

HK SFC Introduces ETH ETF Staking

Historic Breakthrough for
Web3 Industry



Hong Kong SFC Introduces Ethereum Spot ETF Staking Services, Historic Breakthrough for Web3 Industry | Gate Research

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Introduction

On April 7, 2025, during the Hong Kong Web3 Carnival, the Hong Kong Securities and Futures Commission (SFC) issued the "Circular on Provision of Staking Services by Virtual Asset Trading Platforms." The regulator stated that they "recognize the potential benefits of staking in enhancing blockchain network security, as well as the possibility for investors to earn income."

Following the circular's release, ChinaAMC and Bosera Funds, which had already issued Ethereum spot ETFs, quickly responded. On April 11, Bosera announced that its Bosera Hashkey Virtual Asset Ethereum ETF received regulatory approval to stake up to 30% of its Ethereum holdings starting April 25, 2025. On April 18, ChinaAMC prepared to launch staking services for its Ethereum spot ETF, becoming the second fund in Hong Kong to offer such services.

Staking services represent the key difference between PoS and PoW blockchains. Investors can stake their PoS blockchain governance tokens to blockchain nodes or liquid staking platforms to receive earnings distributed to network nodes. Investors can thus gain both passive appreciation and active income from their tokens.

In contrast, while several Hong Kong mutual funds have launched Bitcoin ETF products with exchanges, PoW blockchains do not have staking mechanisms. The so-called BTC staking on-chain is actually lending services provided after bridging to EVM chains. Bitcoin spot ETF funds, as custodians, have no right to lend out client assets, so Bitcoin ETF investors cannot earn active income through staking.

Compared to the US SEC, Hong Kong's SFC approved Ethereum spot ETF staking services earlier, marking a milestone for Hong Kong's ambition to become Asia's Web3 hub. This not only reflects the Hong Kong cryptocurrency regulator's in-depth research into on-chain income distribution mechanisms but also demonstrates the Hong Kong government's progressive and open policies toward the crypto industry. Traditional financial investors would be more concerned about the actual returns that ETF staking services can bring. The following will analyze the benefits of ETH staking for investors and its impact on Hong Kong's Web3 industry.

1. How Profitable is ETH Staking?

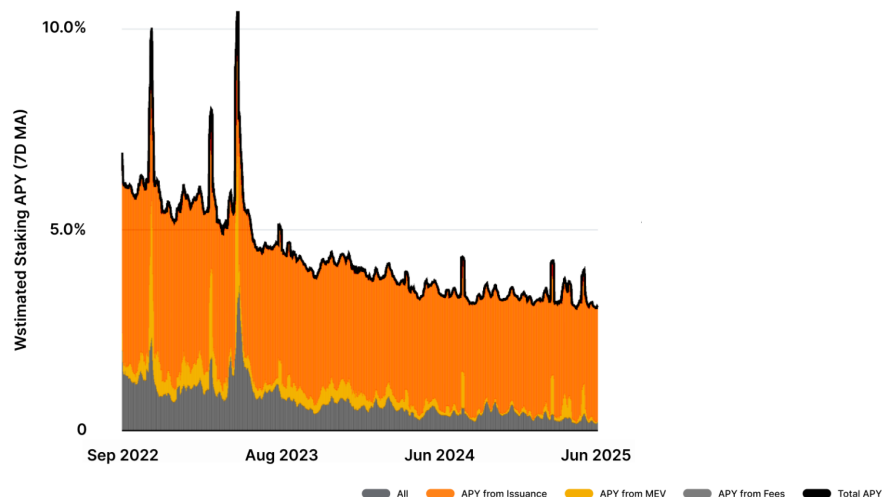
ChinaAMC and Bosera Funds launched staking services for their Ethereum spot ETFs in April, with staking nodes provided by OSL Exchange and Hashkey Exchange respectively. Since neither company has disclosed the specific amounts to be distributed to investors after staking, this article will use on-chain ETH staking returns as a reference for investors.

1.1 ETH Staking Mechanism and On-Chain Staking Returns

To briefly explain Ethereum's staking mechanism: a public blockchain provides a "pipeline" for on-chain address transactions. As decentralized infrastructure, the blockchain consists of server nodes distributed worldwide. When a transaction is confirmed by nodes, the trader pays a Gas fee to the nodes. However, owning a server alone doesn't qualify one as an Ethereum node; besides hardware, 32 ETH must be staked to the official contract address to become a qualified node. In addition to block rewards, nodes can earn MEV (Maximum Extractable Value) revenue and tips paid by investors for priority transactions. For ETH holders without sufficient funds to operate a node, they can stake ETH with services like Lido to indirectly receive a share of node earnings.

ETH staking yield is determined by the formula: $\text{staking yield} = (\text{block reward income} + \text{MEV fees} + \text{Tips fees}) / \text{total value of staked ETH}$.

Figure 1: Ethereum Staking Annual Yield Rate



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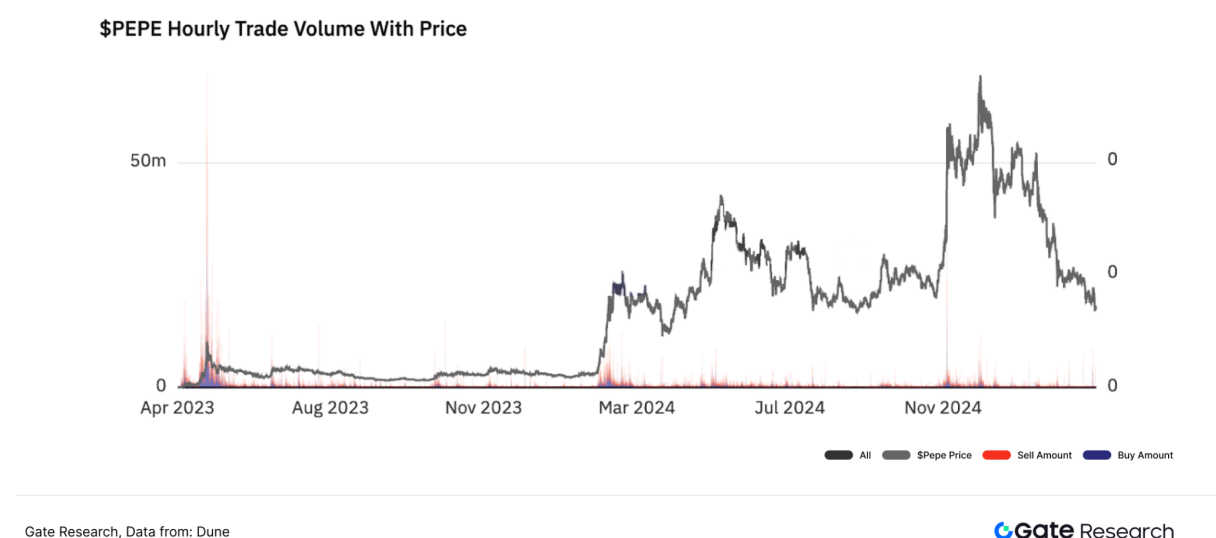
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According to Dune Analytics, in November 2022 during the crypto bear market, ETH staking APY (Annual Percentage Yield) remained above 5%, reaching a multi-year high. Conversely, during the December 2024 bull market, ETH staking APY was only around 3.3%. In May 2025, ETH staking APY was 3.07%, which is not considered a high-yield product from an investment perspective.【1】

To help readers better understand staking yield changes, let's break down the factors affecting yield fluctuations. First, after the implementation of EIP-1599, block reward income for nodes became relatively stable, related only to the consensus layer (Beacon Chain). The main factor causing ETH staking APY spikes is the sudden increase in MEV and Tips income. For example, on May 9, 2023, the daily ETH staking APY rose to 10.66%, with nodes earning 3.81% from block rewards, 3.54% from MEV, and 3.31% from Tips.

Going back to early May 2023, the memecoin PEPE saw a surge in trading volume. Since its launch on Ethereum in April 2023, PEPE's market cap had grown 70-fold by May 5, reaching its peak. Driven by FOMO, many wallet addresses began buying or selling PEPE. From May 6-10, PEPE's market cap plummeted over 50%, prompting some users to pay Tips to nodes for priority transactions. Simultaneously, nodes could manipulate transaction ordering to extract maximum on-chain value.【2】

Figure 2: PEPE Hourly Trading Volume and Price

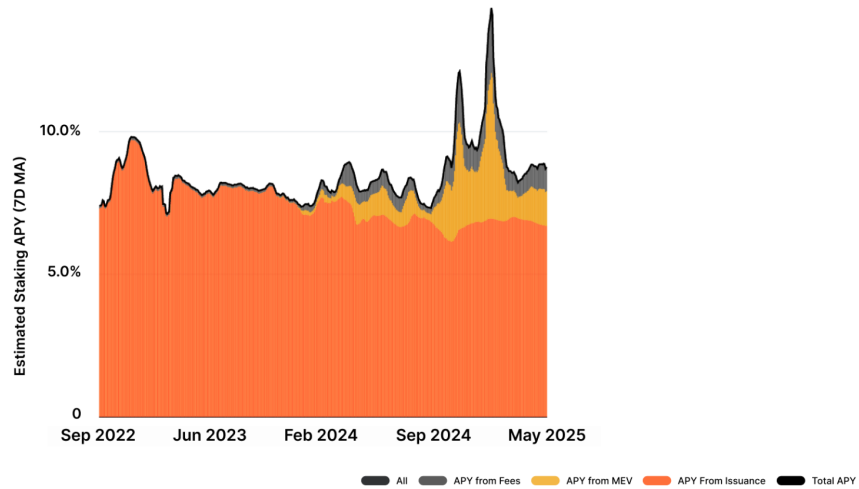


When tokens with obvious wealth effects appear on-chain and generate explosive traffic, nodes' Tips and MEV income increase significantly. However, it's important to note that MEV and Tips income is related only to block-producing nodes, not distributed evenly. Therefore, future staking returns for ChinaAMC and Boseru Ethereum ETF products will be closely tied to the operations of OSL and Hashkey nodes respectively.

1.2 ETH Staking Yield vs. SOL Staking Yield

Compared to other blockchains' staking yields, ETH's staking yield is not very competitive. As Ethereum's main competitor, Solana's on-chain staking yield reached 8.70% in May 2025, a full 5% higher than ETH's. This greatly encourages SOL holders to stake. Currently, SOL's staking rate (total staked tokens/total issued tokens) is 67.97%, while ETH's is only 28.56%.

Figure 3: SOL Staking Annual Yield Rate

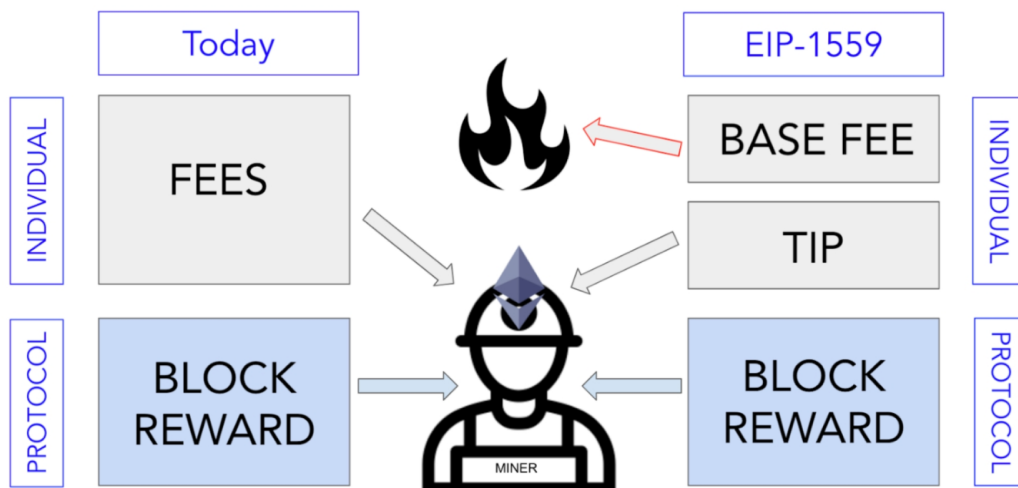


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If we probe deeper into why ETH staking yields continue to decline and lag significantly behind SOL, EIP-1559 implementation is a critical factor. This proposal aimed to reduce ETH's inflation rate and optimize Ethereum's economic model. Before EIP-1559, nodes received both the base fee and Tips fee from on-chain transactions. After implementation, nodes only receive Tips fees, while the base Gas fee is burned to ensure a stable deflationary mechanism in ETH's economic model. This eliminated a significant revenue stream for Ethereum nodes and ETH stakers.【3】

Figure 4: Changes in Node Revenue Before and After EIP-1559 Implementation



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In contrast, Solana adopted a middle-ground approach where 50% of base fees are burned, while the remaining 50% of base fees plus Tips fees are awarded to nodes. SOL staking yields benefit from this additional 50% share of base Gas fees. Moreover, Solana's on-chain transaction Gas fees have been rising throughout the year, surpassing Ethereum network in the first quarter of 2025 to become the top blockchain for Gas fees. Therefore, Solana nodes and token stakers also benefit from increased Gas fees. Each blockchain's core team seeks a balance point between ensuring node revenue and token deflationary mechanisms.

Overall, for traditional financial investors, staking SOL on-chain requires complex operations like registering Web3 wallets and selecting blockchains. Therefore, Ethereum ETF staking enhances investor returns without increasing operational barriers, representing a milestone financial service advancement in the transition from Web2 to Web3. Traditional financial investors can view staking services as providing an additional dividend of around 3% on top of their token assets.【4】

Figure 5: Gate On-chain Earning Page

Coin	Est. APR	Reward Coin	Action
 ETH VIP	3.03%		Stake
 USDC New	6.21% - 7.47% Bonus		Stake
 USDT VIP 🔥	6.09% - 6.51% Bonus		Stake
 GT VIP 🔥	8.93% Bonus		Stake
 BTC Event	3.00% Bonus		Stake
 FLR New	30.07%		Stake
 SOL VIP 🔥	13.55% Bonus		Stake

Gate Research, Data from: Gate

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As a next-generation global unicorn exchange, Gate provides investors with convenient on-chain earning services. In the [on-chain earning](#) section, investors can earn excess returns without complex on-chain operations. The ETH staking yield is 3.03%, while SOL staking yield can reach up to 13.55%.【5】

2. Hong Kong's Ethereum ETF Staking is a Long-tail Positive Policy

Comparing Hong Kong and US approaches to cryptocurrency ETFs, the US launched Bitcoin ETFs earlier, with the first global cryptocurrency ETF fund having a demonstration

effect. However, regarding Ethereum ETFs, Hong Kong's SFC moved faster, approving Ethereum ETF funds on April 15, 2024, with products from ChinaAMC, Harvest, and Bosera quickly launching on April 30.

US Ethereum spot ETF approval was slower than Hong Kong's. Four months after Bitcoin ETF approval, the US SEC approved Ethereum ETFs in May 2024, with BlackRock and Fidelity's Ethereum ETF products not officially launching until late July 2024. From a policy implementation and deployment perspective, Hong Kong's SFC had an early advantage with Ethereum ETFs. However, as the global financial center, the US still has unmatched liquidity advantages. As of December 31, 2024, BlackRock's iShares Ethereum Trust ETF had \$3.584 billion under management.【6】

In comparison, Hong Kong's ETF funds have smaller management scales. As of December 31, 2024, ChinaAMC's Ethereum ETF had \$34.34 million under management, Bosera's Ethereum ETF had \$19.55 million, and Harvest's Ethereum ETF had \$9.57 million. Their combined scale was \$63.46 million, approximately 1% of the total US Ethereum ETF fund scale.【7】【8】【9】

From a financial product logic perspective, Hong Kong's Ethereum ETFs can share Gas fees through staking services, giving them a clear competitive advantage over US Ethereum ETF funds. Rationally, a holder of BlackRock's Ethereum ETF should redeem it and subscribe to ChinaAMC or Bosera's Ethereum ETF funds to pursue higher returns.

However, reality didn't match expectations. After the April 2025 launch of staking services, Ethereum ETF fund subscriptions didn't show significant growth. In May, as ETH prices rose from \$1,500 to \$2,500, Hong Kong Ethereum ETF funds saw net inflows of \$610,000 and \$700,000 on May 12 and 13 respectively. After Hong Kong ETF funds launched staking services, US Ethereum ETF funds didn't experience large outflows; instead, they had net inflows of \$230 million from April 24-28, with April's total net inflows exceeding outflows.

Figure 6: US Ethereum Spot ETF Total Scale and Net Inflow

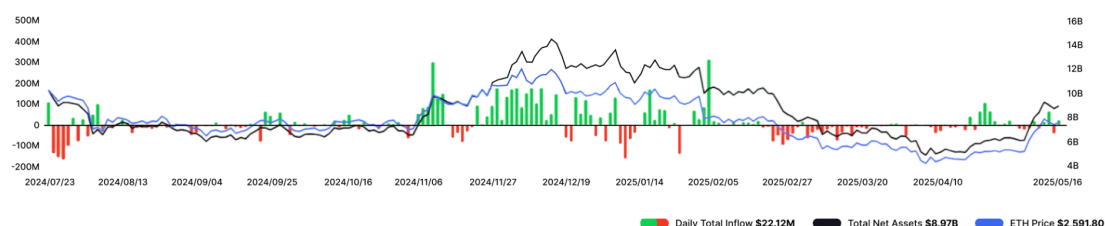
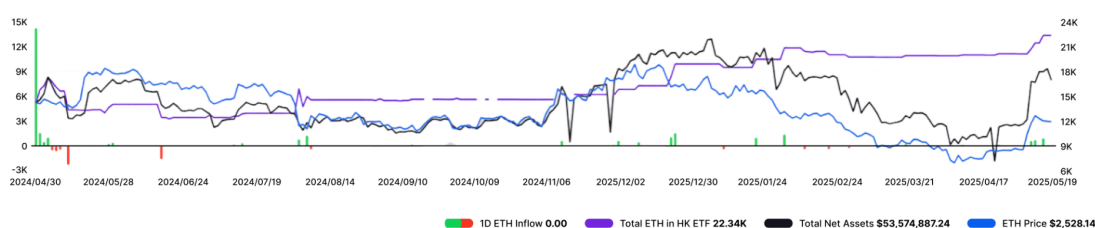


Figure 7: Hong Kong Ethereum Spot ETF Total Scale and Net Inflow



Gate Research, Data from: sosoValue

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This phenomenon can be explained from two perspectives. First, Hong Kong's market liquidity is less abundant than the US market, so even with staking services, there isn't enough liquidity injection. Second, US Ethereum ETF fund holders face significant challenges in quickly registering Hong Kong securities accounts. Finally, ETF's main clients are traditional financial investors who still find the concept of "staking" somewhat difficult to understand. Although current investor education has changed most investors' impressions of cryptocurrencies, traditional financial investors still need time to understand deeper logic.

Hong Kong's approval for virtual asset ETFs to provide staking services is a long-tail positive policy, but it hasn't significantly increased management scale in the short term. This is mainly due to insufficient liquidity in the Hong Kong market, international investors' registration difficulties, and traditional investors' limited understanding of the "staking" concept. As market education deepens and infrastructure improves, this policy's long-tail effects are expected to gradually emerge in the future.

3. The Prospects of Hong Kong's Ethereum Ecosystem and RWA

Based on the above, Hong Kong deployed Ethereum spot ETFs faster than the US, while SOL staking offers better returns than ETH staking. Readers might wonder why not approve Solana ETF funds and provide relevant staking services? This requires a broader discussion of the relationship between cryptocurrencies and traditional finance. Bitcoin ETF approval stemmed from Bitcoin being the primary value measurement currency in cryptocurrencies, with Bitcoin-standard consensus deeply ingrained. Ethereum ETF approval was partly due to ETH consistently holding the second-largest cryptocurrency market cap position, and partly because the Ethereum network currently has the highest total value of RWA assets among public chains.【10】

Figure 8: RWA Total Asset Scale Ranking

#	Name	RWA Asset Count	RWA Total Value (Excl. Stablecoins)	RWA Market Share	RWA Holders	Stablecoin Asset Count	Stablecoins Market Cap
1	Ethereum	335	\$7,020,447,000 ▲	59.0%	72,544 ▲	54	\$126,729,755,724 ▼
2	ZKsync Era	36	\$2,197,760,770 ▼	18.5%	68 ▲	2	\$77,841,764 ▲
3	Stellar	9	\$465,052,001 ▼	3.9%	1,992 ▲	6	\$181,802,203 ▼
4	Aptos	11	\$343,890,644 ▲	2.9%	2,432 ▲	2	\$1,538,648,853 ▲
5	Solana	16	\$333,162,676 ▲	2.8%	7,209 ▲	16	\$10,902,418,394 ▼
6	Polygon	253	\$332,588,790 ▲	2.8%	1,254 ▲	5	\$507,927,449 ▲
7	Algorand	1	\$318,069,000 ▼	2.7%	—	—	—
8	Arbitrum	120	\$256,984,946 ▲	2.2%	2,471 ▲	5	\$5,249,565,089 ▲
9	Avalanche	26	\$176,668,312 ▲	1.5%	7,603 ▲	8	\$2,125,728,363 ▼
10	MANTRA	9	\$119,570,164 ▲	1.0%	2,438 ▲	1	\$262,744 ▼

Gate Research, Data from: RWA.xyz

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RWA is the anchor point for collaboration between traditional finance and the crypto world. In 2024, RWA gradually separated from DeFi to become an independent narrative. As an Asian financial center, the Hong Kong Monetary Authority officially launched the Ensemble sandbox project in August 2024 to promote tokenized applications. As of May 2025, the sandbox project has completed RWA projects including Landray Technologies' charging piles, GCL Group's photovoltaic power stations, and Eagle Patrol Group's two-wheeler battery exchange. Additionally, Ensemble group member ChinaAMC (Hong Kong) Limited launched Asia-Pacific's first retail tokenized fund in February 2025—ChinaAMC Hong Kong Dollar Digital Currency Fund, with underlying assets in Hong Kong dollar short-term deposits and tokens issued on the Ethereum blockchain.

Policy support and rapid project implementation highlight Hong Kong's high prioritization of the RWA sector. As of May 2025, Ethereum network's on-chain RWA assets exceed \$7 billion in total value, and stablecoin assets exceed \$120 billion, both ranking first among public chains—representing an enormous asset pool. Hong Kong's implementation of staking services may have greater aspirations, possibly representing Hong Kong's increased participation in Ethereum network governance to develop the RWA track that policies are focusing on.

Figure 9: Ethereum Network ETH Staking Total Volume Ranking

ETH Stakers

Ordered by Amount Staked

#	Entity	Category	ETH Staked	Validators	Marketshare	1WΔ	1MΔ	6MΔ
1	Lido	Liquid Staking	9,106,909	285k	26.3%	0%	-2%	-7%
2	Coinbase	CEXs	2,654,659	83k	7.7%	0%	-3%	-30%
3	Binance	CEXs	2,500,768	78k	7.2%	3%	11%	36%
4	ether.fi	Liquid Restaking	2,037,835	64k	5.9%	3%	4%	25%
5	Kiln	Staking Pools	1,503,155	47k	4.3%	1%	3%	19%
6	Kraken	CEXs	1,162,753	36k	3.4%	2%	8%	30%
7	Figment	Staking Pools	1,031,136	32k	3.0%	1%	1%	15%
8	Rocket Pool	Liquid Staking	658,849	21k	1.9%	0%	0%	-8%
9	Everstake	Staking Pools	651,680	20k	1.9%	0	1%	14%

Gate Research, Data from: Dune

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Major ETH nodes are viewed as important contributors to network security with significant influence over Ethereum ecosystem governance and development direction. For example, in Q4 2024, DeSci became an emerging industry narrative, driven primarily by Ethereum founder Vitalik, Coinbase founder Armstrong, and Binance founder CZ. Lido, which holds a 26.3% Ethereum stake market share, has a founder (Lomashuk) with strong influence in the Ethereum community. It's clear that staking services can not only improve user returns but also enhance Hong Kong's voice in the Ethereum community, further developing a compliant RWA ecosystem.【11】【12】

4. Conclusion

Hong Kong's policy breakthrough in the Ethereum ecosystem and deep deployment in the RWA track have laid important groundwork for the next development phase. By approving Ethereum spot ETF staking services, Hong Kong has not only strengthened its position as an Asian Web3 innovation hub but also demonstrated strategic foresight in the RWA field—the Ethereum network, with over \$7 billion in RWA asset deposits and stablecoin infrastructure advantages, has become the core bridge connecting traditional finance and the crypto world. With the implementation of real asset tokenization projects such as charging piles and photovoltaic power stations promoted by the Hong Kong Monetary Authority's Ensemble sandbox, and institutions like ChinaAMC issuing on-chain funds anchored to Hong Kong dollar deposits, Hong Kong is attracting more RWA projects to take root with policy benefits and technological compatibility. In the future, as Ethereum governance influence increases and staking yield models are optimized, Hong Kong may become a key node for RWA asset issuance, trading, and compliance in Asia, catalyzing more innovative practices between the real economy and blockchain technology.

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