5 March 2026

To: Chief Executives of all Authorized Institutions and Stored Value Facility Licensees,
Responsible Officers of all Licensed Corporations,
Chief Executives of all Authorized Insurers and Responsible Officers of all Licensed Insurance Broker Companies,
Chief Executives of all MPF Approved Trustees and Responsible Officers of all Principal Intermediaries

Joint Circular on the Expansion of Generative Artificial Intelligence Sandbox

The Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission (SFC), the Insurance Authority (IA), and the Mandatory Provident Fund Schemes Authority (MPFA) (referred to as the "four financial regulators") are writing jointly to invite their regulatees to apply for participation in the Generative Artificial Intelligence (GenA.I.) Sandbox++. This initiative represents an expansion of the existing GenA.I. Sandbox to cover the securities and capital markets, asset and wealth management, insurance, mandatory provident fund (MPF), and stored value facility sectors, in addition to the banking sector.

The GenA.I. Sandbox[1] was launched in 2024 to provide a risk-controlled environment for Authorized Institutions in the banking sector to develop and test innovative artificial intelligence-based solutions. The strong industry response to the inaugural cohorts has demonstrated the significant potential of A.I. technology in enhancing operational efficiency, risk management and customer engagement. "A.I. vs. A.I." strategies were also explored to manage the risks associated with A.I. adoption, including the use of A.I. to perform automated quality checks on A.I.-generated outputs.

Building on this momentum, the four financial regulators have partnered with the Hong Kong Cyberport Management Company Limited (Cyberport), to strategically broaden the scope of the initiative. The GenA.I. Sandbox++ will provide participants across different financial sectors with complimentary access to graphics processing unit (GPU) computing resources at Cyberport's A.I. Supercomputing Centre, together with targeted

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[1] HKMA Press Release, "HKMA and Cyberport Launch GenA.I. Sandbox to Bolster A.I. Adoption in Financial Sector", issued on 13 August 2024

supervisory guidance from their respective regulators and technical support from Cyberport.

The GenA.I. Sandbox++ is open to the following institutions:

(a) Authorized Institutions under the Banking Ordinance (Cap. 155);

(b) Authorized Insurers and Licensed Insurance Broker Companies under the Insurance Ordinance (Cap. 41);

(c) MPF Approved Trustees and Principal Intermediaries under the Mandatory Provident Fund Schemes Ordinance (Cap. 485);

(d) Licensed Corporations under the Securities and Futures Ordinance (Cap. 571); and

(e) Stored Value Facility Licensees under the Payment Systems and Stored Value Facilities Ordinance (Cap. 584).

To catalyse the development of both sector-specific A.I. applications as well as cross-sector and cross-boundary use cases, GenA.I. Sandbox Collaboratory workshops will be conducted in partnership with technology firms of diverse expertise and background. Through ideation and rapid prototyping, institutions are encouraged to collaborate with their technology partners to translate their problem statements into practical use cases for tests within the Sandbox.

Applications for the GenA.I. Sandbox++ are now open until 30 June 2026. Interested institutions may submit their applications through the dedicated application channel administered by their respective regulators. Further details on the application process, including assessment criteria, are set out in the Annex.

Carmen Chu
Executive Director (Banking Supervision)
Hong Kong Monetary Authority

Eric Yip
Executive Director of Intermediaries
Securities and Futures Commission

Clement Lau
Executive Director
Policy and Legislation
Insurance Authority

Kenneth Chan
Executive Director (Members and Supervision)
Mandatory Provident Fund Schemes Authority