

Dear Investors:

In July, the BC Group-owned OSL digital asset platform again delivered results as the core brokerage business posted another month of record trading volumes and now has experienced record volumes for four of the past five months.

In response to a third wave of COVID-19 infections in Hong Kong, we reimplemented safety, social distancing, and precautionary measures, with the majority of staff working from home. Despite these measures, our business is firing on all cylinders and on July 23, the OSL brokerage saw the platform's highest-ever single day of trading volume.

The OSL Exchange in July saw a 102% month-on-month trading volume increase from June and added two additional digital asset trading pairs.

Investors also remained enthusiastic about our business prospects as BC Group's (863 HK) share price climbed another 20% during July on continued healthy trading volume, further building on its meteoric 40% rise in June.

After spending the bulk of June trapped in a trading band between 9,000-10,000 Bitcoin broke through strong resistance to push through USD11,000 levels in the month, while the No. 2 digital asset by market cap (and DEFI darling), Ethereum, went on a tear, up approximately 40% for the month, leading [pundits to speculate on whether a new altcoin season had arrived](#).

Key business updates

The first week of July marked the 1-year anniversary of the opening of both our OSL Americas and Singapore offices.

We continue to progress in line with our expectations towards our goal of obtaining SFC licensing to conduct Types 1 (dealing) and 7 (ATS) activities for digital assets, and we submitted our formal application to the Monetary Authority of Singapore (MAS) to secure digital asset licensing in the city-state under the Payment Services Act (PSA).

In line with the above, the digital asset sector continues to mature and garner interest in Hong Kong. As a result, BC Group executives were sought out and featured extensively in tier-1 Hong Kong media in and on the speaker circuit in July:

- [CEO Hugh Madden and CFO Steve Zhang discussed institutional adoption and top market capitalization digital assets with the Hong Kong Economic Journal Insights section](#)
- Hugh also joined [State Street and the Forum for Asset Management Ecosystem \(FAME\) on an industry panel on July 2019 entitled, "Mythbusting: Digital Assets, Asia-Pacific"](#)
- [I was quoted in an article with the Hong Kong Economic Times on the impact of blockchain and digital assets on SWIFT \(Chinese only\)](#)
- [Head of Regulatory Affairs Gary Tiu was interviewed by TVB's "Future Scope" news program on how digital assets will impact the financial sector](#) (Traditional Chinese with Simplified Chinese subtitles starting at 16min 45sec of clip)

Looking forward, we expect to announce our interim 2020 earnings in August and will provide granular detail on our performance in the first half as well as our business prospects in the foreseeable future. If you would like to call into our post earnings investor/analyst briefing, please contact us at ir@bc.group and we will send you an invite.



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Digital asset market developments

During the month of July, many new developments in digital assets occurred in the United States. In Washington, D.C., [a federal court determined that Bitcoin is “money” in the context of the Money Transmitters Act.](#)

Acting comptroller of the Office of the Comptroller of Currency (OCC), and former chief legal officer of Coinbase, [Brian Brooks clarified that US banks can provide digital asset custody services for customers, explaining that the OCC views crypto custody services as “a modern form of traditional bank activities related to custody services.”](#)

[Reports of a Coinbase IPO or direct listing](#) have helped to reinvigorate enthusiasm around the digital asset ecosystem. According to reports, Coinbase could currently be valued as high as USD8 billion. Fidelity Digital Assets released another [bullish report on Bitcoin, highlighting its investment thesis as an “aspirational store of value.”](#)

[Fintech behemoth Paypal picked Paxos to support its news crypto services](#) as it plays catch up in the sector. Media reports also indicate that PayPal plans to roll out direct sales of digital assets to its 325 million users. While PayPal currently can be used to withdraw funds from exchanges like Coinbase (with whom they have had a longstanding relationship), this would be a first for the company to offer direct digital asset sales to users.

Separately, [Standard Chartered Bank announced that it plans to launch an institutional custody solution for digital assets](#) and traditional credit card and payment giant [Visa detailed its involvement in the sector.](#)

The above developments come on the heels of [JP Morgan’s announcement last month that it would begin banking services to digital asset exchanges Coinbase and Gemini](#) and further demonstrate growing acceptance of digital assets by both regulators and traditional financial institutions.

Thank you again for your ongoing support. As always, the team at BC Group and OSL are available to discuss July’s updates or to answer any questions.

Sincerely,

Dave Chapman
Executive Director
BC Group (863 HK)