Our Ref.: B1/15C

22 December 2025

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Intellectual Property Financing Sandbox

I am writing to inform you that the Hong Kong Monetary Authority (HKMA), in collaboration with the Commerce and Economic Development Bureau (CEDB) and the Intellectual Property Department (IPD), launched today the Intellectual Property (IP) Financing Sandbox.

As set out in "The Chief Executive's 2025 Policy Address", the IP Financing Sandbox (Sandbox) aims to assist pilot sectors in leveraging IP assets to obtain financing with the support of the banking, insurance, valuation, legal and other professions. This initiative seeks to explore ways to deal with known challenges of IP financing such as difficulties in valuating IP assets and the lack of a liquid and transparent secondary market, and it follows engagement by the HKMA, CEDB and IPD with The Hong Kong Association of Banks, Chinese Banking Association of Hong Kong and relevant stakeholders in the IP financing ecosystem.

The Sandbox serves to provide a collaborative and risk-controlled environment for authorized institutions (AIs) to conduct pilot trials of financing arrangements based on IP assets (e.g. patents, trade marks and copyrights), supported by professional service providers such as IP valuation firms and legal practitioners participating in the Sandbox. AIs will be able to test the full lifecycle of an IP financing transaction, including verifying the validity and enforceability of IP rights, obtaining independent valuation of the IP assets, performing credit risk assessment and credit approval, creating a charge or security interest over the IP assets where appropriate, and fulfilling loan drawdown requests from customers.

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Through the Sandbox, AIs may seek feedback from the HKMA and receive support from other participating stakeholders in developing and refining their IP financing arrangements. Based on the practical insights gained from the Sandbox, the HKMA will share good practices and consider the need for developing further supervisory guidance on the credit risk management aspect of IP financing. The Government, through CEDB and IPD, will also assess the need for developing a set of local IP valuation guidelines incorporating standards that are acceptable to all stakeholders.

The operating principles of the Sandbox, prepared jointly by the HKMA, CEDB and IPD, are set out in the **Annex**. Should your institution have any questions about this circular or be interested in participating in the Sandbox, please contact us at ipfinancing.sandbox@hkma.gov.hk.

Yours faithfully,

Carmen Chu
Executive Director (Banking Supervision)

Encl.

c.c. CEDB (Attn: Ms Joanna Cheung)
IPD (Attn: Mr Derek Lau)
FSTB (Attn: Mr Timothy Wong)