



The Law Society of Hong Kong  
Hong Kong's 5th Belt and Road  
Conference

# What Kind of Metaverse Do We Wish to Build and Share Along the Belt and Road?

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Technology & Innovation Constituency

## VIRTUAL ASSETS

### Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022

1. Licensing Regime for virtual asset service providers (VASPs)
2. Registration Regime for dealers in precious metals and stones (DPMS)

- First Reading & Second Reading debate: 29 Jun 2022  
- Resumption of Second Reading debate, committee stage and Third Reading: TBC

### Policy Statement on development of Virtual Assets in Hong Kong

Crowdfunding: Public consultation will be conducted by end-2022

## COPYRIGHT

### Copyright Ordinance (Cap. 528)

There is no single comprehensive ordinance that addresses specifically on cybersecurity issues.

### Bills Committee on Copyright (Amendment) Bill 2022 (Papers)

- First Reading 8 Jun 2022  
- Second Reading debate: TBC

## CYBERSECURITY

### The Most Significant Laws

1. Crimes Ordinance (Cap 200):
  - (a) s.161 Access to computer with criminal or dishonest intent;
  - (b) s.60 Destroying or damaging property;
2. s.27 A (unauthorised access to computer by telecommunications) under Telecommunications Ordinance (Cap 106);
3. Control of Obscene and Indecent Articles Ordinance (Cap. 390);
4. Prevention of Child Pornography Ordinance (Cap 579);
5. The Unsolicited Electronic Messages Ordinance (Cap 593);
6. PDPO

### Cyber-Dependent Crimes and Jurisdictional Issues

1. Illegal access to program or data
2. Illegal interception of computer data
3. Illegal interference of computer data
4. Illegal interference of computer system
5. Making available or possessing a device or data for committing a crime

## DATA PROTECTION

### Personal Data (Privacy) Ordinance (PDPO)

### Cyber Security Law? Data Security Law? Critical Information Infrastructure (CII) Protection?

HKLRC consultation ended

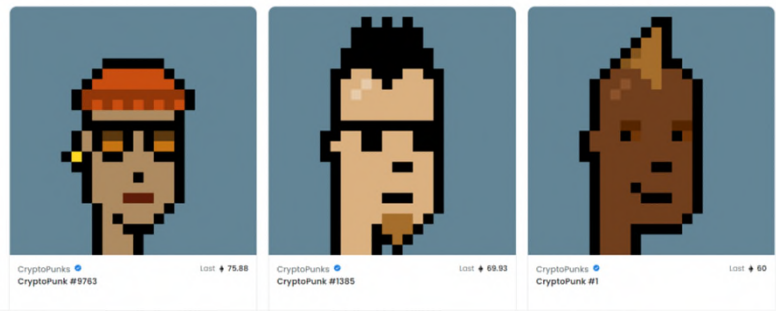


## Sources of NFT

1. NFT is used as digital proof of physical assets in real world
2. Assets in real world to be tokenized
3. The creation of assets in digital form in the virtual world.
4. Creation of assets in digital form by artificial intelligence in a metaverse
5. NFT as membership proof or subscription of future service

Should HK amend the Trade Descriptions Ordinance (Cap 362) to cover digital assets and how?

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## High Court affirms NFTs as a form of 'property', says it has jurisdiction over blockchain disputes involving S'pore party



Raj Nadarejan/TODAY

### Janesh Rajkumar vs. Unknown Person

Singapore high court case indicated:

- The legal status of 'smart contract'
- NFT is treated as a kind of property.

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Sony's Flow Machines allows users to create new songs based on its machine learning of existing music.



Deepfakes possess immense potential for malicious use, with over 90% of deep fake content being false pornographic videos of individuals without their consent and false political propaganda.



# THE RISE OF DEEPPFAKES



**Should AI-Generated Works be Protected by Copyright?**

### Further Questions to be considered

From a legal perspective

A computer-generated work must be original if it is to receive protection. But the legal concept of originality is defined with reference to human authors and characteristics like personality, judgement and skill. It has been argued that the law is unclear and contradictory.

From an economic perspective

Some argue that copyright protection for computer-generated works is excessive. This is because computers do not need to be rewarded to produce new content, but IP rights have costs to third parties.

From a philosophical perspective

Some argue that copyright, with its roots in human authorship and creative endeavour, should only apply to human creations.

From a technological perspective

- Licensing or exceptions to copyright for text and data mining, which is often significant in AI use and development?
- Patent protection for AI-devised inventions. Should we protect them, and if so, how should they be protected?

### Types of Work

Created by A human who has assistance from AI

### Existing Protection

Copyright in a literary, dramatic, artistic or musical work lasts for the author's lifetime plus a further 70 years.

Computer-generated works

Protection lasts for 50 years from the date the work is made.

## Existing Copyright Protection in the UK

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## Topics

### Vision and approach

The Government, in conjunction with the financial regulators, are working towards providing a facilitating environment for promoting sustainable and responsible development of the VA sector in Hong Kong.

### Regulations

- SFC will conduct a public consultation on how retail investors may be given a suitable degree of access to VA, and Hong Kong will be open to the possibility of having Exchange Traded Funds (ETFs) on VA in our market.
- The Government is open to future review on property rights for tokenised assets and the legality of smart contracts.
- Consultation outcome and next steps will be announced by HKMA on the regulatory regime for stablecoins.

### Pilot projects

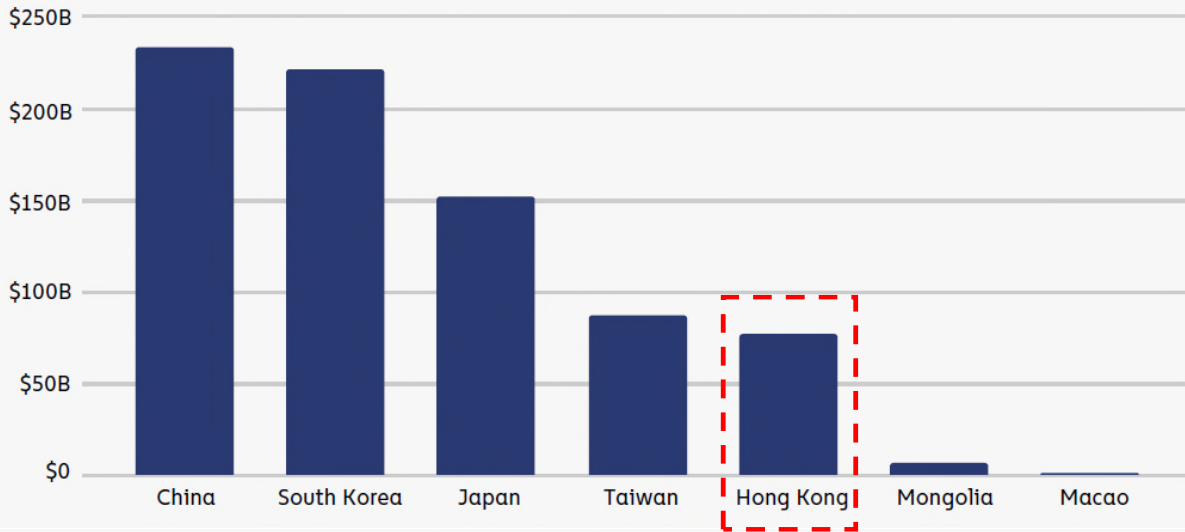
- NFT issuance for Hong Kong Fintech Week 2022
- Green bond tokenization
- e-HKD

# Policy Statement on Development of Virtual Assets (VA) in Hong Kong

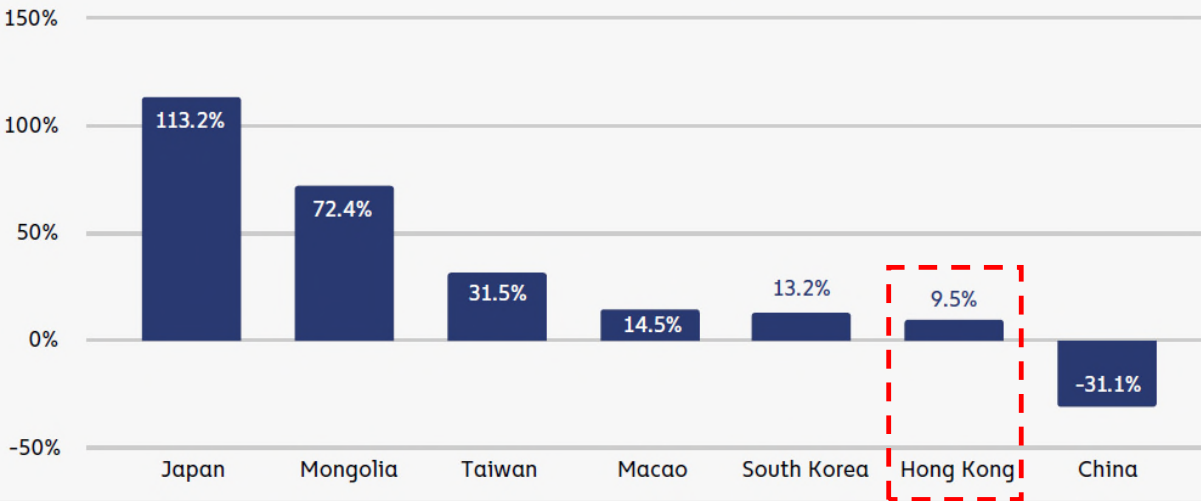
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Eastern Asia: Countries by cryptocurrency value received, July 2021 - June 2022



YoY growth in transaction volume for Eastern Asia countries, July 2020 - June 2021 vs. July 2021 - June 2022



## Hong Kong is Behind in Eastern Asia in Cryptocurrency

Source: The 2022 Geography Cryptocurrency Report by Chainalysis

# Policy Statement on Development of Virtual Assets (VA) in Hong Kong





CONNECTION  
ANALYSIS  
DATA  
SEARCHING  
VERIFICATION  
CODING  
SENDING

# Thank You!



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