



SECURITIES AND
FUTURES COMMISSION
證券及期貨事務監察委員會

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Compliance with notification requirements

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Q1: Are the notification requirements for a Platform Operator only limited to information concerning itself and the Relevant Activities that it carries on?

A: The notification requirements that a Platform Operator is required to comply with are set out under the SFO and the Securities and Futures (Licensing and Registration) (Information) Rules (Information Rules) and/or the AMLO and Part XVI of the Guidelines for Virtual Asset Trading Platform Operators.

The notification requirements are not limited to information concerning Relevant Activities in Hong Kong, nor to information concerning Platform Operators. They also cover information relating to substantial shareholders, ultimate owners or directors, as well as other corporations or businesses owned or managed by those substantial shareholders, ultimate owners or directors (for the purposes of this FAQ, “group entities”). For example, under the Information Rules, Schedule 1, Part 2, paragraph 2 and the VATP Guidelines, Schedule 4, paragraphs 3 and 4, “relevant information” , in relation to a Platform Operator, means information on whether or not the person is or has been, in Hong Kong or elsewhere ... a substantial shareholder or director of a corporation or business that is or has been subject to any disciplinary action or investigation by a regulatory body or criminal investigatory body (as the case may be), or involved in the management of such a corporation or business...” .

The requirements include an obligation, where legally permissible, to notify the SFC in writing within seven business days if a change occurs in relation to “relevant information” , whether in Hong Kong or elsewhere. Relevant information includes details as to whether the Platform Operator or its group entities are subject to any disciplinary action or investigation by a regulatory body or criminal investigatory body, whether in Hong Kong or elsewhere.

A key purpose of the notification requirements is to ensure that the SFC can remain informed and satisfied on an ongoing basis that Platform Operators and their representatives remain fit and proper, notwithstanding any change to their circumstances. As business models have evolved, with many firms now operating on a group and/or cross border basis, it is now particularly important to recognize that a Platform Operator’ s circumstances may be impacted as a consequence of events concerning their group entities. Accordingly, the Platform Operator should notify the SFC of an event where:

- it directly involves the Platform Operator or any of its representatives and may have an impact on the fitness and properness of the Platform Operator or any of its representatives;

- it may have a significant impact on the operations or viability of the Platform Operator’ s corporate group as a whole; or

- it arises from a material failure of systems and controls that are applicable to the Platform Operator, even if the failure occurred outside of Hong Kong to other group entities.

Q2 : What internal controls does a Platform Operator and its group need to have in place to facilitate its compliance with the notification requirements?

A: To facilitate compliance with the notification requirements, the SFC expects corporate groups to have effective internal systems and controls in place to ensure appropriate dissemination of information to the Platform Operator from other group entities, wherever located.

by the Platform Operator;

any significant changes in the business plan covering internal controls, organisational structure, contingency plans and related matters;

changes in capital and shareholding structure of the Platform Operator and the basic information in respect of any person in accordance with whose directions or instructions the Platform Operator is, or its directors are, accustomed or obliged to act;

changes in the persons who are substantial shareholders, ultimate owners, directors or responsible officers of the Platform Operator; and

changes in the particulars in respect of wallet addresses of the Platform Operator or its Associated Entity relating to the conduct of Relevant Activities.

Q3 : Other than Platform Operators, who else are required to comply with the notification requirements?

A: The Information Rules and the VATP Guidelines specify changes that must be notified to the SFC by Platform Operators, licensed representatives, substantial shareholders and/or ultimate owners.

In the case of entities belonging to the same group, a Platform Operator may make a notification required under the Information Rules and/or the VATP Guidelines on its behalf and on behalf of other group entities in respect of the same change in any specific information. The notification should state clearly on whose behalf it is made, and the represented entities should be aware of the notification. For example, in the case of disciplinary action or investigation by a regulatory body or criminal investigatory body concerning a Platform Operator' s substantial shareholder and/or ultimate owner, or another corporation that a Platform Operator' s substantial shareholder and/or ultimate owner is a substantial shareholder and/or ultimate owner of, the notification obligation falls on both the Platform Operator and the substantial shareholder and/or ultimate owner.

Q4 : Are there other notification requirements that a Platform Operator has to comply with in addition to those mentioned in the above questions?

A: In addition to the notification requirements mentioned in the above questions, Platform Operators are, among others, also expected to, pursuant to paragraph 16.7 of the VATP Guidelines, immediately notify the SFC of various events, including any actual or suspected material breach, infringement of or non-compliance with the VATP Guidelines, any applicable law (including the SFO and the AMLO), rules, regulations, codes, guidelines, circulars or FAQs administered or issued by the SFC. Platform Operators are also expected to notify the SFC of any actual or suspected material breach, infringement of or non-compliance with rules or requirements of other regulatory authorities. Platform Operators, their substantial shareholders and ultimate owners should review

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