Quantum Update

67

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Hong Kong SFC Chairman Delivers Keynote on People, Standards and AI at HKSI Institute

On 6 March 2026, the SFC published keynote remarks by Chairman Dr Kelvin Wong titled **People, Standards and AI: Strengthening Hong Kong's Financial Backbone**, delivered at the Hong Kong Securities and Investment Institute Chairman's Cocktail. The Chairman characterised HKSI as part of Hong Kong's regulatory backbone, noting that its Licensing Examination for Securities and Futures Intermediaries is the gateway to an SFC licence.

People, Standards and AI: Key Announcements

GenA.I. Sandbox++ Launch

He confirmed the launch of the expanded GenA.I. Sandbox++ jointly across four regulators — the SFC, the HKMA, the Insurance Authority and the Mandatory Provident Fund Schemes Authority — providing a supported environment for firms to test AI applications responsibly.

AI Risks and HKSI Priorities

The Chairman identified three AI risks — bias, opaque 'black box' decisions, and operational vulnerabilities — and set three priorities for HKSI: raising competence on complex products including digital assets, nurturing professional judgment beyond examination knowledge, and broadening the talent pipeline. He concluded that people, not rules alone, keep markets fair.

(Source: **https://www.sfc.hk/-/media/EN/files/COM/Speech/CHs-speechHKSI-Institute-Chairmans-Cocktailspeech-in-printed-version-clean.pdf**)

Australian Federal Court Orders Binance Australia Derivatives to Pay AUD 10 Million Penalty for Wholesale Client Misclassification

On 27 March 2026, the Federal Court of Australia ordered Oztures Trading Pty Ltd, trading as Binance Australia Derivatives, to **pay a pecuniary penalty of AUD 10 million** by order of Justice Moshinsky, following admitted contraventions of the Australian **Corporations Act 2001** (Cth). The proceedings, brought by the Australian Securities and Investments Commission in the Victoria Registry (VID1381/2024), concerned the misclassification of 524 retail clients as wholesale clients over a nine-month period.

Binance Australia Derivatives: Key Findings

1

Client Misclassification

Of 611 account holders during the offer period (7 July 2022 to 21 April 2023), 524 did not provide sufficient information to confirm they were not retail clients under **section 761G of the Corporations Act** — over 85 per cent of the Australian client base. The largest group, 460 clients, was incorrectly classified as meeting the Sophisticated Investor Test.

2

Compliance Failures and Admitted Contraventions

Because the clients were misclassified, Oztures issued no Product Disclosure Statement, made no Target Market Determination, and maintained no compliant internal dispute resolution system. Binance admitted contraventions of sections 912A(1)(a), (b), (f) and (g), 994B(1) and 1012B(3), with combined client harm estimated at approximately AUD 12.56 million in trading losses and fees.

3

Regulatory Warning and Outcome

ASIC Chair Joe Longo framed the outcome as a clear warning to global financial services entities establishing operations in Australia, emphasising that all firms — including those dealing in crypto and digital assets — must operate compliant client onboarding systems from the outset. Oztures had paid approximately AUD 13.1 million in compensation and voluntarily cancelled its AFS licence in April 2023.

(Source: **https://www.asic.gov.au/about-asic/news-centre/find-a-media-release/2026-releases/26-055mr-binance-australia-derivatives-ordered-to-pay-10-million-penalty-for-onboarding-failures-causing-millions-in-client-trading-losses/**)

Hong Kong SFC Reprimands and Fines Impression Investment HK$2 Million Under Section 194 SFO

On 9 April 2026, the SFC announced **disciplinary action against Impression Investment Limited and its former responsible officer** under section 194 of the **Securities and Futures Ordinance**. Impression, a licensed Type 9 (asset management) corporation, was reprimanded and fined HK$2 million, and former director, responsible officer and manager-in-charge Mr Liu Shan was banned for eight months, from 2 April to 1 December 2026.

Personal Account Dealing Breaches

The case concerned staff personal account dealing across three Cayman-incorporated funds during the period January 2016 to March 2021. The SFC found Liu had conducted over 2,500 personal transactions without pre-trade approval, including 601 executed on the same day as, or within one trade day before, dealing in the same securities for the fund he managed, alongside breaches of IPO-participation and 30-day holding-period requirements under the Fund Manager Code of Conduct.

Supervisory and Policy Failures

The SFC found Impression had written staff dealing policies that were neither implemented nor enforced before 2021, with a complete absence of effective monitoring controls. Impression's failures were attributed to Liu's neglect of his duties as responsible officer and senior management. The action reinforces the supervisory expectation that written policies must be implemented and enforced in practice.

(Source: **https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=26PR55**)

Hong Kong HKMA Grants First Stablecoin Issuer Licences to Anchorpoint Financial and HSBC

On 10 April 2026, the Hong Kong Monetary Authority announced the **grant of stablecoin issuer licences** under the Stablecoins Ordinance to Anchorpoint Financial Limited and The Hongkong and Shanghai Banking Corporation Limited, with effect from the date of announcement. The HKMA simultaneously activated the Register of Licensed Stablecoin Issuers on its website.

1

The Stablecoins Ordinance Framework

The Stablecoins Ordinance establishes a dedicated licensing regime for issuers of fiat-referenced stablecoins, with the HKMA as licensing and supervisory authority, addressing reserve asset management, redemption rights, anti-money laundering, governance, operational resilience and consumer protection. The grants operationalise the Ordinance from a framework into a live supervisory regime.

2

Significance of the Dual Grant

The dual grant — a non-bank fintech entity alongside a global banking institution — signals the regime's openness across the institutional spectrum. Chief Executive Eddie Yue framed the licences as an important milestone for Hong Kong's digital asset development, with both licensees expected to launch business in the coming months. The HKMA reminded the public to transact only through regulated channels and to remain vigilant to fraud.

(Source: **https://www.hkma.gov.hk/eng/news-and-media/press-releases/2026/04/20260410-4/**)

Hong Kong SFC: ASPIRe in Action — VA Licensing Bill, CrypTech, UAE MoU and Tokenised Fund Trading on VATPs

On 20 April 2026, the SFC published the keynote **ASPIRe in Action: Advancing Hong Kong's Digital Asset Journey**, delivered by Dr Eric Yip, Executive Director of Intermediaries, at the Hong Kong Web3 Festival 2026. Marking 14 months since publication of the **ASPIRe Roadmap**, he tracked delivery across its five pillars under the guiding principle of 'same business, same risks, same rules'.

1

Tokenised Funds and VA Licensing Bill

Dr Yip confirmed that virtual asset trading platforms can now offer secondary on-platform trading of tokenised SFC-authorised funds, describing Hong Kong as among the first major jurisdictions to provide a clear pathway for retail TradFi products to use Web3 infrastructure. He flagged the planned 2026 VA licensing bill covering dealing, advisory, management and custody, anchored to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, as the top legislative priority.

2

UAE MoU, CrypTech and Core Risks

He confirmed the January 2026 Memorandum of Understanding with the Capital Market Authority of the United Arab Emirates as a template for cross-border joint supervision, noted that the CrypTech supervisory-technology initiative is moving to proof of concept, and indicated a forthcoming market consultation on Financial Resources Requirements for digital assets. The three core risks driving this work are money laundering, cybersecurity and market manipulation.

(Source: **https://www.sfc.hk/-/media/EN/files/COM/Speech/Speech--EDINT-at-Web3-Festival-2026SEclean.pdf**)

Hong Kong SFC Secures HK$1 Billion Shareholder Compensation Agreement with PwC Hong Kong Over China Evergrande Audit Failures

On 23 April 2026, the SFC announced that it had **reached agreement with PricewaterhouseCoopers Hong Kong for shareholder compensation of HK$1 billion** regarding false financial statements of China Evergrande Group for FY2019 and FY2020. The SFC concluded there was market misconduct under section 277 of the **Securities and Futures Ordinance**. It is the first occasion on which auditors of a defunct listed company are providing compensation to minority shareholders.

1

Revenue Overstatement Findings

The SFC found that China Evergrande prematurely recognised property-sale revenue, overstating audited annual revenue by RMB213.9 billion (44.79 per cent) for FY2019 and RMB350.2 billion (69.03 per cent) for FY2020, such that reported profits should in fact have been substantial losses. The agreement with PwC HK is concluded without admission of liability, with compensation allocated through an independent administrator.

2

Auditor Failures and Cross-Border Cooperation

The SFC made six findings on the auditor's role, including failures of independence, professional scepticism and site-inspection procedures. The action was supported by cooperation with the Ministry of Finance and the China Securities Regulatory Commission, reflecting the cross-border machinery now applied to Hong Kong-listed issuers with Mainland operations.

(Source: **https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=26PR62**)

Hong Kong SFC Launches Section 214 SFO Action Against Former China Automotive Directors Over Fictitious Mainland Trade Payments

On 29 April 2026, the SFC announced the **commencement of legal proceedings against former senior executives of China Automotive Interior Decoration Holdings Limited and its subsidiary** in the Court of First Instance under section 214 of the **Securities and Futures Ordinance**. The action targets Mr Wong Ho Yin, a former director, and Ms So Lung Ying, former general manager of subsidiary Giant Faith Holdings Limited.

1

Alleged Misappropriation of Corporate Funds

The SFC alleges that, between December 2019 and January 2020, Wong signed cheques for three payments totalling HK$14.6 million, recorded as remittances to a Mainland company for the purchase of food products, which the SFC contends amounted to misappropriation of corporate funds rather than settlement of genuine trade payables.

2

Relief Sought and Broader Regulatory Context

The SFC seeks director disqualification orders against both individuals — section 214 permits disqualification for up to 15 years — and a HK$14.6 million compensation order against Wong. The proceedings sit alongside the Evergrande and Impression Investment actions, signalling sustained regulatory pressure on listed-company governance and related-party cash flows.

(Source: **https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/enforcement-news/doc?refNo=26PR66**)