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HKCGI Guidance Note: Joint Review by FSTB and HKMA on the Use of Digital Ledger Technology in Hong Kong's Fixed Income Market

Introduction

On 29 June 2026, the Financial Services and the Treasury Bureau (FSTB) and the Hong Kong Monetary Authority (HKMA) jointly announced the conclusion of the first phase of their review into the further adoption of distributed ledger technology (DLT) in Hong Kong's fixed income market. The review was first announced in the 2025-26 Budget and aims to establish a robust and forward-looking fixed income ecosystem in Hong Kong.

Tokenised bonds have in recent years formed part of the HKSAR Government's strategy to modernise capital markets and reinforce the city's status as a leading digital-asset hub. The 2026-27 Budget, delivered in February 2026, highlighted significant government support for tokenised bonds. The Financial Secretary noted that the Government had issued its third batch of tokenised bonds in the fourth quarter of 2025, raising HK$10 billion (the largest tokenised bond issuance globally at the time) and committed to regular tokenised bond issuances going forward. The HKMA's Digital Bond Grant Scheme will further encourage digital bond issuances, while the Central Moneymarkets Unit (CMU) OmniClear will establish a digital asset platform to support end-to-end digital bond issuance and settlement.

This Guidance Note summarises these key developments, with a focus on the Frequently Asked Questions (FAQs) issued by the Companies Registry (CR) on tokenised bonds and the register of debenture holders, and sets out practical implications for governance professionals.

First-Phase Findings and Companies Registry Clarifications

The first phase of the review concluded that **Hong Kong's legal and regulatory environment is already sufficiently flexible for tokenised bond issuances.** The CR affirmed in the FAQs that a register of debenture holders maintained using DLT can be deemed as fulfilling the relevant record keeping requirements under the Companies Ordinance (Cap. 622) (CO) and clarified the following issues:

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Issue	Clarification
Definition of tokenised bonds	Bonds converted into digital form using DLT. They may be *digitally native* (issued directly on a DLT platform) or *non-digitally native* (traditional bonds immobilised and represented digitally on a DLT platform).
Legal characterisation	Both traditional and tokenised bonds are "debentures" within the meaning of section 307 of the CO.
Obligation to maintain a register	Where a company issues a series of debentures that are not transferable by delivery, it must keep a register of the holders of those debentures (section 308(1), CO). This requirement also applies to re-domiciled companies from the re-domiciliation date (section 2(5A), CO).
Register as a company record	The register of debenture holders is a "company record" under section 654 of the CO and must be made available for inspection (regulation 7(1) of the Company Records (Inspection and Provision of Copies) Regulation, Cap. 622I).
Permissible form of the register	The register may be kept in hard copy or electronic form (section 655(2), CO). DLT format qualifies as electronic form (sections 2(1) and 655(7), CO).
Specific requirements for a DLT-based register	• The register must contain all information required by section 308(2), CO (name, address, date of registration, etc.). • The register must be kept in accordance with section 309(1), CO and section 3(1) of Cap. 622I, i.e. it is accessible for inspection at the company's registered office or another place in Hong Kong. • The register must be capable of being reproduced in hard copy form (section 655(3), CO). • The register must allow inspection either in hard copy or by electronic means (section 655(4), CO). • Adequate precautions must be taken to guard against falsification, and adequate steps must be in place to facilitate discovery of any falsification (section 656(1), CO).

When tokenisation of bonds in Hong Kong was first considered, there were some initial questions raised about how certain legal and regulatory requirements in Hong Kong, such as the requirements relating to the register of debenture holders of a Hong Kong company, are meant to be complied with in the case of tokenised bonds in registered form. While the market has since concluded that the Hong Kong legal and regulatory framework provides sufficient flexibility for tokenised bond issuances without legislative change, and a number of digitally native bonds have been successfully issued by Hong Kong companies in recent years, including The Hong Kong Mortgage Corporation Limited's HK$12 billion digitally native notes in June 2026 and HSBC's HK$12 billion digitally native bonds in 2025, the CR's latest FAQs provide welcome guidance to governance professionals that will enable wider acceptance and adoption of DLT in Hong Kong's fixed income market.

For governance professionals who may not be familiar with tokenised bonds, the FAQs helpfully clarify that tokenised bonds may be issued directly on a DLT platform (i.e. digitally native), with the platform

then effectively acting as the register of debenture holders for CO purposes, or may be issued in either bearer or registered form in the traditional way and immobilised, with records of beneficial ownership in the bonds subsequently recorded on a DLT platform (i.e. non-digitally native). Both digitally native and non-digitally native bonds constitute debentures under the CO, so where the bonds are in registered form, the requirements of the CO regarding registers of debenture holders would need to be satisfied. The FAQs then expressly clarify that such registers can be in DLT form and set out how the CO requirements should be satisfied by a DLT-based register.

These clarifications mean governance professionals can confidently adopt DLT-based record-keeping, provided the company can demonstrate compliance with all relevant statutory conditions which include, in particular, the ability to reproduce the relevant register in hard copy form and to allow the register to be inspected (in hard copy or electronically) at a place in Hong Kong.

Next Phase of the Review

The FSTB and HKMA will begin the second phase of the review in the second half of 2026. The purpose of this second phase will be to explore the necessary flexibilities and legislative changes required for building a future-ready ecosystem to facilitate the more extensive use of DLT in the fixed income market and digital assets. Areas under exploration will include:

Area	Objective
Electronic execution of issuance documents	Recognise electronic signatures for trusts, bond issuance documents and funds.
Possession and transfer concepts	Provide legal clarity on possession and transfer of tokenised fixed income instruments, allowing issuers to choose the most suitable issuance form as technology advances.

This next phase of the review will aim to keep Hong Kong at the forefront of Web3 development and financial innovation. The Government will also take reference from broader digitalisation initiatives when shaping these enhancements.

Action Points for Governance Professionals

In light of these developments, governance professionals (including company secretaries and in-house counsel) should take the following steps:

Action	Description
Review existing bond issuances	Confirm that the register of debenture holders, whether DLT-based or otherwise, meets all CR FAQ conditions. Pay particular attention to hard copy capability and Hong Kong inspection facilities.
Assess internal controls over DLT records	Ensure adequate security measures and falsification safeguards are documented and in place.
Prepare for future tokenised issuances	Engage early with legal advisers and technology providers to design a record-keeping framework that leverages DLT efficiencies while meeting statutory requirements.

Action	Description
Monitor consultation papers and legislative developments	Keep abreast of consultation papers and legislative proposals on electronic signatures, bearer bonds and tokenised instruments. Participate in industry consultations where possible.
Educate the board and senior management	Brief directors on the regulatory recognition of DLT-based record-keeping and the governance obligations that accompany it, consistent with the board's compliance oversight duty.

Conclusion

The joint FSTB-HKMA announcement and the CR's practical clarifications mark important developments in the digitalisation of corporate records. The existing legal framework already accommodates tokenised bond issuances, and the Government's own regular tokenised bond programme, together with the CMU digital asset platform, signal strong institutional commitment. Governance professionals who proactively align their company's record keeping and governance practices with these developments will help their organisations capture the benefits of DLT while maintaining robust regulatory compliance.

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