Hong Kong’s Securities and Futures Commission has issued a warning about crypto-linked deposit or savings products, highlighting risks such as unregulated lending activities.

Investors should be aware of the risks linked with virtual asset (VA) platforms offering «deposits», «savings», «earnings» or «staking» services, according to a statement by Hong Kong’s Securities and Futures Commission (SFC).

«The VA deposited by investors with the platform may then be on-lent by the platform to borrowers on other platforms or decentralized lending protocols or used in investment or other activities,» the SFC said.

«Some platforms may also offer staking services to investors where investors’ VA may
be delegated to a staking pool to earn staking rewards for investors.»

**Common Labels**

According to the SFC, some VA arrangements are labeled or marketed as «deposits» or «savings» products but are not regulated and «are not the same as bank deposits», due to lack of protection.

«The SFC wishes to remind investors of the significant risks associated with investing in these types of VA arrangements. Investors may suffer significant or even total loss, especially in the event of fraud or collapse of a VA platform as evident in the recent fallout of a number of VA platforms,» the regulator added.

«VA are exposed to heightened risks including insufficient liquidity, high price volatility, opaque pricing, potential market manipulation, hacking and fraud and may lose all value.»