

Dear Investors,

September has ushered in Autumn, and with it a month full of digital asset news and updates from BC Group and OSL.

Perhaps the most notable development during the month occurred [on 24 September when China's central bank issued a notice stating that digital asset-related transactions would be considered illicit financial activity](#).

Over the past several years, China has clearly [repeated](#) its stance on digital assets and last week's notice was widely viewed as a definitive statement on this. As a result, we believe potentially negative China-related news was priced into the market and expected to some extent.

[BC Group and OSL do not have](#) any digital asset business operations in Mainland China. From inception, OSL was built with strict regulatory compliance in mind and has always been an advocate for regulation of the digital assets sector.

There continues to be a strong global trend towards regulatory clarity for digital assets, and this is a major catalyst for significant mainstream adoption. Moreover, this has led to a very real Changing of the Guard taking place in the digital asset space with safe, secure and regulated providers as the clear beneficiaries.

Many players, including major operators in the US and Asia, are distracted by the introduction of regulations and must continuously restructure or relocate their businesses. In contrast, OSL remains firmly positioned as one of the most regulatory compliant digital asset platforms in the world. At BC Group and OSL we've prepared for these circumstances from inception and are more confident than ever in our right to win.

Business updates

On 27 September, Morgan Stanley initiated research coverage of BC Group with a "Equal-weight" rating and an "Attractive" industry view. More information about research coverage on BC Group can be found [here](#).

Also during the month, BC Group published its 2021 Interim Report, which can be viewed [here](#).

"OSL's success during the [interim] Period further reinforces the efficacy and resilience of the Group's business strategy and approach to the rapidly evolving and growing global digital asset market.

...It is the Group's strong belief that worldwide adoption will continue to catalyze growth in digital assets and that increasing regulatory clarity will also drive greater participation by major financial institutions. OSL is poised to scale exponentially in these circumstances."

Excerpt from BC Group CEO Hugh Madden's CEO letter in the 2021 Interim Report

The BC Group interim results press release is available [here](#), and the infographic summary of the results is viewable [here](#).

On 29 September, OSL Prime Brokerage announced the final speaker line-up for its second Digital Asset Capital Introduction Conference: Unlocking a new investment paradigm, which will be held on from 07:30 - 13:00 SGT on 5 October 2021 (19:30 - 01:00 EST on 4-5 October).

The virtual conference will feature senior representatives from CME Group, Visa, Standard Chartered Bank, Nasdaq, Morgan Creek Capital Management, Grayscale Investments, VanEck, Hashdex, Sidley Austin and a range of market-leading digital asset fund managers and capital allocators

Conference keynotes and interactive panels will include opening remarks from OSL CEO Wayne Trench and VanEck Digital Asset Strategy Director Gabor Gurbacks; fireside chats from Visa Hong Kong and Macau General Manager Maaïke Steinebach; Tim McCourt, CME Group Managing Director and Global Head of Equity Index and Alternative Investment Products; and Hashdex CEO Marcelo Sampaio.

Topics and speakers include:

- ETF Evolution: Why has Brazil Been so Successful? With Hashdex CEO Marcelo Sampaio
- The ETF Revolution: Past Present and Future with Grayscale Investments' Global Head of ETFs David Lavalley and Nasdaq's Global Head of Index & Advisor Solutions Sean Wasserman
- ESG and Digital Assets with AllIntra CEO Bill Kentrup
- Fundraising for 2022 with Morgan Creek Capital Management Founder, CEO, CIO and Managing Partner of Morgan Creek Digital Assets Mark Yusko
- Here for Good - A Dialogue with Vinoy Kumar, Global Head of Digital Assets at Standard Chartered Bank
- Institutional Adoption of Derivatives with Tim McCourt, CME Group Global Head of Equity Index and Alternative Investment Products
- Visa's Innovative NFT Investment hosted by Visa Hong Kong and Macau GM Maaïke Steinebach
- Considerations for Setting up a Digital Asset Fund with Token Bay Capital Founder and Managing Partner Lucy Gazmararian

For a full rundown of the conference, including registration details and as speaker profiles, please [visit the registration page at this link](#).

In the news

OSL executives and BC Group senior leadership appeared in well-known media and market events in September:

- [BC Group Head of Regulatory Affairs Gary Tiu was featured in a Hong Kong Economic Times article](#) on digital asset regulation and insurance (Chinese only) on 2 September
- BC Group General Counsel Melody Ma spoke at the Lexology Connect financial services event on panel "Regulation Innovation" on 2 September
- [Fintech News on 6 September discussed the GIC investment in BC Group](#), in the context of Singapore's growing leadership position in the digital asset space
- On 7 September [OSL Global Head of Trading Ryan Rabaglia was quoted in Singapore's Business Times on increasing investor confidence in digital assets](#)
- Gary also joined [ASIFMA Compliance Week](#) panel on "Financial Regulatory Trends Globally and Asia" on 7 September
- OSL Head of Distribution and Prime Matt Long joined a panel entitled "Exchanges & Infrastructure" at [Venture & Capital Conference](#) held by Wholesale Investor 2021 on 17 September
- OSL CEO [Wayne Trench was featured in an executive interview on digital assets in Brazil's Valor news publication](#) (Portuguese only) on 29 September

Additional digital asset market developments

Throughout the month, global financial and [digital asset](#) and [financial markets felt the ripple effects of the ongoing debt crisis around China Evergrande](#). The digital asset sector remained resilient against this and other global macroeconomic challenges, with [Australia, Singapore, Malaysia and South Africa launching a joint CBDC pilot, called Project Dunbar](#) and [regulators approving digital asset trading in the Dubai free trade zone](#).



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Hedge fund [Brevan Howard said it will significantly expand its foray into digital assets with the launch of a new crypto unit, called BH Digital](#), and appointed Colleen Sullivan, CEO and founder of CMT digital to lead its efforts in the space. [Point72 billionaire Steve Cohen reportedly agreed to personally back a new crypto quant trading firm](#). This follows his hedge fund's investment in digital asset research firm Messari in August.

Singapore's MAS again was in the news this month [when it granted three new licenses to FOMO Pay](#), including a DPT services licence, and when it ordered Binance [to stop operating its global Binance.com business in the country](#).

Leading digital asset derivatives exchange [FTX made headlines when it announced it would acquire crypto platform Ledger X](#), while [Citibank was rumored to be preparing to trade CME Bitcoin Futures](#).

Despite the summer ending, NFTs remained hot in September, with [Sotheby's Bored Ape auction taking in USD24.4 million](#), [Lobby Lobsters raising USD4 million in just one hour](#) in support of DeFi lobbying efforts, and [Dapper Labs, the company behind NBA Top Shots, raising USD250 million at a valuation of USD7.6 billion. The Dapper raise is part of a USD900 million+ 'gold rush' of recent fundraises in the NFT space - with crypto and blockchain startups having raised approximately USD19 billion so far this year.](#)

Coinbase's Brian Armstrong also radiated heat in September, [when he tweeted his grievances with the US Securities and Exchanges Commission \(SEC\) on what he felt was unfair treatment around the stoppage of his company's plant lending product launch](#), before relenting and canceling the launch. The SEC had threatened to sue Coinbase over the product.

Rapid growth and expansion of the digital asset ecosystem can be expected in the coming months despite what appears to be more restrictive policies in some markets. Innovation continues to emerge in new and nascent sectors such as DeFi and NFTs. Capital markets, retail and private investors alike continue to put money into digital asset projects and tokens at a breakneck pace.

As always, the team at BC Technology Group and OSL are available to discuss August's updates or answer any questions.

Thank you again for your continued support.

Sincerely,

Dave Chapman
Executive Director
BC Group (863 HK)