

Bitcoin regulation not needed

March 25, 2015

Bitcoins are not widely circulated in Hong Kong and do not pose a significant threat to the financial system, so there is no need to introduce legislation to regulate virtual commodities trading or to prohibit people from participating in such activities, Secretary for Financial Services & the Treasury Prof KC Chan said today.

Responding to lawmakers' questions, Prof Chan noted that bitcoins have not yet been accepted widely as a medium of payment in Hong Kong compared with other places, and their circulation as a medium of exchange in daily life or business transactions is limited.

He added that only a small number of vendors claim to accept bitcoins, and as such it does not qualify as an e-currency.

Prof Chan said existing laws already provide for sanctions against unlawful acts, whether or not virtual commodities are involved, and that Police will also conduct online patrols for crime prevention and detection.

He also warned that bitcoin trading is highly speculative, and people should exercise caution and be risk-conscious when considering trading in virtual commodities.

Prof Chan noted that since February 11, more than 100 people with combined losses of \$180 million have complained to the Police about being unable to withdraw or trade in their bitcoins through a local company.

Officers arrested two men and four women aged 34 to 55 for conspiracy to defraud in connection with the case. They were released on bail pending further investigation.