



HONG KONG MONETARY AUTHORITY
香港金融管理局

Banking Policy Department

Our Ref: B1/15C
B9/196C

18 March 2019

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

BCBS Statement on Crypto-Assets

We would like to draw your attention to a statement on crypto-assets issued by the Basel Committee on Banking Supervision (“BCBS”) on 13 March 2019.¹ The statement sets out the BCBS’ prudential expectations regarding banks’ exposures to crypto-assets and related services in jurisdictions where banks are involved in such business activities.

As the BCBS explains, crypto-assets do not reliably provide the standard functions of money and are unsafe to rely on as a medium of exchange or store of value. Such assets are not regarded as legal tender, and are not backed by any government or public authority. The BCBS is of the view that the continued growth of crypto-asset trading platforms and new financial products related to crypto-assets has the potential to raise financial stability concerns and increase risks faced by banks.

The HKMA expects authorized institutions (“AIs”) to take note of the BCBS’ statement and its prudential expectations. AIs planning to engage in activities relating to crypto-assets should discuss with the HKMA and demonstrate that they have put in place appropriate systems and controls to identify and manage any risks associated with such activities.

¹ https://www.bis.org/publ/bcbs_n121.htm

Should you have any questions on this matter, please do not hesitate to contact your usual supervisory contacts.

Yours faithfully,

Daryl Ho
Executive Director (Banking Policy)

cc: The Chairperson, The Hong Kong Association of Banks
The Chairman, The DTC Association
FSTB (Attn: Ms Eureka Cheung)