced in a legible form.
- (6) The Monetary Authority must make the register available for inspection by the public in the form and manner determined by the Monetary Authority.

106. Revocation of designation

- (1) The Monetary Authority may, by notice published in the Gazette, revoke the designation of a designated stablecoin entity if—

- (a) the Monetary Authority is satisfied that the entity is no longer an entity referred to in section 101(1); or
- (b) either—
 - (i) for an entity designated under section 101(1) on the basis of the Monetary Authority’s opinion mentioned in section 101(2)(a) or (b)—in the Monetary Authority’s opinion, the issue of specified stablecoins by the entity or the provision of services by the entity to a stablecoin payment system (as the case requires) has ceased to be, or to be likely to become, material as referred to in section 101(2)(a) or (b); or
 - (ii) for an entity designated under section 101(1) on the basis of the Monetary Authority’s opinion mentioned in section 101(2)(c)—in the Monetary Authority’s opinion, the matters based on which the entity was designated have ceased to exist.
- (2) The Monetary Authority must, as soon as practicable after the publication of a notice under subsection (1), give a written notice to the designated stablecoin entity of the revocation.

107. Requirements applying to designated stablecoin entity

- (1) A designated stablecoin entity must—
 - (a) have in place operating rules for the issue of specified stablecoins by the entity or the provision of services by the entity to a stablecoin payment system (as the case requires) that—
 - (i) comply with any regulation made by the Monetary Authority under section 171;

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- (ii) provide for the entity to be operated in accordance with this Ordinance; and
 - (iii) provide for appropriate and adequate arrangements to deal with the situation where the entity is likely to become unable to meet its obligations;
 - (b) have in place and implement appropriate and adequate arrangements to monitor and enforce compliance with the operating rules by the entity;
 - (c) maintain appropriate and adequate financial resources for the issue of specified stablecoins by the entity or the provision of services by the entity to a stablecoin payment system (as the case requires); and
 - (d) have in place and implement appropriate and adequate systems of control for reserve management, disclosures and risk management in relation to the issue of specified stablecoins by the entity or the provision of services by the entity to a stablecoin payment system (as the case requires).
- (2) A designated stablecoin entity who, without reasonable excuse, contravenes subsection (1) commits an offence and is liable—
- (a) on summary conviction—to a fine of at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
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Part 4

Functions of Monetary Authority

108. Functions of Monetary Authority

- (1) The principal function of the Monetary Authority under this Ordinance is to promote monetary and financial stability by addressing the risks in relation to specified stablecoins.
- (2) Without limiting subsection (1), it is the function of the Monetary Authority—
 - (a) to supervise compliance with this Ordinance;
 - (b) to promote and encourage proper standards of conduct and operation, and sound and prudent practices, among licensees;
 - (c) whenever appropriate, to cooperate with and assist financial services supervisory authorities of Hong Kong or elsewhere in regulating, supervising and overseeing matters relating to specified stablecoins, to the extent permitted by this Ordinance or any other Ordinance;
 - (d) to consider and propose reforms of the law relating to specified stablecoins;
 - (e) to suppress or assist in suppressing illegal, dishonourable or improper business practices of licensees; and
 - (f) to take all reasonable steps to ensure that regulated stablecoin activities carried on by a licensee are carried on—
 - (i) with integrity, prudence and the appropriate degree of professional competence; and

- (ii) in a manner that is not detrimental or likely to be detrimental to the interests of the holders or potential holders of specified stablecoins.
- (3) The Monetary Authority may do all things necessary or expedient to be done for or in connection with, or incidental to, the performance of the Monetary Authority's functions under this Ordinance.
- (4) The Monetary Authority may appoint persons as advisers or consultants to assist in the performance of the Monetary Authority's functions under this Ordinance.

109. Power of Chief Executive to give direction

- (1) After consulting the Monetary Authority, the Chief Executive may, if satisfied that it is in the public interest to do so, give the Monetary Authority any written direction as the Chief Executive considers appropriate as to the performance of any function of the Monetary Authority under this Ordinance, either generally or in a particular case.
- (2) The Monetary Authority must comply with a direction given under subsection (1).
- (3) If a direction is given under subsection (1), a requirement under this Ordinance that the Monetary Authority must—
 - (a) form an opinion;
 - (b) be satisfied as to a matter (including the existence of particular circumstances); or
 - (c) consult a person,for the purpose of performing a function to which the direction relates, does not apply for any purpose connected with the performance of that function in accordance with the direction.

110. Monetary Authority may require information or document from licensee or designated stablecoin entity

- (1) For the better performance of the Monetary Authority's functions under this Ordinance, the Monetary Authority may, by written notice—
 - (a) require a licensee to provide the Monetary Authority with any information or document relating to any of its business activities under its licence, specified in the notice; or
 - (b) require a designated stablecoin entity to provide the Monetary Authority with any information or document relating to its business operation in respect of the issue of specified stablecoins or the provision of services to a stablecoin payment system, specified in the notice.
- (2) A requirement imposed under subsection (1) may specify a period within which the licensee or designated stablecoin entity must comply with the requirement.
- (3) To avoid doubt—
 - (a) the power conferred by subsection (1) to require the provision of any information or document includes the power to require the provision of any information or document that the Monetary Authority considers necessary to determine whether there is or has been contravention of this Ordinance; and
 - (b) a requirement imposed under that subsection may specify the provision of information or document on a periodic basis or at any time and regardless of whether the Monetary Authority has reason to suspect that there is, has been or may be contravention of this Ordinance.

- (4) A person who fails to comply with a requirement imposed under subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
- (5) It is a defence for a person charged with an offence under subsection (4) to establish that the person took all reasonable steps to ensure that the requirement to which the charge relates was complied with.

111. Monetary Authority may examine books and accounts etc.

- (1) For the better performance of the Monetary Authority's functions under this Ordinance, the Monetary Authority may at any time, with or without prior notice, examine any of the following—
 - (a) any books and accounts of a specified person;
 - (b) anything relating to any transaction or systems of control of a specified person.
- (2) The Monetary Authority may examine the books and accounts or thing, whether the books and accounts or thing is in Hong Kong or elsewhere.
- (3) For the purpose of an examination under subsection (1) in respect of a specified person—
 - (a) the specified person must permit the Monetary Authority to examine—

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- (i) the documents of title to the specified person's assets and other documents;
 - (ii) the specified person's systems of control; and
 - (iii) if the specified person is a licensee or a designated stablecoin entity designated under section 101(1)(a)—the books and accounts of the specified person, the documents of title to the reserve assets in respect of specified stablecoins issued by the specified person and the specified person's cash;
 - (b) the specified person must permit the Monetary Authority to have access to any facilities (including photocopying facilities) and information as may be required; and
 - (c) the specified person must produce to the Monetary Authority any books and accounts, documents, securities, cash, facilities or information that the Monetary Authority may require.
- (4) However, in so far as is consistent with the carrying out of an examination, a specified person is not required under subsection (3) to provide for inspection anything at a time or place that would interfere with the proper conduct of the normal daily business of the specified person.
- (5) A specified person who contravenes subsection (3) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or

- (b) on conviction on indictment—to a fine of \$200,000 and to imprisonment for 1 year and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

(6) In this section—

specified person (指明人士) means—

- (a) a licensee;
- (b) an associated company of a licensee that is not an authorized institution; or
- (c) a designated stablecoin entity.

112. Monetary Authority may require report to be prepared by skilled person

- (1) After consulting a specified person, the Monetary Authority may, by written notice, require the specified person to submit to the Monetary Authority a report—
 - (a) prepared by one or more skilled persons appointed by the specified person; and
 - (b) prepared on the matters that the Monetary Authority may require or consider expedient for the better performance of the Monetary Authority's functions under this Ordinance.
- (2) The Monetary Authority may specify in the notice—
 - (a) the period within which the report is to be submitted; and
 - (b) the manner in which the report is to be prepared.
- (3) Without limiting subsection (1)(b), the report may be prepared on any one or more of the following matters—

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- (a) the state of affairs, or profit or loss, of the specified person based on an audit of the specified person's accounts carried out in respect of a period specified in the notice mentioned in subsection (1);
 - (b) whether or not the specified person has in place adequate and appropriate systems of control to enable, as far as reasonably practicable—
 - (i) the specified person's affairs, business and property to be prudently managed; and
 - (ii) the specified person to fulfil the specified person's duties under this Ordinance.
- (4) The specified person must—
- (a) give all assistance that the skilled person may reasonably require in preparing the report; and
 - (b) without limiting paragraph (a)—
 - (i) provide access to or produce any books and accounts, or thing, relating to any transaction or systems of control of the specified person (*specified matter*) that the skilled person may reasonably require in preparing the report; and
 - (ii) answer any questions in relation to any specified matter, transaction or systems of control of the specified person that the skilled person may reasonably require in preparing the report.
- (5) A specified person who fails to comply with a requirement imposed under subsection (1) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or

- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$25,000 for every day during which the offence continues.
- (6) A specified person who, without reasonable excuse, contravenes subsection (4) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$25,000 for every day during which the offence continues.
- (7) A specified person commits an offence if the specified person, in purported compliance with subsection (4)(b)—
 - (a) produces any books, accounts or thing, or gives any answer, that is false or misleading in a material particular; and
 - (b) knows or ought reasonably to know that the books, accounts, thing or answer is false or misleading in a material particular.
- (8) A specified person who commits an offence under subsection (7) is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.
- (9) In this section—

skilled person (技術人員) means a person appointed in compliance with section 113;

specified person (指明人士) means—

- (a) a licensee; or
- (b) a designated stablecoin entity.

113. Appointment of skilled person

- (1) A specified person may only appoint as a skilled person to prepare a report required under section 112(1) a person who is—
 - (a) approved by the Monetary Authority under subsection (2) for preparing the report; or
 - (b) nominated by the Monetary Authority under subsection (3) for preparing the report.
- (2) The Monetary Authority may, on the application of a specified person, approve a person for appointment as a skilled person to prepare a report required under section 112(1) if the Monetary Authority is satisfied that the person has the necessary qualifications, skills, experience and resources to prepare the report independently.
- (3) The Monetary Authority may, for the purposes of subsection (1)(b), nominate for appointment as a skilled person a person that the Monetary Authority considers to have the necessary qualifications, skills, experience and resources to prepare a report required under section 112(1) independently.
- (4) In this section—

specified person (指明人士) has the meaning given by section 112(9).

114. Monetary Authority may impose requirement on skilled person or specified person

- (1) This section applies if a person (*skilled person*) is appointed by a specified person to prepare a report required under section 112(1).
- (2) The Monetary Authority may, by written notice, require the specified person—
 - (a) to provide the Monetary Authority with any information or document specified in the notice relating to the skilled person's qualifications, skills, experience, resources or independence; and
 - (b) to provide the information or document within the period, and in the manner, specified in the notice.
- (3) The Monetary Authority may impose on the skilled person and the specified person any other requirement that the Monetary Authority considers necessary for performing the Monetary Authority's functions under this Ordinance.
- (4) The Monetary Authority may require the specified person to terminate the appointment if the Monetary Authority considers that the appointment is no longer appropriate having regard to the skilled person's qualifications, skills, experience, resources or independence.
- (5) A specified person who fails to comply with a requirement imposed under subsection (2) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$200,000 and to imprisonment for 1 year.

- (6) It is a defence for a person charged with an offence under subsection (5) to establish that the person took all reasonable steps to ensure that the requirement to which the charge relates was complied with.
- (7) A specified person who fails to comply with a requirement imposed under subsection (4) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$25,000 for every day during which the offence continues.
- (8) In this section—
specified person (指明人士) has the meaning given by section 112(9).

115. Monetary Authority may give direction to licensee or designated stablecoin entity

- (1) The Monetary Authority may, by written notice, direct a licensee or designated stablecoin entity to take any action that the Monetary Authority considers necessary for bringing the licensee or entity into compliance with this Ordinance.
- (2) A direction given under subsection (1)—
 - (a) must specify the action to be taken;
 - (b) must include a statement of the respect in which the Monetary Authority considers the licensee or entity not to be in compliance with this Ordinance; and

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- (c) may specify a period within which the licensee or entity must comply with the direction.
- (3) A licensee or designated stablecoin entity who fails to comply with a direction given under subsection (1) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
- (4) It is a defence for a licensee or designated stablecoin entity charged with an offence under subsection (3) to establish that the licensee or entity (as the case may be) took all reasonable steps to ensure that the direction to which the charge relates was complied with.
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Part 5

Investigation

116. Investigation by Monetary Authority

- (1) This section applies if the Monetary Authority has reasonable cause to believe that—
 - (a) an offence under this Ordinance may have been committed by a person;
 - (b) a requirement imposed by or under this Ordinance may have been contravened by a person; or
 - (c) a condition attached to a licence, consent or any other instrument granted or given by the Monetary Authority under this Ordinance may have been contravened by a person.
- (2) The Monetary Authority may institute an investigation against the person mentioned in subsection (1)(a), (b) or (c)—
 - (a) by giving written direction to one or more of the persons appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to investigate the matter mentioned in that subsection; or
 - (b) with the consent of the Financial Secretary, by appointing in writing one or more other persons to investigate the matter mentioned in that subsection.
- (3) The Monetary Authority must give an investigator a copy of—
 - (a) if the investigator is directed under subsection (2)(a)—the direction; or
 - (b) if the investigator is appointed under subsection (2)(b)—the appointment.

- (4) The Monetary Authority may use the Exchange Fund to pay any costs and expenses incurred by an investigator.

117. Power of investigator to require production of record or document etc.

- (1) An investigator directed or appointed to conduct an investigation under section 116 may, by written notice, require any one or more of the following persons to do any one or more of the acts mentioned in subsection (2)—
- (a) a person against whom the investigation is instituted;
 - (b) a person whom the investigator has reasonable cause to believe—
 - (i) to be in possession of a record or document that contains, or is likely to contain, information relevant to the investigation; or
 - (ii) to be otherwise in possession of information relevant to the investigation.
- (2) The acts are—
- (a) to produce to the investigator, within the time and at the place specified in the notice, a record or document specified in the notice that—
 - (i) is or may be relevant to the investigation; and
 - (ii) is in the person's possession; and
 - (b) to attend before the investigator at the time and place specified in the notice, and answer any question relating to a matter under investigation that may be asked by the investigator.

- (3) The investigator may require the person to give the investigator all assistance in connection with the investigation that the person is reasonably able to give, including responding to a written question that may be raised by the investigator.
- (4) If a person produces to an investigator a record or document in compliance with a requirement imposed under subsection (1), the investigator may require the person to give the investigator an explanation or further particulars in respect of the record or document.
- (5) Before imposing a requirement on a person under subsection (1), (3) or (4), an investigator must produce a copy of the direction or appointment given by the Monetary Authority under section 116(3) for inspection by the person.

118. Power of investigator to require answer etc. to be verified by statutory declaration

- (1) An investigator may, by written notice, require a person who gives an answer, response, explanation or particulars to the investigator under section 117(1), (3) or (4)—
 - (a) to verify by statutory declaration the answer, response, explanation or particulars; and
 - (b) to do so within the period specified in the notice.
- (2) If a person does not produce a record or document, or give an answer, response, explanation or particulars, to an investigator in compliance with a requirement imposed on the person under section 117(1), (3) or (4) for the reason that the record or document, or the information concerned, is not within the person's knowledge or in the person's possession, the investigator may, by written notice, require the person—

- (a) to verify by statutory declaration that fact and reason; and
 - (b) to do so within the period specified in the notice.
- (3) A statutory declaration under subsection (1) or (2) may be taken by the investigator.
- (4) Before imposing a requirement on a person under subsection (1) or (2), an investigator must produce a copy of the direction or appointment given by the Monetary Authority under section 116(3) for inspection by the person.

119. Report by investigator

- (1) An investigator directed or appointed to conduct an investigation under section 116—
- (a) may give an interim report to the Monetary Authority on the investigation; and
 - (b) must give an interim report to the Monetary Authority as soon as practicable after being directed by the Monetary Authority to do so.
- (2) An investigator directed or appointed to conduct an investigation under section 116 must, as soon as practicable after completing the investigation, give a final report to the Monetary Authority on the investigation.
- (3) The Monetary Authority may, with the consent of the Secretary for Justice, publish a report given under this section.

120. Offence for contravening section 117 or 118

- (1) A person commits an offence if the person, without reasonable excuse, fails to comply with a requirement imposed on the person under section 117(1), (3) or (4) or 118(1) or (2).
- (2) A person commits an offence if the person—
 - (a) in purported compliance with a requirement imposed on the person under section 117(1), (3) or (4)—
 - (i) produces a record or document that is false or misleading in a material particular; or
 - (ii) gives an answer, response, explanation or particular that is false or misleading in a material particular; and
 - (b) knows, or ought reasonably to know, the record or document, or the answer, response, explanation or particular, is false or misleading in a material particular.
- (3) A person commits an offence if the person with intent to defraud—
 - (a) fails to comply with a requirement imposed on the person under section 117(1), (3) or (4) or 118(1) or (2); or
 - (b) in purported compliance with a requirement imposed on the person under section 117(1), (3) or (4)—
 - (i) produces a record or document that is false or misleading in a material particular; or
 - (ii) gives an answer, response, explanation or particular that is false or misleading in a material particular.

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- (4) An officer or employee of an entity commits an offence if the officer or employee with intent to defraud—
 - (a) causes or allows the entity to fail to comply with a requirement imposed on the entity under section 117(1), (3) or (4) or 118(1) or (2); or
 - (b) causes or allows the entity to, in purported compliance with a requirement imposed on the entity under section 117(1), (3) or (4)—
 - (i) produce a record or document that is false or misleading in a material particular; or
 - (ii) give an answer, response, explanation or particular that is false or misleading in a material particular.
 - (5) A person who commits an offence under subsection (1) is liable—
 - (a) on summary conviction—to a fine at level 5 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$200,000 and to imprisonment for 1 year.
 - (6) A person who commits an offence under subsection (2) is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.
 - (7) A person who commits an offence under subsection (3) or (4) is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or

- (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 7 years.
- (8) Despite anything in this Ordinance, no criminal proceedings may be instituted against a person under subsection (1), (2), (3) or (4) for a conduct if—
 - (a) proceedings have previously been instituted against the person for the purposes of section 121(2)(b) for the same conduct; and
 - (b) either—
 - (i) those proceedings are pending; or
 - (ii) because of the previous institution of those proceedings, no proceedings may again be lawfully instituted against the person for the purposes of that section for the same conduct.
- (9) If a person is convicted by a court on a prosecution instituted as a result of an investigation, the court may order the person to pay to the Monetary Authority the whole or any part of the costs and expenses of the investigation.
- (10) An amount received by the Monetary Authority under subsection (9) for the costs and expenses of an investigation must be paid into the Exchange Fund.

121. Court of First Instance inquiry into failure to comply with requirement of investigator

- (1) If a person fails to comply with a requirement imposed on the person by an investigator under section 117(1), (3) or (4) or 118(1) or (2), the investigator may apply to the Court of First Instance for an inquiry into the failure.
- (2) On an application under subsection (1), the Court of First Instance—

- (a) may, on being satisfied that there is no reasonable excuse for the person not to comply with the requirement, order the person to comply with the requirement within the period specified by the Court; and
 - (b) may, on being satisfied that the failure was without reasonable excuse, punish the person, and any other person knowingly involved in the failure, in the same manner as if the person and that other person had been guilty of contempt of court.
- (3) An application under subsection (1) must be made by an originating summons in Form No. 10 in Appendix A to the Rules of the High Court (Cap. 4 sub. leg. A).
- (4) Despite anything in this Ordinance, no proceedings may be instituted against a person for the purposes of subsection (2)(b) for a conduct if—
- (a) criminal proceedings have previously been instituted against the person under section 120(1), (2), (3) or (4) for the same conduct; and
 - (b) either—
 - (i) those criminal proceedings are pending; or
 - (ii) because of the previous institution of those criminal proceedings, no criminal proceedings may again be lawfully instituted against the person under that section for the same conduct.

122. Incriminating evidence

- (1) A person is not excused from complying with a requirement imposed on the person by an investigator under section 117(1), (3) or (4) only on the ground that to do so might tend to incriminate the person.

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- (2) If an investigator requires a person to answer or respond to a question, or to give an explanation or further particulars, under section 117(1), (3) or (4), the investigator must ensure that the person has first been informed or reminded of the limitations imposed by the application of subsection (3).
 - (3) Despite anything in this Ordinance, and subject to subsection (4), if an investigator requires a person to answer or respond to a question, or to give an explanation or further particulars, under section 117(1), (3) or (4), the requirement and the following are not admissible in evidence against the person in criminal proceedings before any court—
 - (a) the question and the answer or response;
 - (b) the explanation or particulars.
 - (4) Subsection (3) does not apply unless—
 - (a) the answer, response, explanation or particulars might tend to incriminate the person;
 - (b) the person so claims before giving the answer, response, explanation or particulars; and
 - (c) the criminal proceedings are not those in which the person is charged with an offence in respect of the answer, response, explanation or particulars—
 - (i) under this Part;
 - (ii) under section 142(5) for a contravention of section 142(3)(a); or
 - (iii) under Part V of the Crimes Ordinance (Cap. 200).

123. Lien claimed on record or document

If a person claims a lien on a record or document in the person's possession that is required to be produced under this Part—

- (a) the lien does not affect the requirement to produce the record or document;
- (b) no fees are payable in relation to the production; and
- (c) the production does not affect the lien.

124. Issue of magistrate's warrant

(1) On information on oath laid by a person specified in subsection (2), a magistrate may, if satisfied that the condition specified in subsection (3) is met, issue a warrant authorizing a person specified in the warrant, a police officer, and any other person as may be necessary to assist in executing the warrant—

- (a) to enter the premises specified in the information, if necessary by force, at any time within the period of 7 days beginning on the date of the warrant; and
- (b) to search for, seize and remove a record or document that the person specified in the warrant or the police officer has reasonable cause to believe may be required to be produced under this Part.

(2) Each of the following persons is specified for subsection (1)—

- (a) an investigator;
- (b) a person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to assist the Monetary Authority.

- (3) For the purposes of subsection (1), the condition is that there are reasonable grounds to suspect that there is, or is likely to be, on the premises a record or document that may be required to be produced under this Part.

125. Powers of person authorized by warrant and related offences

- (1) If an authorized person under a warrant issued under section 124(1) has reasonable cause to believe that a person found on the premises is employed, or engaged to provide a service, in connection with a business that is or has been carried on on the premises, the authorized person may require that person to produce for examination a record or document that—
 - (a) is in the possession of that person; and
 - (b) the authorized person has reasonable cause to believe may be required to be produced under this Part.
- (2) An authorized person may, in relation to a record or document required to be produced under subsection (1)—
 - (a) prohibit a person found on the premises from—
 - (i) removing the record or document from the premises;
 - (ii) erasing anything from, adding anything to or otherwise altering anything in, the record or document; or
 - (iii) otherwise interfering in any manner with, or causing or permitting another person to interfere with, the record or document; or
 - (b) take any other step that appears to the authorized person to be necessary for—
 - (i) preserving the record or document; or

- (ii) preventing interference with the record or document.
- (3) A person commits an offence if the person—
 - (a) without reasonable excuse, fails to comply with a requirement imposed under subsection (1) or contravenes a prohibition under subsection (2); or
 - (b) obstructs an authorized person in the exercise of a power conferred by subsection (1) or (2) on the authorized person.
- (4) A person who commits an offence under subsection (3) is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.

126. Record or document removed under warrant

- (1) A record or document removed under a warrant issued under section 124(1) may be retained—
 - (a) for a period not exceeding 6 months beginning on the day of its removal; or
 - (b) if the record or document is or may be required for any criminal proceedings or any proceedings under this Ordinance—for a longer period that may be necessary for those proceedings.
- (2) If an authorized person removes a record or document under a warrant issued under section 124(1), the authorized person—
 - (a) must, as soon as practicable after the removal, give a receipt for the record or document; and

- (b) may permit a person who would be entitled to inspect the record or document but for the removal, at all reasonable times—
 - (i) to inspect it; and
 - (ii) to make copies or otherwise record details of it.
- (3) Section 102 of the Criminal Procedure Ordinance (Cap. 221) applies to any property that has because of this section come into the possession of the Monetary Authority, as it applies to property that has come into the possession of the police.

127. Production of information in information system etc.

- (1) This section applies if any information contained in a record or document required to be produced under this Part is not recorded in a legible form.
- (2) The power to require the production of the record or document includes—
 - (a) if the information can be reproduced in a legible form—a power to require the production of the information in a legible form; or
 - (b) if the information is recorded in an information system—a power to require the production of that recording in a form that enables the information to be reproduced in a legible form.
- (3) In this section—

information system (資訊系統) has the meaning given by section 2(1) of the Electronic Transactions Ordinance (Cap. 553).
- (4) In this section, a reference to a recording of information includes the relevant part of the recording.

128. Inspection of record or document seized etc.

- (1) This section applies if an investigator has taken possession of a record or document under this Part.
- (2) The investigator must permit a person who would be entitled to inspect the record or document had the investigator not taken possession of it under this Part, at all reasonable times—
 - (a) to inspect it; and
 - (b) to make copies or otherwise record details of it.
- (3) The investigator may in giving permission impose any reasonable condition as to security or otherwise that the investigator considers appropriate.

129. Prohibition on destruction etc. of record or document

- (1) This section applies to a person who is required to produce a record or document by another person (*requesting person*) under this Part.
 - (2) The person must not destroy, falsify, conceal or otherwise dispose of, or cause or permit the destruction, falsification, concealment or disposal of, the record or document with intent to conceal, from the requesting person, any fact or matter capable of being disclosed by the record or document.
 - (3) A person who contravenes subsection (2) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.
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Part 6

Sanctions

130. Interpretation of Part 6

In this Part—

regulated person (受規管者) means—

- (a) a licensee or an officer of a licensee; or
- (b) a designated stablecoin entity or an officer of a designated stablecoin entity.

131. Monetary Authority may impose sanctions on regulated person

- (1) The Monetary Authority may, by written notice, impose one or more of the sanctions mentioned in subsection (2) on a regulated person if the Monetary Authority is satisfied that—
 - (a) a provision of this Ordinance has been contravened by the person;
 - (b) a requirement imposed by or under this Ordinance has been contravened by the person; or
 - (c) a condition attached to a licence, consent or any other instrument granted or given by the Monetary Authority under this Ordinance has been contravened by the person.
- (2) The sanctions are—
 - (a) to order the regulated person to pay a pecuniary penalty not exceeding the amount that is the greater of—
 - (i) \$10,000,000; or

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- (ii) 3 times the amount of profit gained or loss avoided by the person as a result of the contravention;
 - (b) to give the regulated person one or more of the following—
 - (i) a caution;
 - (ii) a warning;
 - (iii) a reprimand;
 - (iv) an order to take, by a date specified in the order, the action specified in the order for remedying the contravention;
 - (c) to prohibit the regulated person from doing any or both of the following for the period, or until the occurrence of the event, specified in the notice—
 - (i) applying for a licence under section 14;
 - (ii) applying for a consent mentioned in section 38(1), 39(2), 54(1), 59(1) or 67(1).
 - (3) In reaching a decision to impose a sanction mentioned in subsection (2), the Monetary Authority must have regard to the following matters—
 - (a) the circumstances in which the contravention occurred, including the factors occasioning it;
 - (b) the seriousness of the contravention;
 - (c) if applicable, the extent of the failure by the regulated person to cooperate in an investigation relating to the contravention;
 - (d) if applicable, the excuse or explanation given by the regulated person for the contravention, or failure to cooperate in an investigation mentioned in paragraph (c);

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- (e) the gain, whether financial or otherwise, made by the regulated person or by another person in which the regulated person has a financial interest as a result of the contravention;
 - (f) the amount of any loss suffered or costs incurred by a person other than the regulated person, or loss or costs avoided by the regulated person, as a result of the contravention;
 - (g) the duration of the contravention;
 - (h) if applicable, the continuation of the contravention after the regulated person was notified of an investigation mentioned in paragraph (c);
 - (i) the extent to which the regulated person knew, or ought reasonably to have known, that the contravention had occurred or was occurring;
 - (j) the extent and timeliness of any steps taken to cease the contravention and any steps taken for remedying the consequences of the contravention;
 - (k) whether a sanction in respect of any similar contravention has already been imposed on the regulated person by a court, the Monetary Authority or another person;
 - (l) whether imposing a sanction is appropriate and proportionate to the seriousness of the contravention and will have sufficient deterrent effect to ensure that any similar contravention will not occur in the future;
 - (m) the repeated occurrence of contraventions of the matters mentioned in subsection (1) by the regulated person; and

- (n) if applicable, the absence, ineffectiveness or repeated failure of internal mechanisms or procedures of the regulated person intended to prevent contraventions of the matters mentioned in subsection (1) from occurring.
- (4) In reaching a decision to impose a sanction mentioned in subsection (2), the Monetary Authority may have regard to any information or material in the Monetary Authority's possession that is relevant to the decision, regardless of how the information or material has come into the Monetary Authority's possession.
- (5) The Monetary Authority may only impose a sanction mentioned in subsection (2)(a) if the Monetary Authority has issued guidelines under section 170 setting out the manner in which the Monetary Authority proposes to exercise that power.

132. Procedural requirements for imposing sanctions

- (1) The Monetary Authority must, before imposing a sanction on a regulated person under section 131(1) in respect of a contravention—
 - (a) give a written notice to the regulated person stating—
 - (i) the Monetary Authority's intention to impose the sanction; and
 - (ii) the ground for imposing the sanction;
 - (b) specify in the notice a period of not less than 14 days after the day on which the notice is given within which the person may make written representations to the Monetary Authority as to why the ground for imposing the sanction has not been made out; and
 - (c) consider any representation made for the purposes of paragraph (b).

- (2) If the Monetary Authority decides to impose a sanction on a regulated person under section 131(1), the Monetary Authority must give a written notice to the regulated person stating—
 - (a) the sanction imposed;
 - (b) the ground for imposing the sanction; and
 - (c) for a sanction mentioned in section 131(2)(a), the amount of the pecuniary penalty to be paid.

133. Payment of pecuniary penalty

- (1) A regulated person who is ordered under section 131(2)(a) to pay a pecuniary penalty must pay the penalty to the Monetary Authority—
 - (a) within 30 days beginning on the day on which a notice is given under section 131(1); or
 - (b) within a longer period that the Monetary Authority may specify in that notice.
- (2) The Court of First Instance may, on the application of the Monetary Authority, register an order made under section 131(2)(a) in the Court of First Instance.
- (3) On registration, the order is to be regarded for all purposes as an order of the Court of First Instance made within the civil jurisdiction of that Court for the payment of money.
- (4) A pecuniary penalty paid or recovered under an order made under section 131(2)(a) must be paid into the general revenue.

134. Monetary Authority's power to take other action

- (1) This section applies if the Monetary Authority is considering exercising a power mentioned in section 131 against a regulated person.
- (2) The Monetary Authority may, by agreement with the regulated person, take any action in respect of the person, whether in place of or in addition to the exercise of the power.
- (3) However, the Monetary Authority must not take an action under subsection (2) unless the Monetary Authority considers it appropriate to do so having regard to—
 - (a) if the regulated person is a licensee—
 - (i) the public interest; and
 - (ii) the interests of the holders or potential holders of any specified stablecoins connected with its licence;
 - (b) if the regulated person is a designated stablecoin entity designated under section 101(1)(a)—
 - (i) the public interest;
 - (ii) the interests of the holders or potential holders of any specified stablecoins issued by the entity; and
 - (iii) the public's confidence in a stablecoin payment system on which the specified stablecoins are used; or
 - (c) if the regulated person is a designated stablecoin entity designated under section 101(1)(b)—
 - (i) the public interest;

- (ii) the public's confidence in a stablecoin payment system in respect of which the entity is designated; and
 - (iii) the interests of the holders or potential holders of any specified stablecoins used on the system.
- (4) If the Monetary Authority takes any action under subsection (2) in respect of a regulated person, the Monetary Authority is not, subject to the agreement with the regulated person, obliged to comply with section 132.

135. Public notice of sanctions

If a sanction has been imposed on a regulated person under section 131(1) or an action has been taken against a regulated person under section 134(2), the Monetary Authority may disclose to the public—

- (a) the details of the sanction imposed or action taken;
- (b) the ground for imposing the sanction or taking the action; and
- (c) any material facts relating to the case.

136. Application of sanctions in relation to former regulated person

- (1) This section applies to a power that is exercisable by the Monetary Authority under section 131 or 134 against a regulated person in respect of a contravention committed by the person.
- (2) The power is also exercisable by the Monetary Authority against a person who was a regulated person at the time of the contravention, regardless of whether the person is a regulated person at the time the power is being exercised.
- (3) This Part is to be construed accordingly.

137. Application of sanctions in relation to officer of entity

- (1) This section applies if—
 - (a) the Monetary Authority exercises a power under section 131 or 134 against a regulated person that is an entity in respect of a contravention committed by the entity; and
 - (b) either—
 - (i) in committing the contravention, the entity is aided, abetted, counselled, procured or induced by an officer of the entity or a person purporting to act as such an officer; or
 - (ii) the contravention is committed with the consent or connivance of, or is attributable to any recklessness on the part of, an officer of the entity or a person purporting to act as such an officer.
 - (2) The power is also exercisable by the Monetary Authority against the officer or the person purporting to act as such an officer, as if the officer or the person were a regulated person.
 - (3) This Part is to be construed accordingly.
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Part 7

Tribunal Review

138. Interpretation of Part 7

In this Part—

applicant (申請人) means a person who refers a specified decision to the Tribunal under section 140(1);

Chairperson (主席) means a person appointed as the Chairperson of the Tribunal under section 139(3);

panel (小組) means the panel appointed under section 139(4);

panel member (小組成員) means a person who is a member of the panel;

referral (轉介) means a referral to the Tribunal under section 140(1);

specified decision (指明決定) means a decision specified in section 13 of Schedule 6;

Tribunal member (審裁處成員) means a panel member appointed as a member of the Tribunal under section 139(2)(b).

139. Establishment of Tribunal and appointment of members

- (1) A tribunal is established to be known as the “Stablecoin Review Tribunal” in English and “穩定幣覆核審裁處” in Chinese.
- (2) For the purpose of reviewing a specified decision, the Tribunal is to consist of—
 - (a) the Chairperson; and

- (b) 2 or more panel members appointed by the Financial Secretary as members of the Tribunal on the recommendation of the Chairperson.
- (3) The Chief Executive must, on the recommendation of the Chief Justice, appoint to be the Chairperson of the Tribunal a person who is—
 - (a) a judge or deputy judge of the Court of First Instance;
 - (b) a former Justice of Appeal of the Court of Appeal; or
 - (c) a former judge or deputy judge of the Court of First Instance.
- (4) Subject to subsection (5), the Chief Executive must appoint a panel of persons whom the Chief Executive considers suitable for appointment as members of the Tribunal.
- (5) The Chief Executive must not appoint to the panel a person who is a public officer, unless the person is a public officer only because the person is the chairperson or a member of a board or tribunal established by or under an Ordinance.
- (6) Part 1 of Schedule 6 has effect with respect to the Tribunal.

140. Referral to Tribunal for review

- (1) A person who is aggrieved by a specified decision may refer the decision to the Tribunal for review.
- (2) A referral—
 - (a) must be in writing;
 - (b) must be made—

- (i) for a decision of the Monetary Authority under section 13(6)(a) or (b)—within 30 days after publication in the Gazette of the notice referred to in that section or within any further time allowed by the Tribunal; or
 - (ii) for any other decision of the Monetary Authority—within 30 days after the applicant receives the Monetary Authority’s written notice of the decision or within any further time allowed by the Tribunal; and
- (c) must state the ground for review.
- (3) The Tribunal must deliver to the Monetary Authority a copy of a referral that it has received.
- (4) As soon as practicable after receiving a copy of a referral, the Monetary Authority must forward to the Tribunal a copy of the notice of the decision to which the referral relates together with all other relevant documents in the Monetary Authority’s possession.
- (5) A referral does not suspend the specified decision to which the referral relates.

141. Review by Tribunal

- (1) On receipt of a copy of the notice and relevant documents mentioned in section 140(4), the Tribunal must review the specified decision and, after taking into account the ground for review, may—
 - (a) confirm, vary or set aside the decision; or
 - (b) remit the matter to the Monetary Authority with any direction that the Tribunal considers appropriate.
- (2) In reviewing a specified decision—

- (a) the Tribunal must give both the applicant and the Monetary Authority an opportunity to be heard; and
 - (b) the Tribunal may determine that any matter of fact has been established if it has been established on the balance of probabilities.
- (3) The Tribunal must provide the applicant and Monetary Authority with the ground for its decision on review.
 - (4) A decision of the Tribunal on a review is final and is not subject to appeal except on a point of law.

142. Powers of Tribunal on review

- (1) On a review under section 141, the Tribunal—
 - (a) may receive and consider any material by way of oral evidence, written statements or documents, whether or not the material would be admissible in evidence in proceedings before a court;
 - (b) may determine the manner in which any such material is received;
 - (c) may by written notice signed by the Chairperson, require a person to attend before the Tribunal to give evidence and produce any document in the person's possession relating to the subject matter of the review;
 - (d) may administer oaths;
 - (e) may examine or cause to be examined on oath or otherwise a person attending before the Tribunal and require the person to answer truthfully any question the Tribunal considers relevant to the review;
 - (f) may order a witness to give evidence by affidavit;
 - (g) may order a person not to publish or otherwise disclose any material produced to the Tribunal;

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- (h) may prohibit the publication or disclosure of any material the Tribunal receives at a sitting, or part of a sitting, held in private;
 - (i) may stay any of the proceedings in the review on any ground, and on any terms and conditions, the Tribunal considers appropriate having regard to the interests of justice;
 - (j) may determine the procedure to be followed for the review;
 - (k) may order that costs be paid to any party to the review or any person who is required to attend before it for the purpose of the review;
 - (l) may hear an application for stay of proceedings for a review at any time before the Tribunal's decision is made; and
 - (m) may exercise any other powers or make any other orders that are necessary for or ancillary to the conduct of the review of the performance of its functions.
- (2) Nothing in subsection (1)(c), (e) or (f) empowers the Tribunal to require—
- (a) the banker, financial adviser or technical consultant of an applicant to disclose any information relating to the affairs of any person other than the applicant; or
 - (b) a solicitor or counsel to disclose any privileged communication, whether oral or written, made to or by the solicitor or counsel.
- (3) A person—

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- (a) must comply with an order, notice, prohibition or requirement of the Tribunal made, given or imposed under subsection (1);
 - (b) must not disrupt any sitting of the Tribunal or otherwise misbehave during any such sitting;
 - (c) having been required by the Tribunal under subsection (1) to attend before the Tribunal, must not leave the place where the person is required to attend without the Tribunal's permission;
 - (d) must not hinder or deter any person from attending before the Tribunal, giving evidence or producing any record, document or thing to the Tribunal;
 - (e) must not threaten, insult or cause any loss to be suffered by a person who has attended before the Tribunal because of the attendance; or
 - (f) must not threaten, insult or cause any loss to be suffered by the Chairperson or a Tribunal member because of the performance of the Chairperson or Tribunal member's functions in that capacity.
- (4) A person is not excused from complying with an order, notice, prohibition or requirement of the Tribunal made, given or imposed under subsection (1) only on the ground that to do so might tend to incriminate the person.
- (5) A person who, without reasonable excuse, contravenes subsection (3) commits an offence and is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.

143. Use of incriminating evidence given under compulsion

- (1) This section applies if—
 - (a) the Tribunal—
 - (i) requires a person to give evidence under section 142(1)(c);
 - (ii) requires a person to answer a question under section 142(1)(e);
 - (iii) orders a person to give evidence under section 142(1)(f); or
 - (iv) otherwise requires or orders a person to provide any information under section 142(1)(m); and
 - (b) the evidence, answer or information might tend to incriminate the person.
- (2) The requirement or order as well as the evidence, the question and answer or the information is not admissible in evidence against the person in any criminal proceedings before any court, other than those in which the person is charged with an offence in respect of the evidence, answer or information—
 - (a) under section 142(5) for a contravention of section 142(3)(a); or
 - (b) under Part V of the Crimes Ordinance (Cap. 200).

144. Registration and enforcement of Tribunal decision

- (1) A decision of the Tribunal on a review under section 141 must be—
 - (a) recorded in writing;
 - (b) signed by the Chairperson; and
 - (c) registered in the Court of First Instance.

- (2) A decision registered under subsection (1)(c) is taken to be an order of the Court of First Instance.
- (3) For the purposes of any proceeding before a court, a document purporting to be a decision of the Tribunal signed by the Chairperson is, in the absence of evidence to the contrary, to be regarded as a decision of the Tribunal duly made, without proof of its making, proof of the signature or proof that the person signing the decision was in fact the Chairperson.

145. Contempt dealt with by Tribunal

- (1) The Tribunal has the same powers as the Court of First Instance to punish for contempt.
- (2) Without limiting subsection (1), the Tribunal has the same powers as the Court of First Instance to punish for contempt, as if it were a contempt of court, a person who, without reasonable excuse, contravenes section 142(3).
- (3) The Tribunal must, in the exercise of its powers to punish for contempt, adopt the same standard of proof as the Court of First Instance in the exercise of the same powers to punish for contempt.
- (4) Despite anything in this Ordinance, no power may be exercised under this section to determine whether to punish a person for contempt in respect of any conduct if—
 - (a) criminal proceedings have previously been instituted against the person under section 142(3) for the same conduct; and
 - (b) either—
 - (i) those proceedings are pending; or

- (ii) because of the previous institution of those proceedings, no criminal proceedings may again be lawfully instituted against that person under that section for the same conduct.
- (5) Despite anything in this Ordinance, no criminal proceedings may be instituted against a person under section 142(3) for a conduct if—
 - (a) a power has previously been exercised under this section to determine whether to punish the person for contempt for the same conduct; and
 - (b) either—
 - (i) proceedings arising from the previous exercise of the power are pending; or
 - (ii) because of the previous exercise of the power, no power may again be lawfully exercised under this section to determine whether to punish the person for contempt for the same conduct.

146. Appeal to Court of Appeal

- (1) An applicant or the Monetary Authority may appeal to the Court of Appeal on a point of law against a decision of the Tribunal on review under section 141.
- (2) Subject to subsection (3), the lodging of an appeal does not stay the decision appealed against.
- (3) The Court of Appeal may, on the application of the applicant or the Monetary Authority, order a stay of the decision under appeal subject to any condition as to costs, payment of money into the Tribunal or otherwise that the Court of Appeal considers appropriate.
- (4) On an appeal, the Court of Appeal may do any of the following—

- (a) confirm, vary or set aside the decision appealed against;
 - (b) remit the matter to the Tribunal or the Monetary Authority with any direction that the Court of Appeal considers appropriate.
- (5) The Rules of the High Court (Cap. 4 sub. leg. A) apply in relation to an appeal to the extent that those Rules are not inconsistent with this Ordinance.
- (6) On an appeal, the Court of Appeal may make any order for payment of costs that it considers appropriate.

147. Power of Chief Justice to make rules

The Chief Justice may make rules—

- (a) providing for matters of procedure, or other matters, relating to referrals for review, or reviews, under this Part that are not provided for in this Part;
 - (b) providing for the issue or service of any document (however described) for the purposes of this Part; or
 - (c) prescribing anything required to be prescribed under this Part.
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Part 8

General Offences

148. Giving false or misleading information to Monetary Authority

- (1) A person commits an offence if the person—
 - (a) in connection with the performance by the Monetary Authority of a function under this Ordinance—
 - (i) gives information to the Monetary Authority that is false or misleading in a material particular; and
 - (ii) knows or ought reasonably to know that the information is false or misleading in a material particular; or
 - (b) in connection with the performance by the Monetary Authority of a function under this Ordinance—
 - (i) omits a material particular from information given to the Monetary Authority with the result that the information is rendered false or misleading in a material particular; and
 - (ii) knows or ought reasonably to know that the omission will have that result.
- (2) For the purposes of subsection (1), it is immaterial whether the information is given to the Monetary Authority in purported compliance with a requirement imposed by or under this Ordinance or is given voluntarily.
- (3) For the purposes of subsection (1), a reference to information given includes a document or information of any kind given, served, sent or provided and representation made, whether written, oral or otherwise.

- (4) A person who commits an offence under subsection (1) is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.
- (5) In this section—
- representation** (表述) means a representation or statement, whether made expressly or by implication—
- (a) of a matter of fact, either present or past;
 - (b) about a future event; or
 - (c) about an existing intention, opinion, belief, knowledge or other state of mind.

149. Signing on false document

- (1) This section applies if a person (*person A*) who, for the purpose of complying with any requirement imposed by or under this Ordinance, produces to the Monetary Authority a book, account or document that is false or misleading in a material particular.
- (2) If the book, account or document is signed by a person (*person B*) other than person A, person B commits an offence if person B—
- (a) knows or ought reasonably to know that the book, account or document is false or misleading in a material particular; and
 - (b) knows or ought reasonably to know that the book, account or document is to be produced to the Monetary Authority by person A for the purpose of complying with any requirement imposed by or under this Ordinance.

- (3) A person who commits an offence under subsection (2) is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.

150. Certain representations by licensee or designated stablecoin entity prohibited

- (1) Subject to subsection (2), a licensee or designated stablecoin entity—
 - (a) must not make a representation, whether in Hong Kong or elsewhere, to the effect that the abilities or qualifications of the licensee or entity have been endorsed or warranted by the Monetary Authority; and
 - (b) must not permit, whether in Hong Kong or elsewhere, any other person to make a representation mentioned in paragraph (a).
- (2) A statement to the effect that a person is licensed or designated under this Ordinance does not by itself constitute a contravention of subsection (1).
- (3) If a licensee or designated stablecoin entity, without reasonable excuse, contravenes subsection (1), the licensee or entity commits an offence and is liable on conviction to a fine at level 5.
- (4) In this section—

representation (表述) has the meaning given by section 148(5).

151. Obstructing person in performance of functions

- (1) A person who, without reasonable excuse, obstructs a specified person, or a specified person assisting another person, in the performance of a function under this Ordinance, commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.
- (2) In this section—

specified person (指明人士) means—

 - (a) the Monetary Authority;
 - (b) an employee or agent of, or adviser or consultant to, the Monetary Authority; or
 - (c) an investigator.

152. False entry in document

- (1) A person who carries on a regulated stablecoin activity commits an offence if—
 - (a) the person wilfully and with intent to deceive does any of the acts mentioned in subsection (2); and
 - (b) that act results in any information contained in the book of record or relevant document in question being false or misleading in a material particular.
- (2) The acts are—
 - (a) to make, or cause to be made, an entry that the person knows or ought reasonably to know to be false in a book of record or a relevant document relating to a regulated stablecoin activity;

- (b) to omit to make an entry in a book of record or a relevant document relating to a regulated stablecoin activity;
 - (c) to alter, abstract, conceal or destroy an entry in a book of record or a relevant document relating to a regulated stablecoin activity, or cause any such entry to be altered, abstracted, concealed or destroyed.
- (3) A person who commits an offence under subsection (1) is liable—
- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 5 years.
- (4) In this section—
- relevant document*** (有關文件), in relation to a regulated stablecoin activity, means a report, slip, document or statement of the business, affairs, transactions, condition, assets or accounts of the activity.

153. False claim to be applicant for licence

- (1) A person who is not an applicant for a licence must not—
- (a) describe the person, in whatever terms, as an applicant; or
 - (b) behave, or otherwise hold the person out, in a manner that indicates, or that is reasonably likely to be understood as indicating, that the person is such an applicant.
- (2) A person who contravenes subsection (1) commits an offence and is liable—

- (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
- (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.

154. False claim to be licensee

- (1) A person who is not a licensee must not—
 - (a) describe the person, in whatever terms, as a licensee; or
 - (b) behave, or otherwise hold the person out, in a manner that indicates, or that is reasonably likely to be understood as indicating, that the person is such a licensee.
 - (2) A person who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or
 - (b) on conviction on indictment—to a fine of \$400,000 and to imprisonment for 2 years and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
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Part 9

Confidentiality

155. General confidentiality requirement

- (1) A covered person—
 - (a) must preserve and aid in preserving the confidentiality of all matters relating to the affairs of any person that come to the covered person's knowledge—
 - (i) in the course of performing a function under, or carrying into effect, this Ordinance; or
 - (ii) in the course of assisting another person in performing a function under, or carrying into effect, this Ordinance;
 - (b) must not communicate any matter mentioned in paragraph (a) to any person other than the person to whom the matter relates; and
 - (c) must not allow any person to have access to any record or document that has come into the covered person's possession in the circumstances mentioned in paragraph (a)(i) or (ii).
- (2) In this section—

covered person (受涵蓋人) means a person who is or was—

 - (a) the Monetary Authority;
 - (b) a person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to assist the Monetary Authority;
 - (c) a person performing a function under, or carrying into effect, this Ordinance; or

- (d) a person assisting a person mentioned in paragraph (c) (*assisted person*) in the assisted person's performance of a function under, or carrying into effect, this Ordinance.
- (3) A person who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.

156. General exceptions to confidentiality requirement

- (1) Section 155(1) does not apply to—
 - (a) the disclosure of information—
 - (i) in performing a function under this Ordinance;
 - (ii) for the purpose of carrying into effect this Ordinance; or
 - (iii) for the purpose of doing anything required or authorized under this Ordinance;
 - (b) the disclosure of information in summary form that does not allow the particulars of the business of any person to be ascertained from the information;
 - (c) the disclosure of information—
 - (i) with a view to the institution of, or for the purpose of, any criminal proceedings in Hong Kong, whether under this Ordinance or otherwise; or
 - (ii) in connection with any other legal proceedings arising out of this Ordinance;

- (d) the disclosure of information in accordance with an order of a court or tribunal, or in accordance with a law of Hong Kong or a requirement imposed under a law of Hong Kong;
- (e) the disclosure of information to the police or the Independent Commission Against Corruption, at the request of the Secretary for Justice, relevant to the proper investigation of a criminal complaint;
- (f) the disclosure of information to the Chief Executive or the Financial Secretary for the purpose of enabling or assisting the Monetary Authority to perform the Monetary Authority's functions under this Ordinance;
- (g) the disclosure of information to another covered person for the purpose of enabling or assisting that person to assist the Monetary Authority to perform a function mentioned in section 5A(2) of the Exchange Fund Ordinance (Cap. 66);
- (h) the disclosure of information to the Tribunal;
- (i) the disclosure of information to the Resolution Compensation Tribunal;
- (j) the disclosure of information to the Resolvability Review Tribunal;
- (k) the disclosure of information by the Monetary Authority to a resolution authority for the purpose of enabling or assisting the resolution authority to perform its functions under the Financial Institutions (Resolution) Ordinance (Cap. 628);
- (l) the disclosure of information to a person or body appointed or established by the Chief Executive to review processes or procedures adopted by the

Monetary Authority in making a decision under this Ordinance that—

- (i) relates to or affects the carrying on of regulated stablecoin activities; or
 - (ii) relates to the designation of an entity under section 101, or to the business activities that may be carried on, or services that may be provided, by an entity so designated;
- (m) the disclosure of information with the consent of the person from whom the information was obtained or received and, if the information does not relate to that person, with the consent of the person to whom the information relates;
- (n) the disclosure of information that has been made available to the public otherwise than by a disclosure that is prohibited by section 155; or
- (o) the disclosure of information to the Commissioner as defined by section 1 of Part 2 of Schedule 1 to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).
- (2) Subject to subsection (3), section 155(1) does not apply to—
- (a) the disclosure of information to the Securities and Futures Commission if, in the Monetary Authority's opinion, the information will assist the Securities and Futures Commission in performing its functions; and
 - (b) the disclosure of information to an authority or regulatory organization outside Hong Kong that, in the Monetary Authority's opinion—
 - (i) performs in the jurisdiction of the authority or regulatory organization (*recipient jurisdiction*), a

- function similar to a function of the Monetary Authority under this Ordinance or regulates, supervises or investigates banking, securities or insurance activities, activities involving stablecoins or other financial services, or legal or accounting services, in the recipient jurisdiction; and
- (ii) is subject to adequate secrecy provisions in the recipient jurisdiction.
- (3) Subsection (2) applies only if the Monetary Authority is satisfied that it is desirable or expedient that the information should be disclosed, having regard to—
- (a) the public interest; and
 - (b) the recipient's need for the information in performing the recipient's functions.
- (4) Section 155(1) does not apply to the disclosure of information by the Monetary Authority to an authority outside Hong Kong if, in the Monetary Authority's opinion—
- (a) the authority performs functions in that place broadly comparable to those of a resolution authority in Hong Kong;
 - (b) the authority is subject to adequate secrecy provisions in that place; and
 - (c) the information is necessary to enable or assist the authority to perform functions mentioned in paragraph (a).
- (5) The Monetary Authority may attach any condition that the Monetary Authority considers appropriate in disclosing information in the circumstances mentioned in subsection (1), (2) or (4).

(6) Subsection (1)(m) does not require the Monetary Authority to disclose in, or in relation to, any civil proceedings, any information that the Monetary Authority may disclose, or has disclosed, under that subsection.

(7) In this section—

covered person (受涵蓋人) has the meaning given by section 155(2);

resolution authority (處置機制當局) has the meaning given by section 2(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628);

Resolution Compensation Tribunal (處置補償審裁處) means—

- (a) the tribunal established by section 127(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); or
- (b) an additional tribunal established under section 128(1) of that Ordinance;

Resolvability Review Tribunal (處置可行性覆檢審裁處) means—

- (a) the tribunal established by section 110(1) of the Financial Institutions (Resolution) Ordinance (Cap. 628); or
- (b) an additional tribunal established under section 111(1) of that Ordinance;

Securities and Futures Commission (證監會) means the Securities and Futures Commission referred to in section 3(1) of the Securities and Futures Ordinance (Cap. 571).

157. Disclosure to authorized public officer

(1) Section 155(1) does not apply to the disclosure of information to a public officer authorized under subsection (2) if—

- (a) it is desirable or expedient that the information should be disclosed in the public interest; or
 - (b) the disclosure will enable or assist the public officer to perform the public officer's functions and the disclosure is not contrary to the public interest.
- (2) The Financial Secretary may authorize a public officer as a person to whom information may be disclosed under subsection (1).

158. Prohibition on certain secondary disclosure

- (1) If information is disclosed to a person (*person A*) in any of the circumstances mentioned in section 156(1) (other than section 156(1)(b), (m) or (n)) or (2) or 157, person A and a person obtaining or receiving the information, whether directly or indirectly, from person A, must not disclose the information or any part of it to any other person unless—
- (a) the Monetary Authority consents to the disclosure;
 - (b) the information or the part of it has been made available to the public because of being disclosed in any circumstances in which, or for any purpose for which, disclosure is not prohibited because of section 156(1);
 - (c) the disclosure is for the purpose of seeking advice from, or giving advice by, a solicitor, counsel or other professional adviser acting or proposing to act in a professional capacity in connection with a matter arising under this Ordinance; or
 - (d) the disclosure is in accordance with an order of a court or tribunal, or in accordance with a law of Hong Kong or a requirement imposed under a law of Hong Kong.

- (2) The Monetary Authority may attach any condition that the Monetary Authority considers appropriate to a consent given by the Monetary Authority for the purposes of subsection (1)(a).
- (3) A person who contravenes subsection (1) commits an offence and is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.

159. Contravention of conditions

- (1) A person commits an offence if the person—
 - (a) knows that—
 - (i) a condition has been attached under section 156(5) to the disclosure of information in the circumstances mentioned in section 156(1), (2) or (4); or
 - (ii) a condition has been attached under section 158(2) to a consent given for the purposes of section 158(1)(a); and
 - (b) contravenes the condition or aids, abets, counsels, procures or induces another person to contravene the condition.
- (2) A person who commits an offence under subsection (1) is liable—
 - (a) on summary conviction—to a fine at level 6 and to imprisonment for 6 months; or
 - (b) on conviction on indictment—to a fine of \$1,000,000 and to imprisonment for 2 years.

160. Person not to disclose information relating to investigation, revocation, suspension or sanction

- (1) This section applies to—
 - (a) a person on whom a requirement under section 117, 118 or 125 has been imposed by an investigator or authorized person; or
 - (b) a person who has been given a notice under section 28, 32, 33, 131 or 132 by the Monetary Authority.
- (2) A person mentioned in subsection (1)(a) must not disclose any information obtained in the course of the requirement being imposed, or in the course of a compliance or purported compliance with the requirement, to any other person unless—
 - (a) the Monetary Authority consents to the disclosure; or
 - (b) any of the conditions specified in subsection (4) is satisfied.
- (3) A person mentioned in subsection (1)(b) must not disclose any information obtained from the notice, or from any communication with the Monetary Authority in relation to the subject matter of the notice, unless—
 - (a) the Monetary Authority consents to the disclosure; or
 - (b) any of the conditions specified in subsection (4) is satisfied.
- (4) The conditions are that—
 - (a) the information has been made available to the public because of being disclosed in any circumstances in which, or for any purpose for which, disclosure is not prohibited because of section 156(1);

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- (b) the disclosure is for the purpose of seeking advice from, or giving advice by, a solicitor, counsel or other professional adviser acting or proposing to act in a professional capacity in connection with a matter arising under this Ordinance;
 - (c) the disclosure by the person mentioned in subsection (1)(a) or (b) is in connection with any judicial or other proceedings to which the person is a party; and
 - (d) the disclosure is in accordance with an order of a court or tribunal, or in accordance with a law of Hong Kong or a requirement imposed under a law of Hong Kong.
- (5) The Monetary Authority may attach any condition that the Monetary Authority considers appropriate to a consent given by the Monetary Authority for the purposes of subsection (2)(a) or (3)(a).
- (6) A person who contravenes subsection (2) or (3) commits an offence and is liable on conviction to a fine at level 4.
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Part 10

Miscellaneous

161. Immunity

- (1) A specified person does not incur any civil liability for anything done or omitted to be done by the person in good faith in the performance or purported performance, or assisting another person in the performance or purported performance, of a function conferred by or under this Ordinance.
- (2) The protection conferred by subsection (1) does not affect any liability of the Government for anything done or omitted to be done by a public officer in the performance or purported performance, or in assisting another person in the performance or purported performance, of a function conferred by or under this Ordinance.
- (3) A licensee or designated stablecoin entity, or an officer or employee of a licensee or designated stablecoin entity, does not incur any civil liability for anything done or omitted to be done by the licensee, entity, officer or employee (as the case may be) in good faith in complying with or purported compliance with, a direction of the Monetary Authority under this Ordinance.
- (4) In this section—
specified person (指明人士) means—
 - (a) a public officer;
 - (b) a person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to assist the Monetary Authority;
 - (c) a person appointed under section 108(4);

- (d) an investigator;
- (e) an advisor of a licensee; or
- (f) a statutory manager of a licensee.

162. Legal professional privilege

- (1) Subject to subsection (2), this Ordinance does not affect any claims, rights or entitlements that would, apart from this Ordinance, arise on the ground of legal professional privilege.
- (2) Subsection (1) does not affect a requirement imposed under this Ordinance to disclose the name and address of a client of a legal practitioner (whether or not the legal practitioner is qualified in Hong Kong to practise as counsel or to act as a solicitor).

163. Liability of officer of entity

If an offence under this Ordinance is committed by an entity and—

- (a) an officer of the entity, or a person purporting to act as such an officer, aids, abets, counsels, procures or induces the commission of the offence by the entity; or
- (b) the offence is committed with the consent or connivance of, or is attributable to any recklessness on the part of, an officer of the entity or a person purporting to act as such an officer,

the officer or person (as well as the entity) commits the offence and is liable to be proceeded against and punished accordingly.

164. Reasonable excuse

- (1) This section applies if a provision of this Ordinance that creates an offence makes a reference to a reasonable excuse for a contravention or non-compliance to which the provision relates.
- (2) The reference to a reasonable excuse is to be construed as providing for a defence to a charge in respect of the contravention or non-compliance to which the provision relates.

165. Burden of proof

A person charged with an offence under this Ordinance is taken to have established a matter that needs to be established for a defence under this Ordinance if—

- (a) there is sufficient evidence to raise an issue with respect to the matter; and
- (b) the contrary is not proved by the prosecution beyond reasonable doubt.

166. Evidence of registers

- (1) This section applies to a document purporting to have been signed and certified by the Monetary Authority as a true copy of an entry in, or an extract from, a register maintained under section 21 or 105.
- (2) The document is to be admitted as evidence in criminal or civil proceedings on its production without further proof, and—
 - (a) is prima facie evidence of all matters contained in it; and
 - (b) in the absence of evidence to the contrary, is to be presumed—

- (i) to have been signed and certified by the Monetary Authority; and
- (ii) to be a true copy of an entry in, or an extract from, the relevant register.

167. Form

- (1) The Monetary Authority may specify the form of any document required for the purposes of this Ordinance.
- (2) Without limiting subsection (1), in specifying the form of a document, the Monetary Authority may—
 - (a) include in the form a statutory declaration to be made by the person completing the form declaring that the particulars contained in the form are true and correct to the best of the person's knowledge and belief; and
 - (b) specify more than one form of the document, whether as alternatives or to provide for different circumstances.
- (3) If the form of a document is specified under this section, the document must be—
 - (a) completed in accordance with the directions and instructions specified in the form;
 - (b) accompanied by any other documents specified in the form; and
 - (c) provided to the recipient in the manner (if any) specified in the form.

168. Giving of document

- (1) A document that is to be given to a person by the Monetary Authority under this Ordinance is, in the absence of evidence to the contrary, to be regarded as having been so given if—
- (a) for an individual, the document is—
 - (i) delivered personally;
 - (ii) left at the individual's last known address for service, or at the individual's last known place of residence or business;
 - (iii) sent by post to the individual at the individual's last known address for service, or at the individual's last known postal address; or
 - (iv) sent by electronic mail transmission to the individual's last known electronic mail address, or by a similar method;
 - (b) for a licensee, the document is—
 - (i) delivered to an officer of the licensee personally;
 - (ii) left at the licensee's principal place of business;
 - (iii) sent by post to the licensee at the licensee's postal address; or
 - (iv) sent by electronic mail transmission to the licensee's electronic mail address, or by a similar method; or
 - (c) for an entity that is not a licensee, the document is—
 - (i) delivered to an officer of the entity personally;
 - (ii) left at the entity's last known address for service, or at its last known address;

- (iii) sent by post to the entity at its last known address for service, or at its last known postal address; or
 - (iv) sent by electronic mail transmission to the entity's last known electronic mail address, or by a similar method.
- (2) A document is, in the absence of evidence to the contrary, to be regarded as having been given to a person—
 - (a) if the document is delivered personally—at the time it is delivered;
 - (b) if the document is left at an address or place—at the time it is left;
 - (c) if the document is sent by post—at the time it would be delivered in the ordinary course of post; or
 - (d) if the document is sent by electronic mail transmission or other similar method—at the time it would be received in the ordinary course of transmission.
- (3) To avoid doubt, if a document is given to a person by more than one way mentioned in subsection (1) at different times, the document is taken to have been given to the person at the earliest of those times.
- (4) In this section—

electronic mail address (電子郵件地址), in relation to a licensee, means—

 - (a) the electronic mail address contained in the application for the licence under section 14(2)(b); or
 - (b) if a notice of change of electronic mail address is given by the licensee under section 26(1), the last electronic mail address as changed;

postal address (通信地址), in relation to a licensee, means—

- (a) the postal address contained in the application for the licence under section 14(2)(b); or
- (b) if a notice of change of postal address is given by the licensee under section 26(1), the last postal address as changed;

principal place of business (主要營業地點), in relation to a licensee, means—

- (a) the principal place of business at the address contained in the application for the licence under section 14(2)(b); or
- (b) if a notice of change of address of the principal place of business is given by the licensee under section 26(1), the place at the last address as changed.

169. Recovery of fee etc.

- (1) The following are recoverable from a licensee as a civil debt due to the Monetary Authority—
 - (a) a licence fee due and payable by the licensee under section 22;
 - (b) an amount paid by the Monetary Authority under section 97(5) for any remuneration or expenses payable by the licensee under a determination under section 97(1).
- (2) Any costs or expenses ordered to be paid by a person under section 120(9) are recoverable from the person as a civil debt due to the Monetary Authority.
- (3) Subject to subsection (4), an amount recoverable by the Monetary Authority under this section is a debt due to the Monetary Authority within the meaning of—

- (a) section 38(1)(d) of the Bankruptcy Ordinance (Cap. 6); and
 - (b) section 265(1)(d) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32).
- (4) In a winding up by the Court of First Instance of a licensee, any remuneration or expenses mentioned in subsection (1)(b) payable by the licensee has the same priority as is given under rule 179(1) of the Companies (Winding-up) Rules (Cap. 32 sub. leg. H) to any costs, charges and expenses incurred by the Official Receiver appointed under section 75 of the Bankruptcy Ordinance (Cap. 6).
- (5) An amount recovered under this section must be paid into the Exchange Fund.

170. Guidelines

- (1) The Monetary Authority may issue guidelines about any matter relating to this Ordinance.
- (2) Without limiting subsection (1), guidelines under this section may provide guidance—
 - (a) on the manner in which the Monetary Authority proposes to perform functions under this Ordinance; and
 - (b) to assist a person to comply with this Ordinance.
- (3) Guidelines issued under this section may be expressed to apply to a class or description of persons.
- (4) The Monetary Authority must publish in the Gazette all guidelines issued under this section.

- (5) A failure by a person to comply with guidelines issued under this section does not by itself render the person liable to any judicial or other proceeding but, in any proceeding under this Ordinance before a court—
- (a) the guidelines are admissible in evidence; and
 - (b) if any guidelines appear to the court to be relevant to any question arising in the proceeding—the guidelines must be taken into account in determining that question.

171. Regulations

- (1) The Monetary Authority may make regulations for the better carrying out of the purposes of this Ordinance after consulting—
- (a) in so far as the regulations relate to designated stablecoin entities—the Financial Secretary; and
 - (b) in so far as the regulations relate to any other matters—
 - (i) the Financial Secretary; and
 - (ii) licensees.
- (2) Without limiting subsection (1), regulations made under that subsection may provide for any of the following matters—
- (a) in relation to designated stablecoin entities—
 - (i) prescribing the scope of business activities that may be carried on, or services that may be provided, by a designated stablecoin entity;
 - (ii) prescribing requirements applicable to a designated stablecoin entity in relation to the issue of specified stablecoins by the entity or the provision of services by the entity to a

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- stablecoin payment system, including in relation to reserve management, disclosures and risk management;
- (iii) prescribing measures in relation to the availability of financial resources to a designated stablecoin entity; and
 - (iv) any other matters connected with or ancillary to any of the matters in subparagraphs (i), (ii) and (iii);
- (b) measures to be put in place by a designated stablecoin entity or licensee for the purpose of ensuring compliance with this Ordinance;
 - (c) measures in relation to the availability of financial resources to carry on a regulated stablecoin activity;
 - (d) any other matters necessary or desirable for either or both of the following—
 - (i) the better protection of the interests of the holders or potential holders of any specified stablecoins;
 - (ii) ensuring the financial soundness of licensees or designated stablecoin entities;
 - (e) any matter required or permitted by this Ordinance to be prescribed.
- (3) Regulations made under subsection (1)—
- (a) may be of general or specific application and may apply only in specified circumstances;
 - (b) may make different provisions for different circumstances and provide for different cases or classes of cases;

- (c) may provide for the exercise of discretion in any cases specified in the regulations;
- (d) may provide that a matter prescribed in the regulations (including a failure to comply with the regulations) is a matter about which a person specified in the regulations for the purpose must—
 - (i) notify the Monetary Authority as soon as practicable, or within such period of time as may be specified in the regulations; and
 - (ii) provide particulars to the Monetary Authority on request;
- (e) may empower the Monetary Authority to require a person to take remedial action in the event of a contravention of the regulations by the person;
- (f) may empower the Monetary Authority to vary, in accordance with a procedure set out in the regulations and in circumstances set out in the regulations, a regulation applicable to a person;
- (g) may provide that a decision of a kind prescribed in the regulations made by the Monetary Authority may be reviewed by the Tribunal on the application of a person to which the decision relates;
- (h) may provide that a contravention or breach of a provision of the regulations is an offence punishable—
 - (i) on summary conviction—to a fine at level 6 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues; or

- (ii) on conviction on indictment—to a fine of \$400,000 and, in the case of a continuing offence, to a further fine of \$10,000 for every day during which the offence continues.
- (i) may provide that a provision under the regulations is to apply to or in relation to—
 - (i) an individual who is outside Hong Kong; or
 - (ii) an entity incorporated or established in a place outside Hong Kong; and
- (j) may contain any incidental, supplementary, consequential, transitional or savings provisions that may be necessary or expedient in consequence of the regulations.

172. Amendment of Schedules

- (1) The Chief Executive in Council may, by notice published in the Gazette, amend Schedule 6.
- (2) The Financial Secretary may, by notice published in the Gazette, amend Schedules 1, 2, 3, 4 and 5.

173. Status of notice and guideline

- (1) A notice published in the Gazette under section 2(2), 4(2), 5(4), 9(3) or 172 is subsidiary legislation for the purposes of section 34 of the Interpretation and General Clauses Ordinance (Cap. 1).
 - (2) Any other notice under this Ordinance or any guideline issued under this Ordinance is not subsidiary legislation for the purposes of section 34 of the Interpretation and General Clauses Ordinance (Cap. 1) (whether or not the notice or guideline is published in the Gazette).
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Part 11

Transitional Provisions and Consequential Amendments

174. Transitional provisions

Schedule 7, which contains transitional provisions, has effect.

175. Amendments to other enactments

The enactments specified in Parts 1, 2 and 3 of Schedule 8 are amended as set out in those Parts.

Schedule 1

[ss. 2 & 172]

Specified Affairs

1. The maintenance of the accounts or the accounting systems of the licensee
 2. The maintenance of systems of control for managing the risks of the licensee
 3. The maintenance of systems of control for protecting the licensee from being involved in money laundering or terrorist financing
 4. The development, operation and maintenance of computer systems for the licensee
 5. The carrying out of internal audits or inspections of the licensee's affairs and business
 6. The function of ensuring that the licensee complies with rules, regulations and guidelines applicable to the licensee
 7. The development, operation and maintenance of any business activity of the licensee under its licence for which a consent mentioned in section 12(2) of Schedule 2 is given
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Schedule 2

[ss. 2, 7 & 172 & Schs. 1 & 6]

Minimum Criteria

Part 1

Preliminary

1. Interpretation

(1) In this Schedule—

market value (市值), in relation to reserve assets, means the mark-to-market value;

net debit balance (借方淨差額), in relation to a licensee, means the aggregate of—

- (a) the excess of the accumulated losses over the accumulated profits disclosed in the profit and loss account of the most recent audited accounts of the licensee; and
- (b) other reserves separately disclosed in the balance sheet of the most recent audited accounts of the licensee;

official currency (官方貨幣) has the meaning given by section 4(3);

specified reserve assets pool (指明儲備資產組合)—see section 5(1) of this Schedule;

valid redemption request (有效贖回要求), in relation to a specified stablecoin issued by a licensee, means a request to receive the par value of the specified stablecoin in the reference asset to which it is referenced by a holder who

meets the condition set by the licensee for making such a request.

- (2) In calculating the value of the paid-up share capital of a licensee under this Schedule, the net debit balance of the licensee is to be deducted from such capital.
- (3) In this Schedule, a reference to the reference asset to which a specified stablecoin is referenced is a reference to—
 - (a) the official currency, unit of account or store of economic value specified under section 4(2)(a) (*specified asset*) to which the specified stablecoin is referenced; or
 - (b) if the specified stablecoin is referenced to a combination of one or more specified assets—those assets in the same ratio as those assets are referenced.

2. **Application of criteria to licensee**

- (1) The criteria set out in sections 3, 5, 6, 7, 8, 9, 10, 11, 13, 14, 15 and 16 of this Schedule are applicable in relation to a licensee, whether or not it is an authorized institution.
- (2) The criteria set out in sections 4 and 12 of this Schedule are applicable in relation to a licensee that is not an authorized institution.

Part 2

Criteria

3. **Corporate status of licensee**

A licensee must be—

- (a) a company; or

- (b) an authorized institution incorporated outside Hong Kong.

4. **Financial resources**

- (1) A licensee must have adequate financial resources and liquid assets to meet its obligations (whether actual or contingent) as they will or may fall due.
- (2) Without limiting subsection (1), a licensee must satisfy either of the following—
 - (a) the paid-up share capital of the licensee is not less than—
 - (i) \$25,000,000; or
 - (ii) an equivalent amount in another currency that is freely convertible into Hong Kong dollars or is approved by the Monetary Authority for the purposes of this section;
 - (b) the licensee's other financial resources as approved by the Monetary Authority are equivalent to or exceed the amount mentioned in paragraph (a)(i) or (ii).

5. **Reserve assets management**

- (1) In relation to each type of specified stablecoins issued by a licensee, the licensee must maintain, whether directly or by an arrangement with another person, a pool of reserve assets for that type of specified stablecoins (*specified reserve assets pool*) and ensure that the specified reserve assets pool is segregated from any other pool of reserve assets maintained by the licensee.

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- (2) In relation to each type of specified stablecoins issued by a licensee, the market value of the specified reserve assets pool for the type of specified stablecoins must at all times be at least equal to the par value of the outstanding specified stablecoins of the type in circulation.
 - (3) Except with the prior written approval of the Monetary Authority, the specified reserve assets pool for each type of specified stablecoins must be held in the same reference asset as that referenced by the type of specified stablecoins.
 - (4) A licensee must ensure that each specified reserve assets pool—
 - (a) is adequately protected against claims by other creditors of the licensee in all circumstances; and
 - (b) is kept separate from any other funds paid to, or maintained or received by, the licensee.
 - (5) The reserve assets of a licensee must be of high quality and high liquidity with minimal investment risks.
 - (6) A licensee must have in place and implement—
 - (a) adequate and appropriate risk management policies and procedures for managing its reserve assets to ensure that they are properly managed so that valid redemption requests can be honoured without undue delay; and
 - (b) adequate and appropriate systems of control to ensure that its reserve assets are subject to regular independent attestation and audit.
 - (7) A licensee must make adequate and timely disclosure to the public on—
 - (a) its reserve assets management policy;
 - (b) an assessment of the risks arising from its reserve assets and the management of the risks;

- (c) the composition and market value of its reserve assets; and
 - (d) the results of regular independent attestation and audit of its reserve assets.
- (8) A licensee must have in place and implement adequate and appropriate systems of control—
- (a) for assessing the associated risks in having activities mentioned in this section being performed by third parties;
 - (b) for monitoring the performance of those activities by those third parties; and
 - (c) for managing the relationship with those third parties.

6. Redemption

- (1) A licensee—
- (a) must provide each holder of a specified stablecoin issued by the licensee a right to redeem the specified stablecoin;
 - (b) must not attach any condition restricting the redemption of a specified stablecoin that is unduly burdensome in the circumstances; and
 - (c) must not charge a fee in connection with the redemption of a specified stablecoin unless the fee is reasonable.
- (2) Except with the prior written consent of the Monetary Authority, a licensee must, on receiving a valid redemption request made by a holder of a specified stablecoin issued by the licensee, honour the request as soon as practicable by paying the holder the par value of the specified stablecoin, after deducting any fees mentioned in

- subsection (1)(c), in the reference asset to which the specified stablecoin is referenced.
- (3) The Monetary Authority may, on the application of a licensee, give a consent mentioned in subsection (2) if the Monetary Authority considers it appropriate to do so.
 - (4) A licensee must, in respect of each type of specified stablecoins issued by the licensee, provide each holder of a specified stablecoin of the type the following rights that are exercisable in the event of the licensee's insolvency—
 - (a) a right to direct the disposal of the specified reserve assets pool for the purpose of redeeming all the outstanding specified stablecoins of that type on a pro rata basis; and
 - (b) a right to claim against the licensee for any shortfall if the proceeds from the disposal of the specified reserve assets pool is insufficient to redeem all the outstanding specified stablecoins of that type in full.
 - (5) A licensee must—
 - (a) make adequate and timely disclosure to the public on the redemption rights applicable to specified stablecoins issued by the licensee, including—
 - (i) the fee in connection with the redemption of the specified stablecoins;
 - (ii) the condition for exercising the redemption right;
 - (iii) the mechanisms and procedures for redemption; and
 - (iv) the time within which a valid redemption request in respect of the specified stablecoins may be processed; and

- (b) ensure that the matters mentioned in paragraph (a)(i), (ii), (iii) and (iv) are stated clearly and prominently on its website or otherwise made available to the public.

7. Fit and proper person

- (1) A licensee must have in place and implement adequate and appropriate systems of control to ensure that the Monetary Authority is kept informed of the identity of each controller of the licensee.
- (2) Each person who holds the position of chief executive, director, stablecoin manager or controller of a licensee must be a fit and proper person to hold the position.
- (3) A licensee must have in place and implement adequate and appropriate systems of control to ensure that each person who holds the position of manager of the licensee is a fit and proper person to hold the position.

8. Knowledge and experience

- (1) Each of the officers of a licensee who is responsible for the day-to-day management and operation of its licensed stablecoin activities must have the appropriate knowledge and experience to discharge the officer's responsibilities effectively.
- (2) A licensee must have in place and implement adequate and appropriate systems of control to ensure that each of its officers who is responsible for the day-to-day management and operation of its licensed stablecoin activities has the appropriate knowledge and experience to discharge the officer's responsibilities effectively.

9. Prudential and risk management

- (1) A licensee must have in place and implement adequate and appropriate risk management policies and procedures for managing the risks arising from the carrying on of its licensed stablecoin activities that are commensurate with the scale and complexity of those activities, including—
 - (a) adequate security and internal control to ensure the safety and integrity of data (in particular, personal data) and records;
 - (b) effective means to detect fraud and attempted fraud;
 - (c) robust and proven contingency arrangements to address any operational disruptions; and
 - (d) other operational and security safeguards appropriate for those activities.
- (2) A licensee must not deviate from the policies and procedures mentioned in subsection (1) except with the prior consent of the Monetary Authority.

10. Anti-money laundering and counter-terrorist financing measures

- (1) A licensee must have in place and implement adequate and appropriate systems of control for preventing and combating possible money laundering or terrorist financing in connection with its licensed stablecoin activities.
- (2) A licensee must have in place and implement adequate and appropriate systems of control to ensure that it complies with—
 - (a) the provisions of the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) that apply to the licensee; and

- (b) the measures (if any) promulgated by the Monetary Authority, whether in the form of rules, regulations, guidelines or otherwise, to prevent, combat or detect money laundering or terrorist financing.

11. Purpose and soundness of issue of specified stablecoin

The issue of a specified stablecoin by a licensee must be prudent and sound, having regard to the purpose, business model and operational arrangement of the issue.

12. Business activities

- (1) A licensee must have dedicated and sufficient resources to carry on its licensed stablecoin activities.
- (2) A licensee must obtain the Monetary Authority's consent before it carries on any business activity other than a licensed stablecoin activity.
- (3) A licensee must have in place and implement adequate and appropriate systems of control to ensure that—
 - (a) a business activity mentioned in subsection (2) will not cause significant risk to its licensed stablecoin activities; and
 - (b) potential or actual conflicts of interest arising from that business activity can be properly managed and mitigated.

13. Disclosures

- (1) A licensee must in respect of each type of specified stablecoins issued by the licensee publish a white paper to provide comprehensive and transparent information about the type of specified stablecoins.

- (2) A licensee must provide information to the holders of specified stablecoins issued by the licensee about its complaints handling and redress mechanisms mentioned in section 14 of this Schedule.
- (3) A licensee must have in place and implement adequate and appropriate risk management policies and procedures to identify, prevent, manage and disclose potential and actual conflicts of interest between itself and holders of specified stablecoins issued by the licensee.

14. Complaint handling

- (1) A licensee must have in place and implement adequate and appropriate systems of control to ensure that holders of specified stablecoins issued by the licensee have access to complaints handling and redress mechanisms that are adequate, accessible, affordable, independent, fair, accountable, timely and efficient.
- (2) Without limiting subsection (1), a licensee must ensure that the complaints handling and redress mechanisms mentioned in that subsection do not impose unreasonable cost, delays or burdens on the holders.

15. Non-interest bearing

- (1) A licensee must not pay, or permit to be paid, any interest in relation to specified stablecoins issued by the licensee.
- (2) In this section—

interest (利息), in relation to a specified stablecoin held by a holder, means any profit, income or other return represented to arise or to be likely to arise from the holding of the specified stablecoin on the basis of any one or more of the following—

- (a) the length of the period during which the holder holds the specified stablecoin;
- (b) the par value of the specified stablecoin;
- (c) the market value of the specified stablecoin.

16. Recovery planning and orderly wind-down

- (1) A licensee must have in place and implement adequate and appropriate systems of control for appropriate planning to support timely recovery and continuity of critical functions in relation to its licensed stablecoin activities when there is an occurrence of significant operational disruption.
 - (2) A licensee must have in place and implement adequate and appropriate systems of control to ensure that—
 - (a) an orderly wind-down of its licensed stablecoin activities could be implemented; and
 - (b) redemption of specified stablecoins issued by the licensee could be honoured in an orderly manner.
-

Schedule 3

[ss. 22 & 172]

Licence Fee

\$113,020

Schedule 4

[ss. 28, 32, 33, 77 & 172]

Grounds for Revocation of Licence

1. The licensee does not fulfil one or more of the minimum criteria applicable in relation to the licensee.
2. The licensee—
 - (a) proposes to enter into, or has entered into, a composition or scheme of arrangement with its creditors;
 - (b) proposes to enter into, or has entered into, a voluntary arrangement as defined by section 2 of the Bankruptcy Ordinance (Cap. 6) with its creditors;
 - (c) is insolvent; or
 - (d) is being wound up or otherwise dissolved.
3. The licensee has informed the Monetary Authority that—
 - (a) it is likely to become unable to meet its obligations;
 - (b) it is insolvent;
 - (c) it is about to suspend payment; or
 - (d) it is about to suspend any of its business activities under its licence.
4. The licensee—
 - (a) is unable to meet its obligations;
 - (b) suspends payment; or

- (c) suspends any of its business activities under its licence.

- 5. The licensee has not provided the Monetary Authority with any information required to be provided under this Ordinance that is of a material nature relating to—
 - (a) the licensee; or
 - (b) any circumstances likely to affect the licensee's method of business.

- 6. The licensee has provided the Monetary Authority (whether before, on or after the grant of the licence) with any information (whether or not provided under this Ordinance) that is false, misleading or inaccurate in a material particular.

- 7. The licensee has contravened a condition of the licence.

- 8. The licensee has ceased to carry on any of its business activities under its licence.

- 9. The licensee has failed to pay a licence fee in compliance with section 22.

- 10. A person has become a controller of the licensee despite a notice under section 38(2)(b) being in effect in relation to the person.

- 11. A person continues to be a controller of the licensee despite a notice under section 39(3)(b) or 42(2) being in effect in relation to the person.

- 12. The licensee is in contravention of section 53, 58 or 66.

13. The interests of the holders or potential holders of any specified stablecoins connected with the licence of the licensee are threatened in any manner by the licensee continuing to be licensed.
 14. The licensee engages in a business practice that would be likely to affect the interests of Hong Kong as an international financial centre.
 15. The licensee has failed to pay a pecuniary penalty required under section 131(2)(a) within the period mentioned in section 133(1).
 16. The licensee makes a written request to the Monetary Authority to revoke the licence and the interests of the holders of any specified stablecoins issued by the licensee, or in respect of which a regulated stablecoin activity carried on by the licensee relates, will be adequately safeguarded if the licence is revoked.
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Schedule 5

[ss. 86 & 172]

Powers of Statutory Manager of Licensee

1. Power to take possession of, collect and get in the property of the licensee and, for that purpose, to take proceedings that the statutory manager considers expedient
2. Power to purchase property for the licensee
3. Power to sell or otherwise dispose of the business or property of the licensee by public auction or private contract
4. Power to raise or borrow money and, for that purpose, to grant security over the business or property of the licensee
5. Power to appoint a solicitor or an accountant or other professionally qualified person to act for the licensee
6. Power to exercise any voting rights in respect of any shares owned by the licensee
7. Power to bring or defend any action or other legal proceedings in the name of, or on behalf of, the licensee
8. Power to give guarantees in the name of, or on behalf of, the licensee
9. Power to refer to arbitration any question affecting the licensee
10. Power to take out and maintain any insurance in respect of the business or property of the licensee

11. Power to use the seal (if any) of the licensee
12. Power to do any act for executing in the name of, or on behalf of, the licensee any deed, receipt or other document, including power to enter into, carry out, assign or accept the assignment of, vary or rescind, any contract, agreement or other obligation
13. Power to draw, accept, make and endorse any bill of exchange or promissory note in the name of, or on behalf of, the licensee
14. Power to appoint an agent to do any business that the statutory manager is unable to do personally or that can more conveniently be done by an agent, and power to employ, direct and dismiss employees
15. Power to do any act that the statutory manager considers necessary for the realization of any property of the licensee, including power to carry out works
16. Power to make payment that is necessary or incidental to the performance of the statutory manager's functions
17. Power to carry on any business of the licensee
18. Power to grant or accept a surrender of a lease or tenancy of any property of the licensee and to take a lease or tenancy of any property required or convenient for the business of the licensee
19. Power to make any arrangement or compromise on behalf of the licensee
20. Power to call up any uncalled capital of the licensee

21. Power to rank and claim in the bankruptcy, insolvency, sequestration or liquidation of a person indebted to the licensee and to receive dividends, and to accede to trust deeds for the creditors of any such person
 22. Power to change the location of any business office of the licensee
 23. Power to do any other act that is—
 - (a) incidental to the exercise of the powers set out in this Schedule; or
 - (b) consequential on or conducive to, or expedient for, compliance with the primary objective with which the statutory manager must comply
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Schedule 6

[ss. 138, 139 & 172]

Tribunal Review

Part 1

Stablecoin Review Tribunal

1. Interpretation

In this Schedule—

applicant (申請人) has the meaning given by section 138;

Chairperson (主席) has the meaning given by section 138;

panel (小組) has the meaning given by section 138;

panel member (小組成員) has the meaning given by section 138;

parties (各關涉方), in relation to a review of a specified decision, means—

(a) the applicant; and

(b) the Monetary Authority;

referral (轉介) has the meaning given by section 138;

review (覆核) means a review under section 141;

specified decision (指明決定) has the meaning given by section 138;

Tribunal member (審裁處成員) has the meaning given by section 138.

2. Tenure of Chairperson and panel members

- (1) The Chairperson or a panel member is to be appointed for a term not exceeding 3 years that the Chief Executive may determine at the time of appointment.
- (2) The Chairperson or a panel member is eligible for reappointment for a further term or terms.
- (3) If a review has been commenced by the Tribunal but not completed before the expiry of the term of office of the Chairperson, the Chief Executive may extend the term of office of the Chairperson until the completion of the review.

3. Fees for Chairperson and Tribunal members

- (1) The Chairperson or a Tribunal member may be paid, as a fee for his or her service, such amount as the Chief Executive considers appropriate.
- (2) Subsection (1) does not apply if the Chairperson is a judge or deputy judge of the Court of First Instance.
- (3) An amount payable to the Chairperson under this section is a charge on the general revenue and an amount payable to a Tribunal member under this section is a charge on the Exchange Fund.

4. Resignation

- (1) The Chairperson or a panel member may resign from office by giving written notice to the Chief Executive.
- (2) A notice of resignation takes effect—
 - (a) on the date specified in the notice; or
 - (b) if no date is specified in the notice, on the day on which the notice is received by the Chief Executive.

5. Removal from office

- (1) The Chief Executive may remove the Chairperson or a panel member from office if the Chief Executive is satisfied—
 - (a) for the Chairperson, that the Chairperson—
 - (i) has become bankrupt;
 - (ii) is incapacitated by physical or mental illness; or
 - (iii) is otherwise unable or unfit to perform the functions of the Chairperson; or
 - (b) for a panel member, that the panel member—
 - (i) has become bankrupt;
 - (ii) is incapacitated by physical or mental illness;
 - (iii) is otherwise unable or unfit to perform the functions of a panel member; or
 - (iv) has become a public officer (other than becoming a public officer only because the panel member has become the chairperson or a member of a board or tribunal established by or under an Ordinance).
- (2) The Chief Executive must consult the Chief Justice before removing the Chairperson from office under subsection (1).
- (3) The Chief Executive must give notice of the fact that the Chairperson or a panel member (*removed person*) is removed from office under subsection (1) to the removed person in the manner determined by the Chief Executive.
- (4) A removal from office under subsection (1) takes effect immediately or on a later date specified by the Chief Executive.

6. Acting appointments

- (1) If the Chairperson is prevented by illness, absence from Hong Kong or any other cause from performing the functions of the Chairperson, the Chief Justice may appoint a person mentioned in section 139(3) to act as the Chairperson, and perform all the functions of the Chairperson, for the period during which the Chairperson is prevented from performing those functions.
- (2) If a Tribunal member is prevented by illness, absence from Hong Kong or any other cause from taking part in a review, the Financial Secretary may appoint another panel member to act as such a Tribunal member, and take part in the review, for the period during which the Tribunal member is prevented from taking part.
- (3) If, at the expiry of the term of office of the Chairperson, an acting Chairperson, a Tribunal member or an acting Tribunal member, the hearing of a review has commenced but has not been completed, that person may continue to act as the Chairperson or Tribunal member (as the case requires) for completing the review.
- (4) If there is a change in the Chairperson, an acting Chairperson, a Tribunal member or an acting Tribunal member during the hearing of a review—
 - (a) the hearing may continue despite the change if the parties consent; or
 - (b) otherwise the hearing must not continue but may begin over again.

7. Sittings of Tribunal

- (1) The Chairperson must convene one or more sittings of the Tribunal as necessary to determine a review.

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- (2) Before convening a sitting, the Chairperson may give directions to the parties to the review concerning—
 - (a) procedural matters to be complied with by any of the parties; and
 - (b) the time for compliance with those matters.
 - (3) At a sitting—
 - (a) the Chairperson is to preside;
 - (b) at least 2 Tribunal members must also be present;
 - (c) subject to paragraph (d), a question before the Tribunal is to be determined by a majority of those referred to in paragraphs (a) and (b); and
 - (d) a question of law is to be determined by the Chairperson alone.
 - (4) A sitting must be held in public unless the Tribunal, on its own motion or on the application of a party, determines that in the interests of justice the sitting or any part of it should be held in private.
 - (5) An application mentioned in subsection (4) must be heard in private.
 - (6) At a sitting, each party is entitled to be heard—
 - (a) in person, or—
 - (i) for an entity—through an officer or employee of the entity; or
 - (ii) for the Monetary Authority—through a person appointed under section 5A(3) of the Exchange Fund Ordinance (Cap. 66) to assist the Monetary Authority;
 - (b) through a solicitor or counsel; or
 - (c) with the leave of the Tribunal, through any other person.

- (7) The Chairperson must prepare or cause to be prepared a record of the proceedings at a sitting, in the form and containing the particulars that the Chairperson considers appropriate.

8. Preliminary conferences

- (1) At any time after a specified decision has been referred to the Tribunal for review, the Chairperson may direct that a conference, to be attended by the parties or their representatives and presided over by the Chairperson, is to be held for—
 - (a) enabling the parties to prepare for the conduct of the review;
 - (b) assisting the Tribunal to determine issues for the purpose of the review; and
 - (c) generally securing the just, expeditious and economical conduct of the review.
- (2) The Chairperson may give a direction under subsection (1) on the Chairperson's own initiative or on the application of a party if—
 - (a) the Chairperson considers it appropriate to do so after considering any material submitted in relation to the review by the parties; or
 - (b) the parties agree or, for an application made by a party under this subsection, the other party agrees.
- (3) At a conference held under this section, the Chairperson—
 - (a) may give any direction the Chairperson considers necessary or desirable for securing the just, expeditious and economical conduct of the review; and

- (b) must endeavour to ensure that the parties make all arrangements that they ought to make in relation to the review.
- (4) After a conference is held under this section, the Chairperson must report to the Tribunal on the matters relating to the conference that the Chairperson considers appropriate.

9. Consent orders

- (1) At any time after a specified decision has been referred to the Tribunal for review, the Tribunal or Chairperson may make any order that the Tribunal or Chairperson is entitled to make under this Ordinance if the parties—
 - (a) request, and agree to, the making of the order; and
 - (b) consent to all of the terms of the order.
- (2) An order may be made under subsection (1) whether or not any requirements otherwise applicable to its making have been complied with.
- (3) An order made under subsection (1) is to be regarded for all purposes as an order made under the relevant provision of this Ordinance in compliance with the requirements otherwise applicable to the making of the order.
- (4) In this section—
order (命令) includes a finding, a determination and any other decision.

10. Chairperson as sole member

- (1) Despite section 139(2)(b), the Chairperson may determine a referral for review as the sole member of the Tribunal if the parties have agreed and given a written notice to the

Tribunal of their agreement prior to any sitting of the Tribunal for the review.

- (2) For the purposes of subsection (1), a sitting of the Tribunal does not include a preliminary conference mentioned in section 8 of this Schedule.

11. Protection of participants

Except as otherwise provided in this Ordinance—

- (a) the Tribunal, the Chairperson or a Tribunal member; and
- (b) a party to, any witness, solicitor, counsel or other person involved in a review,

has the same privileges and immunities in respect of the review as he, she or it would have if the review were civil proceedings before the Court of First Instance.

12. Procedures and practice

Subject to this Ordinance and any rules made under section 147, the Chairperson may determine the procedures and practice of the Tribunal.

Part 2

Specified Decisions

13. Specified decisions

Each of following is a specified decision—

- (a) a decision of the Monetary Authority to revoke an exemption, or to vary, or add to, a condition of an exemption, under section 13(6)(a) or (b);

- (b) a decision of the Monetary Authority to refuse to grant a licence under section 15(1)(b);
- (c) a decision of the Monetary Authority to attach a condition, or amend a condition attached, to a licence under section 17(1);
- (d) a decision of the Monetary Authority to revoke a licence under section 28(2);
- (e) a decision of the Monetary Authority to attach a condition, or amend a condition attached, to a direction under section 31(1) or 35(1);
- (f) a decision of the Monetary Authority to suspend a licence under section 32(1) or 33(2) or to renew a suspension under section 33(6);
- (g) a decision of the Monetary Authority to give a notice under section 38(2)(b), 39(3)(b) or 42(2);
- (h) a decision of the Monetary Authority to attach a condition, or amend a condition attached, to a consent under section 40(1), 55(1), 60(1) or 68(1);
- (i) a decision of the Monetary Authority to refuse to give a consent under section 54(2)(b), 59(2)(b) or 67(2)(b);
- (j) a decision of the Monetary Authority to withdraw a consent under section 56(1), 61(1) or 69(1);
- (k) a decision of the Monetary Authority to refuse to give a consent mentioned in section 64(1) or 65(1);
- (l) a decision of the Monetary Authority to refuse to give a consent mentioned in section 71(1) or 72(2)(b);
- (m) a decision of the Monetary Authority to exercise a power under section 78, 79 or 80;

- (n) a decision of the Monetary Authority to vary a direction under section 92(1);
 - (o) a decision of the Monetary Authority in respect of the remuneration or expenses to be paid by a licensee under section 97(1);
 - (p) a decision of the Monetary Authority to designate an entity under section 101(1);
 - (q) a decision of the Monetary Authority to impose a sanction under section 131(1);
 - (r) a decision of the Monetary Authority to refuse to give a consent mentioned in section 6(2) of Schedule 2.
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Schedule 7

[s. 174]

Transitional Provisions

Part 1

Preliminary

1. Interpretation

In this Schedule—

closing down period (結業期)—see section 9 of this Schedule;

commencement date (生效日期) means the day on which section 8 comes into operation;

first 3 months (首3個月) means the period of 3 months beginning on the commencement date;

first 6 months (首6個月) means the period of 6 months beginning on the commencement date;

licence application (牌照申請) means an application for a licence made in accordance with section 14;

objection period (反對限期)—see section 5 of this Schedule;

provisional licence (臨時牌照) means a provisional licence granted under section 3(2) of this Schedule;

regulatory requirements (規管性規定) means requirements under this Ordinance;

rejection notice (拒絕通知) means a notice given under section 4(2) of this Schedule;

specified entity (指明實體) means—

- (a) a company; or

- (b) an authorized institution incorporated outside Hong Kong.

Part 2

Arrangements for Entities Carrying on Regulated Stablecoin Activities before Commencement Date

- 2. **Pre-existing regulated stablecoin activities may continue in certain circumstances**
 - (1) Section 8 does not prohibit a specified entity from carrying on, or holding itself out as carrying on, a regulated stablecoin activity during the first 3 months if the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date.
 - (2) Section 8 does not prohibit a specified entity from carrying on, or holding itself out as carrying on, a regulated stablecoin activity during the first 6 months if—
 - (a) the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; and
 - (b) within the first 3 months—
 - (i) the entity has made a licence application to carry on the regulated stablecoin activity;
 - (ii) the Monetary Authority has, by written notice, acknowledged receipt of the application; and
 - (iii) the entity has provided to the Monetary Authority the documents mentioned in subsection (3).
 - (3) The documents are—

- (a) a written declaration that the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; and
- (b) a written undertaking that the entity will, on being granted a provisional licence—
 - (i) comply with the regulatory requirements applicable to the entity as if it were a licensee of a licence; and
 - (ii) have arrangements in place to ensure that the entity will comply with those requirements.
- (4) However, if a specified entity enters into the closing down period, neither subsection (1) nor (2) applies in relation to the entity on and after the day on which it enters into the closing down period.

3. Monetary Authority may grant provisional licence

- (1) This section applies in relation to a specified entity if, within the first 3 months—
 - (a) the entity has made a licence application to carry on a regulated stablecoin activity;
 - (b) the Monetary Authority has, by written notice, acknowledged receipt of the application; and
 - (c) the entity has provided to the Monetary Authority the documents mentioned in section 2(3) of this Schedule.
- (2) Within the first 6 months, the Monetary Authority may, by written notice, grant to the entity a provisional licence to authorize the entity to carry on the regulated stablecoin activity if the Monetary Authority is satisfied that—

- (a) the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; and
 - (b) the entity has a reasonable prospect of successfully showing the Monetary Authority that the entity is capable of complying with the regulatory requirements applicable to a licensee.
- (3) Despite subsection (2), the Monetary Authority must not grant a provisional licence to a specified entity if a rejection notice has been given to the entity under section 4 of this Schedule.
- (4) On the grant of a provisional licence to a specified entity under subsection (2), the entity is taken to be granted a licence under section 15 authorizing the entity to carry on the regulated stablecoin activity for the purposes of sections 8 and 9, until the provisional licence ceases to be in force.

4. Monetary Authority may give rejection notice

- (1) This section applies in relation to a specified entity if, within the first 3 months—
- (a) the entity has made a licence application to carry on a regulated stablecoin activity;
 - (b) the Monetary Authority has, by written notice, acknowledged receipt of the application; and
 - (c) the entity has provided to the Monetary Authority the documents mentioned in section 2(3) of this Schedule.
- (2) The Monetary Authority may give a rejection notice to the entity if the Monetary Authority is not satisfied that—

- (a) the entity has carried on the regulated stablecoin activity in Hong Kong before the commencement date; or
 - (b) the entity has a reasonable prospect of successfully showing the Monetary Authority that the entity is capable of complying with the regulatory requirements applicable to a licensee.
- (3) The rejection notice must—
- (a) state the Monetary Authority’s decision to give the notice and the ground for the decision;
 - (b) state that the entity has a right to object to the decision; and
 - (c) specify the period within which the entity may object to the decision.
- (4) To avoid doubt, the Monetary Authority may give a rejection notice to a specified entity even if the Monetary Authority has previously granted a provisional licence to the entity.

5. Licence application taken to be withdrawn on giving of rejection notice

- (1) This section applies in relation to a specified entity if—
 - (a) the entity has made a licence application within the first 3 months; and
 - (b) a rejection notice is given to the entity.
- (2) The entity may, within the period specified in the rejection notice under section 4(3)(c) of this Schedule (*objection period*), object to the decision to give the notice.
- (3) If the entity does not object to the decision within the objection period, the licence application is taken to have been withdrawn on the expiry of that period.

- (4) If the entity objects to the decision within the objection period, the Monetary Authority must determine the licence application in accordance with section 15.

6. Provisional licence ceases to be in force

A provisional licence granted to a specified entity that has made a licence application within the first 3 months ceases to be in force when the earliest of the following occurs—

- (a) the licence application is withdrawn;
- (b) the licence application is refused;
- (c) a licence is granted to the entity under section 15;
- (d) a rejection notice is given to the entity.

Part 3

Closing Down Period

7. Entering into closing down period: specified entity that does not make licence application within first 3 months

- (1) This section applies if—
- (a) a specified entity has carried on a regulated stablecoin activity in Hong Kong before the commencement date; and
 - (b) any of the following does not occur within the first 3 months—
 - (i) the entity makes a licence application to carry on the regulated stablecoin activity;
 - (ii) the Monetary Authority, by written notice, acknowledges receipt of the application;

- (iii) the entity provides to the Monetary Authority the documents mentioned in section 2(3) of this Schedule.
 - (2) The entity enters into the closing down period on the day immediately following the day on which the first 3 months expires.
- 8. Entering into closing down period: specified entity that makes licence application within first 3 months**
 - (1) This section applies if—
 - (a) a specified entity has carried on a regulated stablecoin activity in Hong Kong before the commencement date; and
 - (b) all of the following occur within the first 3 months—
 - (i) the entity makes a licence application to carry on the regulated stablecoin activity;
 - (ii) the Monetary Authority, by written notice, acknowledges receipt of the application;
 - (iii) the entity provides to the Monetary Authority the documents mentioned in section 2(3) of this Schedule.
 - (2) The entity enters into the closing down period on the earliest of the following days—
 - (a) if the Monetary Authority gives a rejection notice to the entity—the day on which the notice is given;
 - (b) if the entity withdraws the licence application—the day on which the application is withdrawn;
 - (c) if the licence application is refused—the day on which notice of the decision to refuse is given under section 15(4).

9. Closing down period of specified entity

- (1) This section applies in relation to a specified entity that enters into the closing down period under section 7 or 8 of this Schedule.
- (2) Subject to subsection (3), the closing down period of the entity is the period that starts on the day on which the entity enters into the closing down period (*start day*) and ends on the expiry of 1 month beginning on the start day.
- (3) The entity may apply to the Monetary Authority for an extension of the closing down period.
- (4) An application under subsection (3) must be made in writing before the end of the closing down period or, if applicable, the closing down period as extended under this section.
- (5) On an application under subsection (3), the Monetary Authority may, by written notice, extend the closing down period for a period that the Monetary Authority considers appropriate, having regard to—
 - (a) the circumstances of the entity's business and activities; and
 - (b) the interests of the holders or potential holders of any specified stablecoins issued by the entity.

10. Section 8 not contravened during closing down period

Section 8 does not prohibit a specified entity from carrying on, or holding itself out as carrying on, a regulated stablecoin activity during the closing down period of the entity if the entity does so solely for the purpose of closing down the business that is connected with the regulated stablecoin activity.

11. Requirements imposed by Monetary Authority

- (1) The Monetary Authority may, by written notice, impose on a specified entity that has entered into the closing down period under section 7 or 8 of this Schedule one or more of the requirements specified in subsection (2).
- (2) The requirements are—
 - (a) to require the entity to carry on the regulated stablecoin activity concerned in a specified manner during the closing down period of the entity;
 - (b) to require the entity not to carry on the regulated stablecoin activity concerned in a specified manner during the closing down period of the entity;
 - (c) to require the entity to deal with, or refrain from dealing with, any assets (whether in Hong Kong or elsewhere and whether or not they are the entity's assets) in a specified manner during the closing down period of the entity; and
 - (d) to require the entity to maintain assets in Hong Kong or a particular place outside Hong Kong during the closing down period of the entity so that the assets—
 - (i) are of a value or class or description that appear to be desirable to the Monetary Authority for the purpose of ensuring that the entity will be able to meet its liabilities in respect of the business that is connected with the regulated stablecoin activity concerned; and
 - (ii) are maintained in a manner that will enable the entity at any time to freely transfer or otherwise dispose of them.

- (3) A specified entity that contravenes a requirement imposed on it under subsection (1) commits an offence and is liable—
- (a) on summary conviction—to a fine of \$500,000; or
 - (b) on conviction on indictment—to a fine of \$10,000,000.
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Schedule 8

[s. 175]

Amendments to Other Enactments

Part 1

Banking Ordinance (Cap. 155)

1. **Section 2 amended (interpretation)**

- (1) Section 2(1), definition of *banking business*—

Repeal

“customers;”

Substitute

“customers,

but does not include the business of a stablecoin licensee of receiving from the general public money in any currency in exchange for, or for the purpose of, the issue of specified stablecoins by the licensee;”.

- (2) Section 2(1), definition of *deposit*, paragraph (b)(iii)—

Repeal

“company; or”

Substitute

“company;”.

- (3) Section 2(1), definition of *deposit*, paragraph (b)(iv)—

Repeal

“584;”

Substitute

“584); or”.

- (4) Section 2(1), definition of *deposit*, after paragraph (b)(iv)—

Add

“(v) a specified stablecoin.”.

- (5) Section 2(1)—

Add in alphabetical order

“*regulated stablecoin activity* (受規管穩定幣活動) has the meaning given by section 5 of the Stablecoins Ordinance (of 2024);

specified stablecoin (指明穩定幣) has the meaning given by section 4 of the Stablecoins Ordinance (of 2024);

stablecoin licence (穩定幣牌照) means a licence as defined by section 2(1) of the Stablecoins Ordinance (of 2024);

stablecoin licensee (穩定幣持牌人) means a licensee as defined by section 2(1) of the Stablecoins Ordinance (of 2024);”.

- (6) Section 2—

Repeal subsection (12)

Substitute

“(12) References in this Ordinance to the affairs, business and property of an authorized institution (including a former authorized institution) include—

- (a) in the case of a bank—

- (i) any affairs, business and property of the bank arising from, or attributable to, whether directly or indirectly, the issue, or the facilitation of the issue, of stored value facilities under its SVF licence; and

- (ii) any affairs, business and property of the bank arising from, or attributable to, whether directly or indirectly, the carrying on of a regulated stablecoin activity under its stablecoin licence; or
- (b) in any other case, any affairs, business and property of the institution arising from, or attributable to, whether directly or indirectly, the carrying on of a regulated stablecoin activity under its stablecoin licence.”.

2. Section 52 amended (powers of Monetary Authority)

- (1) Section 52(1)(c)(i)(B)—

Repeal

“creditors; or”

Substitute

“creditors;”.

- (2) After section 52(1)(c)(i)(B)—

Add

“(BA) the holders or potential holders of any specified stablecoins connected with its stablecoin licence (within the meaning of section 7(c) of the Stablecoins Ordinance (of 2024)); or”.

- (3) Section 52(1)(A), after “SVF licence”—

Add

“, or business of carrying on a regulated stablecoin activity under a stablecoin licence,”.

3. **Fourteenth Schedule amended (affairs or business of authorized institutions specified for purposes of definition of *Manager*)**

Fourteenth Schedule, section 1, definition of *banking or other financial services*, after paragraph (d)—

Add

“(da) the carrying on of a regulated stablecoin activity;”.

Part 2

Deposit Protection Scheme Ordinance (Cap. 581)

4. **Schedule 1 amended (deposits specified for purposes of definitions of *protected deposit* and *relevant deposit* in section 2(1) of this Ordinance)**

(1) Schedule 1, section 1(i)—

Repeal the full stop

Substitute a semicolon.

(2) Schedule 1, after section 1(i)—

Add

“(j) a deposit comprising reserve assets as defined by section 2(1) of the Stablecoins Ordinance (of 2024), held by a depositor with a Scheme member.”.

Part 3

Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615)

5. Section 8 amended (interpretation of Part 3)

Section 8, definition of *non-Part 5B prescribed person*, after paragraph (k)—

Add

“(l) a stablecoin licensee;”.

6. Section 25 amended (persons to whom this Part does not apply)

(1) Section 25(f)—

Repeal

“or”.

(2) Section 25(g)—

Repeal

“institution.”

Substitute

“institution; or”.

(3) After section 25(g)—

Add

“(h) a stablecoin licensee that operates a money service that is a business activity of the licensee under its stablecoin licence (within the meaning of section 7(d) of the Stablecoins Ordinance (of 2024)).”.

7. Schedule 1 amended (interpretation)

- (1) Schedule 1, Part 2, section 1, definition of *financial institution*, paragraph (h)—

Repeal

“or”.

- (2) Schedule 1, Part 2, section 1, definition of *financial institution*, paragraph (i), after “provider;”—

Add

“or”.

- (3) Schedule 1, Part 2, section 1, definition of *financial institution*, after paragraph (i)—

Add

“(j) a stablecoin licensee;”.

- (4) Schedule 1, Part 2, section 1, definition of *relevant authority*, paragraph (a)—

Repeal

“or SVF licensee”

Substitute

“, SVF licensee or stablecoin licensee”.

- (5) Schedule 1, Part 2, section 1—

Add in alphabetical order

“*stablecoin licence* (穩定幣牌照) means a licence as defined by section 2(1) of the Stablecoins Ordinance (of 2024);

stablecoin licensee (穩定幣持牌人) means a licensee as defined by section 2(1) of the Stablecoins Ordinance (of 2024);”.

Explanatory Memorandum

The main purpose of this Bill is to provide for the supervision of activities involving stablecoins.

2. The Bill contains 11 Parts and 8 Schedules.

Part 1—Preliminary

3. Clause 1 sets out the short title and provides for commencement.
4. Clauses 2 to 7 provide for the interpretation of the terms and expressions used in the Bill. In particular, clause 3 provides for the meaning of *stablecoin*, clause 4 provides for the meaning of *specified stablecoin* and clause 5 provides for the meaning of *regulated stablecoin activity*.

Part 2—Regulation of Activities Involving Specified Stablecoins

5. Part 2 provides for a regulatory framework on activities involving specified stablecoin. That Part is divided into 5 Divisions.

Division 1—Restrictions on Activities Involving Specified Stablecoins

6. Division 1 imposes restrictions on the carrying on of certain activities involving specified stablecoins.
7. Clause 8 creates an offence for carrying on a regulated stablecoin activity or holding out as carrying on a regulated stablecoin activity, without being a licensee or a person to whom that clause does not apply.

8. Clause 9 creates an offence for offering a specified stablecoin or holding out as offering a specified stablecoin, without being a licensee or a person to whom that clause does not apply.
9. Clause 10 creates an offence for advertising a regulated stablecoin activity carried on by a person or the offering of a specified stablecoin by a person in the case where the person is not a licensee and where the exceptions provided in that clause do not apply.
10. Clause 11 creates an offence for fraud or deception in relation to a specified stablecoin transaction.
11. Clause 12 creates an offence for making fraudulent or reckless misrepresentation for the purpose of inducing another person to enter into, or offer to enter into, an agreement to acquire, dispose of, subscribe for or underwrite a specified stablecoin.
12. Clause 13 empowers the Monetary Authority to grant exemption from clauses 8, 9 and 10.

Division 2—Licensing

13. Division 2 provides for a licensing regime in relation to the carrying on of a regulated stablecoin activity. That Division is divided into 5 Subdivisions.

Subdivision 1—Grant of Licence

14. Clause 14 provides for the procedure for making an application for a licence (***licence application***) to carry on a regulated stablecoin activity. An application may be made by a company or an authorized institution incorporated outside Hong Kong.

15. Clause 15 provides for matters relating to the determination of a licence application.
16. Clause 16 provides for the validity of a licence.

Subdivision 2—Licence Conditions

17. Clause 17 empowers the Monetary Authority to attach to the licence any condition that the Monetary Authority considers appropriate.
18. Clauses 18 and 19 provide for the procedural requirements for attaching a condition to a licence or for amending a condition so attached.
19. Clause 20 empowers the Monetary Authority to cancel a condition attached to a licence.

Subdivision 3—Register of Licensees

20. Clause 21 requires the Monetary Authority to maintain a register of licensees and provides for matters relating to the register.

Subdivision 4—Duties of Licensee

21. Clause 22 requires a licensee to pay a licence fee annually.
22. Clause 23 requires a licensee to display its licence number on certain advertising materials and on the consumer-facing interface of certain software applications.
23. Clause 24 requires a licensee to ensure fulfilment of the minimum criteria applicable in relation to the licensee.

24. Clause 25 requires a licensee to report to the Monetary Authority if it is likely to become unable to meet its obligations, is insolvent or is about to suspend payment.
25. Clause 26 requires a licensee to report any change of address to the Monetary Authority.
26. Clause 27 requires a licensee to report to the Monetary Authority of any material change in circumstances.

Subdivision 5—Revocation and Suspension of Licence

27. Clause 28 empowers the Monetary Authority to revoke a licence on a ground specified in Schedule 4.
28. Clause 29 provides that a licence is revoked if the licensee is wound up, is deregistered or struck off the Companies Register, or is otherwise dissolved.
29. Clause 30 deals with the effect of revocation of a licence. On the revocation of the licence, the former licensee must comply with any direction given by the Monetary Authority on the handling of reserve assets.
30. Clause 31 deals with matters relating to the giving of a direction on the handling of reserve assets.
31. Clause 32 empowers the Monetary Authority to suspend a licence for a period not exceeding 14 days in case of urgency.
32. Clause 33 empowers the Monetary Authority to suspend a licence on a ground specified in Schedule 4.

33. Clause 34 deals with the effect of suspension of a licence. On the suspension of the licence, the licensee must comply with any direction given by the Monetary Authority on the handling of reserve assets.
34. Clause 35 deals with matters relating to the giving of a direction on the handling of reserve assets.

Division 3—Ownership and Management of Licensee

35. Division 3 provides for the Monetary Authority's powers over the ownership and management of licensees. That Division is divided into 10 Subdivisions.

Subdivision 1—Preliminary

36. Clause 36 provides for the application of Division 3.

Subdivision 2—Controller

37. Subdivision 2 deals with matters relating to becoming, continuing to be, or ceasing to be, a controller of a licensee.
38. Clause 37 provides that a person must not become a controller of a licensee unless the person becomes such a controller within 12 months of obtaining a consent from the Monetary Authority, or unless the Monetary Authority does not object to the person becoming such a controller within the period. Clause 38 provides for the procedures for giving the consent.

39. Clause 39 provides for the giving of consent to a person who has become a controller of a licensee in the circumstances where the person was not aware of the person becoming such a controller.
40. Clause 40 provides for the attachment of any condition to such a consent and clause 41 provides for the grounds on which the Monetary Authority may object to a person becoming or continuing to be a controller of a licensee.
41. Clause 42 empowers the Monetary Authority to object to a person who has become a controller of a licensee continuing to be such a controller.
42. Clause 43 requires a licensee to notify the Monetary Authority of any change of controller of the licensee.

Subdivision 3—Restrictions when Objection Notice is Given to Controller

43. Subdivision 3 deals with the handling of shares held by a controller of a licensee to whom the Monetary Authority has given an objection notice for the person being such a controller.
44. Clause 44 provides for the meaning of certain expressions used in Subdivision 3.
45. Clause 45 provides that an indirect controller of a licensee to whom an objection notice is given must cease to act or continue to act, and must not give or cease to give directions or instructions, as such a controller.

46. Clause 46 provides that the Monetary Authority may direct that shares held by a controller be subject to certain restrictions (such as shares may not be transferred). Clause 47 provides that the restrictions may be revoked in certain circumstances. Clause 48 provides for the effect of the restrictions and clause 49 provides for offences regarding the contravention of the restrictions. Clauses 50, 51 and 52 provide for the power of the Court of First Instance to order the sale of shares subject to the restrictions.

Subdivision 4—Chief Executive

47. Subdivision 4 deals with matters relating to the appointment of the chief executive and alternate chief executive of a licensee.
48. Clause 53 provides that a licensee must have a chief executive and at least one alternate chief executive. A licensee must not appoint a person as the chief executive or an alternate chief executive without the Monetary Authority's consent. Clause 54 provides for the procedure relating to the giving of the consent. Clause 55 empowers the Monetary Authority to attach conditions to the consent. Clause 56 empowers the Monetary Authority to withdraw the consent.
49. Clause 57 requires a licensee to notify the Monetary Authority if a person has ceased to be the chief executive or an alternate chief executive of the licensee.

Subdivision 5—Director

50. Subdivision 5 deals with matters relating to becoming a director of a licensee.

51. Clause 58 provides that a person must not become a director of a licensee without the Monetary Authority's consent. Clause 59 provides for the procedure relating to the giving of the consent. Clause 60 empowers the Monetary Authority to attach conditions to the consent. Clause 61 empowers the Monetary Authority to withdraw the consent.
52. Clause 62 requires a licensee to notify the Monetary Authority of any change of director of the licensee.

Subdivision 6—Manager and Employee

53. Subdivision 6 deals with matters relating to a manager or employee of a licensee.
54. Clause 63 requires a licensee to notify the Monetary Authority of any change of manager of a licensee.
55. Clause 64 provides that a person must not become an employee of a licensee without the Monetary Authority's consent in certain circumstances. Clause 65 provides that a person must cease to act as an employee of a licensee without the Monetary Authority's consent in certain circumstances.

Subdivision 7—Stablecoin Manager

56. Subdivision 7 deals with matters relating to the appointment of the stablecoin manager of a licensee.

57. Clause 66 provides that a licensee must have a stablecoin manager. A licensee must not appoint a person as the stablecoin manager without the Monetary Authority's consent. Clause 67 provides for the procedure relating to the giving of the consent. Clause 68 empowers the Monetary Authority to attach conditions to the consent. Clause 69 empowers the Monetary Authority to withdraw the consent.
58. Clause 70 requires a licensee to notify the Monetary Authority if a person has ceased to be the stablecoin manager of the licensee.

Subdivision 8—Employment of Officer in case of Winding up etc.

59. Subdivision 8 (clauses 71 and 72) deals with the employment of an officer of a licensee that is being, or has been, wound up or otherwise dissolved, or whose licence has been revoked. Such an officer is prohibited from becoming, or continuing to act as, an employee of another licensee without the Monetary Authority's consent.

Subdivision 9—Sale and Disposal of Business and Reconstruction of Capital

60. Clause 73 provides that a licensee must not sell or dispose of its business without the Monetary Authority's approval.
61. Clause 74 provides that a licensee that makes a reconstruction of its capital must notify the Monetary Authority of the matter.

Subdivision 10—Miscellaneous

62. Clause 75 empowers the Monetary Authority to require information from the controller, chief executive, director and stablecoin manager of a licensee.

Division 4—Control over Licensee

63. Division 4 provides for the Monetary Authority’s power in relation to the conduct of the affair and business of a licensee in certain circumstances. That Division is divided into 4 Subdivisions.

Subdivision 1—Preliminary

64. Clause 76 provides for the application of Division 4.

Subdivision 2—Powers of Monetary Authority over Management of Licensee

65. Clause 77 provides for the circumstances in which the power under clauses 78, 79 and 80 may be exercised. Clause 78 empowers the Monetary Authority to require a licensee to take an immediate action in relation to the licensee’s affairs, business or property. Clause 79 empowers the Monetary Authority to direct a licensee to seek advice from an advisor appointed by the Monetary Authority. Clause 80 empowers the Monetary Authority to direct that the affairs, business or property of a licensee are to be managed by a statutory manager appointed by the Monetary Authority. Clause 81 provides for matters relating to the appointment of the advisor or statutory manager. Clause 82 provides for the revocation of the direction.

Subdivision 3—Management of Licensee by Statutory Manager

66. Clause 83 provides for the interpretation of certain expressions used in the Bill.
67. Clause 84 provides for the effect of a direction given under clause 80 on the chief executive and director of a licensee. Clause 85 provides for the effect of the direction on certain meetings of the licensee and resolution passed at such meetings.
68. Clause 86 deals with the power of a statutory manager. Clause 87 creates an offence for failing to comply with a requirement imposed by a statutory manager. Clause 88 empowers a statutory manager to delegate its duties and powers to another person.
69. Clause 89 empowers the Court of First Instance to approve or refuse to approve a resolution moved or to be moved at a meeting of a licensee. Clause 90 empowers the Court of First Instance to make certain orders.
70. Clause 91 creates an offence for obstructing, resisting or delaying a statutory manager in the lawful discharge of duties or exercise of powers.
71. Clause 92 empowers the Monetary Authority to vary a direction given under clause 80.

Subdivision 4—Further Provisions for Advisor and Statutory Manager

72. Subdivision 4 provides for various matters regarding an advisor and statutory manager. Clause 93 provides for the revocation of their appointments. Clause 94 provides for their resignation. Clause 95 provides for the handling of vacancies in their offices.

Clause 96 empowers them to engage assistants. Clause 97 deals with the payment of remuneration or expenses to them.

Division 5—Miscellaneous

73. Clause 98 provides for matters relating to the winding up of a licensee.
74. Clause 99 empowers the Monetary Authority to grant a modification or waiver of any minimum criteria.

Part 3—Designation of Stablecoin Entities

75. Part 3 concerns the designation of an entity that issues specified stablecoins or provides services to a stablecoin payment system (as defined in clause 2).
76. Clause 100 provides that Part 3 applies to an individual or entity outside Hong Kong.
77. Clause 101 empowers the Monetary Authority to designate an entity that carries on a business outside Hong Kong of issuing specified stablecoins and an entity that provides services to a stablecoin payment system. The Monetary Authority must not designate an entity unless the issue of specified stablecoin or provision of services is material to the monetary or financial stability of Hong Kong or to the functioning of Hong Kong as an international financial centre, or significant public interest is involved. Clause 102 explains what is to be regarded as material to the monetary or financial stability of Hong Kong or to the functioning of Hong Kong as an international financial centre, or significant public interest.

78. Clause 103 empowers the Monetary Authority to require information to determine whether to designate an entity. Clause 104 requires an entity designated to provide information. Clause 105 requires the Monetary Authority to maintain a register of designated stablecoin entities.
79. Clause 106 empowers the Monetary Authority to revoke the designation.
80. Clause 107 imposes requirements that a designated stablecoin entity must comply with.

Part 4—Functions of Monetary Authority

81. Part 4 sets out the functions of the Monetary Authority under the Bill and matters relating to the exercise of those functions.
82. Clause 108 sets out the functions of the Monetary Authority under the Bill.
83. Clause 109 provides that the Chief Executive may give direction to the Monetary Authority as to the performance of any function of the Monetary Authority in a particular case.
84. Clause 110 empowers the Monetary Authority to require information or document from a licensee or designated stablecoin entity for the better performance of the Monetary Authority's functions under the Bill.
85. Clause 111 empowers the Monetary Authority to examine certain books and accounts.

86. Clause 112 empowers the Monetary Authority to require the preparation of a report by a person set out in clause 113. Clause 114 empowers the Monetary Authority to impose requirements on a person preparing the report and a person appointing that person.
87. Clause 115 empowers the Monetary Authority to direct a licensee or designated stablecoin entity to take any action to bring the licensee or entity into compliance with the Bill.

Part 5—Investigation

88. Part 5 provides for the institution of an investigation by the Monetary Authority.
89. Clause 116 empowers the Monetary Authority to institute an investigation in certain circumstances. Clause 119 concerns the report to be given by an investigator. Clauses 117, 118, 120 to 129 deal with the powers of an investigator and matters relating to the exercise of those powers.

Part 6—Sanction

90. Part 6 (clauses 130 to 137) provides for matters relating to the power of the Monetary Authority to impose a civil sanction on a licensee or designated stablecoin entity, or its officer. The power includes the imposition of a pecuniary penalty.

Part 7—Tribunal Review

91. Part 7 (clauses 138 to 147) provides for matters relating to the Stablecoin Review Tribunal established under clause 139. Clause 139 deals with the composition of the Tribunal. Clauses 140 to 145 deal with the procedure for the review and the

powers of the Tribunal. Clause 146 provides that an appeal may be made to the Court of Appeal on a point of law. Clause 147 empowers the Chief Justice to make rules for the matters relating to reviews.

Part 8—General Offences

92. Part 8 provides for the following offences—

- (a) giving false or misleading information to the Monetary Authority (clause 148);
- (b) signing on false document (clause 149);
- (c) making certain representations as to abilities or qualifications (clause 150);
- (d) obstructing a person in the performance of a function under the Bill (clause 151);
- (e) making a false entry, or otherwise causing an entry in a document to be false (clause 152);
- (f) making a false claim to be an applicant for a licence (clause 153); and
- (g) making a false claim to be a licensee (clause 154).

Part 9—Confidentiality

93. Part 9 imposes a duty to keep confidentiality of certain matters. Clause 155 imposes a duty on the Monetary Authority and a person performing a function under the Bill or carrying into effect this Bill, and a person assisting them, to keep information that comes to their knowledge confidential. Clauses 156 to 159 provide for exceptions to the duty to keep confidentiality and incidental matters. Clause 160 imposes a duty on a person who is communicated with certain information by an investigator or the Monetary Authority to keep the information confidential.

Part 10—Miscellaneous

94. Part 10 provides for miscellaneous matters, including—
- (a) the immunity of certain persons from anything done or omitted to be done under the Bill (clause 161);
 - (b) the legal professional privilege (clause 162);
 - (c) the liability of officers of an entity (clause 163);
 - (d) that a reference in an offence provision to a reasonable excuse is to be construed as providing for a defence to the offence (clause 164);
 - (e) the burden of proving a defence (clause 165);
 - (f) the Monetary Authority’s power to specify a form for the Bill (clause 167);
 - (g) the giving of document (clause 168);
 - (h) the recovery of certain fees and expenses (clause 169);
 - (i) the Monetary Authority’s power to issue guidelines (clause 170);
 - (j) the Monetary Authority’s power to make regulations (clause 171);
 - (k) the power to amend Schedules (clause 172); and
 - (l) the status of notices or guidelines published or issued under the Bill (clause 173).

Part 11—Transitional Provisions and Consequential Amendments

95. Part 11 (clauses 174 and 175) provides for the transitional provisions and consequential amendments to other enactments.

Schedules

96. Schedule 1 sets out the specified affairs for the purposes of the definition of *manager* in clause 2(1). A person responsible for any of those affairs is a manager for the purposes of the Bill.
97. Schedule 2 sets out the minimum criteria that a licensee must fulfil.
98. Schedule 3 sets out the licence fee.
99. Schedule 4 sets out the grounds for revocation of a licence.
100. Schedule 5 sets out the powers of a statutory manager of a licensee.
101. Schedule 6 sets out matters relating to the members of the Stablecoin Review Tribunal and the procedure of a review before the Tribunal. In particular, that Schedule sets out a list of decisions that are subject to review by the Tribunal.
102. Schedule 7 sets out the transitional arrangement for a company or an authorized institution that issues specified stablecoins before the commencement date of the Bill.
103. Schedule 8 sets out the consequential amendments to be made to the Banking Ordinance (Cap. 155), the Deposit Protection Scheme Ordinance (Cap. 581) and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615).