

# Alert

Updates on financial reporting, auditing, ethics  
and sustainability disclosures



Issue 51 (September 2025)

Dear members,

## **Supporting Your Professional Work on Virtual Assets**

The Chief Executive's 2025 Policy Address reaffirms support for the development of fintech in Hong Kong, underscoring the new regime for stablecoin issuers and exploring a wider range of digital asset products and services to professional investors. Aligned with this vision, the Institute is pleased to provide an update on our accounting and auditing initiatives currently underway that support and complement the Government's policy direction.

### **Accounting for Virtual Assets (VA)**

The IFRS Interpretation Committee (IFRS IC) issued an agenda decision on '[Holdings of Cryptocurrencies](#)' in June 2019. The IFRS IC concluded that IAS 2<sup>1</sup> *Inventories* applies to cryptocurrencies when they are held for sale in the ordinary course of business; otherwise, IAS 38<sup>1</sup> *Intangible Assets* applies.

Cryptocurrencies are a subset of cryptoassets. For those cryptoassets that fall outside the scope of the June 2019 agenda decision, e.g. certain stablecoins<sup>2</sup>, the appropriate accounting would depend on the specific facts and circumstances of each case, given the wide variety of VA in the market. Entities should thoroughly review the contractual rights and obligations, applicable laws and regulations, and the specific facts and circumstances of each case; as well as seek legal and other professional advice as appropriate to determine the appropriate accounting treatment for cryptoassets that fall outside the scope of the IFRIC agenda decision. This process may require significant judgement and appropriate disclosures should be made in accordance with paragraph 122 of HKAS 1 *Presentation of Financial Statements*.

The Institute is currently developing guidance in this area, with publication scheduled for H1 2026.

### **Auditing and Assurance on VA-related Matters**

With the implementation of the Stablecoins Ordinance in August 2025, licensing from

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<sup>1</sup> HKAS 2 and HKAS 38 are fully converged with IAS 2 and IAS 38.

<sup>2</sup> Depending on facts and circumstances, certain stablecoins may be outside the scope of the June 2019 agenda decision as they may not meet all of the characteristics of a cryptocurrency as described in the agenda decision.

the Hong Kong Monetary Authority (HKMA) is required for anyone who, in the course of business, issues a stablecoin in Hong Kong, issues a stablecoin referencing the Hong Kong dollar (regardless of location), or actively markets such stablecoins to the Hong Kong public. The Institute is collaborating with the HKMA to develop guidance for auditors' independent attestations on licensed stablecoin issuers, with publication scheduled for H1 2026.

From June 2023, operators of virtual asset trading platforms (VATPs) in Hong Kong must obtain a license from the Securities and Futures Commission (SFC). As part of the licensing process, VATP applicants must engage an auditor to assess their compliance with applicable SFC requirements. The Institute will engage with the SFC and other relevant parties to assess the need for, and the nature of, any guidance in this regard.

Additionally, to address the complexities of auditing VA-related businesses, the Institute is preparing a guide for auditors with an expected release date in H1 2026. This resource will highlight common challenges auditors may face in such audit engagements and incorporate relevant guidance from overseas accounting and auditing professional bodies.

We hope these initiatives will provide practical support and clarity, empowering you to deliver high-quality work in this rapidly evolving field.

Sincere regards,

Standard Setting Department  
Hong Kong Institute of Certified Public Accountants  
**CPA:** *The Success Ingredient*

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