

Dear Investors,

Kung Hei Fat Choy and welcome to the jungle! While the Year of the Tiger is beginning with bearish sentiment across digital asset and equity markets, OSL remains bullish on its current and near term growth prospects, and maintains a positive outlook on the digital asset ecosystem in the medium and long term.

This view is reinforced by a major regulatory development in Hong Kong, where the [Hong Kong Monetary Authority \(HKMA\) and the Securities and Futures Commission \(SFC\) issued an important joint circular late Friday 28 January](#), giving the green light for banks and brokers to participate in the territory's regulated digital asset (or virtual asset/VA) market.

**The circular states that licensed brokers and banks in Hong Kong *must* partner with SFC-licensed VA platform operators - which are those that are licensed to conduct Type 1 (dealing in securities), and Type 7 (providing automated trading services) regulated activities - to offer VA dealing services.**

OSL is currently the only SFC licensed VA trading platform in Hong Kong and built its institutional and B2B solutions to help banks and brokers enter the market quickly, securely and in compliance with regulatory obligations. The Company already provides its industry leading compliant and secure VA SaaS, custody, exchange and prime brokerage solutions to a number of leading banks and asset managers.

Under the guidance, OSL can now provide immediate access to banks and brokers that wish to provide VA trading to their clients in Hong Kong and is in prime position to continue to lead the regulated market as a new era of institutional investment in VA begins. **An explainer on the circular is available [here](#).**

This is a key moment in the continued development of a robust and competitive regulated VA market in Hong Kong. Read **the OSL statement on the guidance [here](#)**.

January was also notable for a nearly two week sell-off in digital assets, with [bitcoin hitting a six-month low under USD35,000 in the second half of the month](#), and [ether dipping below USD2,200 on 24 January for the first time since July 2021](#).

Many attributed the lower prices to digital asset market-specific events such as a reshuffling of mining infrastructure in [Kazakhstan](#) and [China](#); as well as global macroeconomic and geopolitical factors - e.g. COVID, the Ukraine situation and investor jitters around interest rate hikes and inflation.

Meanwhile, and foreshadowing a potential watershed moment in the industry, the [Biden administration is said to be preparing an executive order to be released as early as February](#) that will outline a holistic strategy on digital assets for the US Government, placing the White House squarely in the center of the North American and global regulatory debate in the sector.

Our bullish market outlook was reinforced by OSL's signing of two new major SaaS customers in January - in [Mongolia](#) and [Latin America](#), respectively.

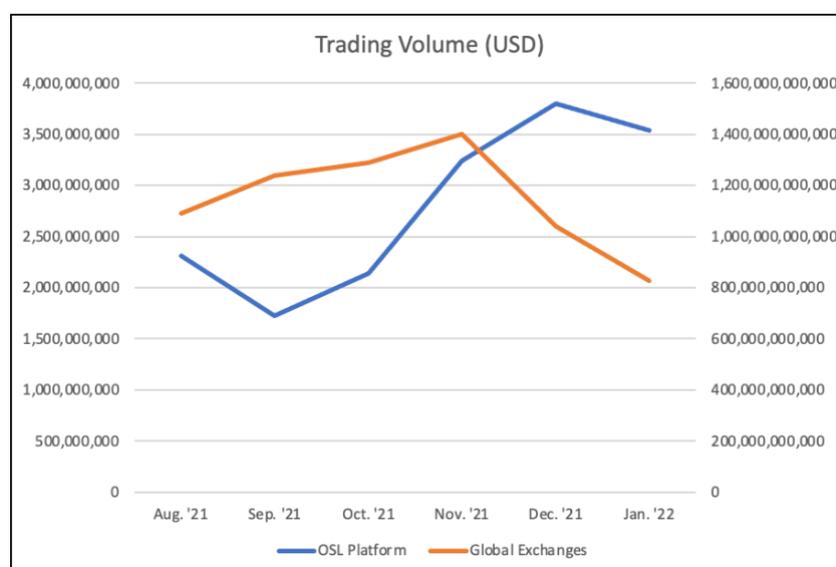
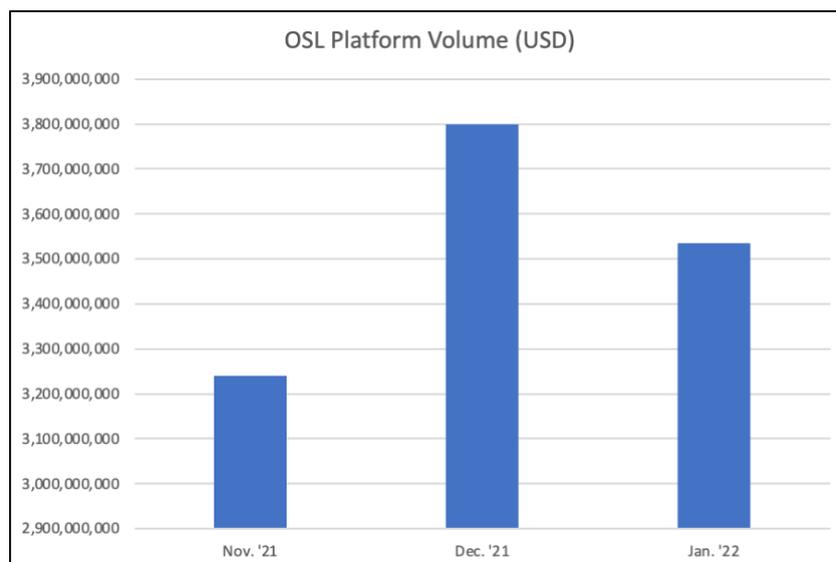
The charts below shows OSL platform volume<sup>1</sup> for the last three months as well as OSL platform volume over the past six months<sup>2</sup> as compared to global digital asset exchange volume during the same period<sup>3</sup>:

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<sup>1</sup>Total platform volume numbers are an estimated aggregated total of all trading activities on the OSL platform over a given period, and are up to date in a given month to the date of issuance of this report

<sup>2</sup>**Disclaimer:** Platform volume data is unaudited, may not represent exact trading volume for the period and is subject to change

<sup>3</sup>Source: <https://www.theblockcrypto.com/linked/128526/centralized-crypto-exchanges-14-trillion-trading-volume-2021>



## Business Updates

January was also a strong month for OSL's SaaS business in terms of client acquisition. On 13 January, OSL and [Allaria Technology signed an agreement to provide digital asset trading technology and services to professional investors in Latin America.](#)

On 24 January, [Mongolia-based Altex and OSL announced an agreement to provide secure, compliant digital asset trading services to institutional investors.](#)

Also during the month, OSL continued to expand its robust token universe, adding eight tokens - MANA, SUSHI, MATIC, YFI, BAND, DAI, SNX and OGN - bringing the global total for tokens available on the platform to more than 20.

There are a number of exciting additional client partnerships, products and tokens in the pipeline and these will be announced in the coming weeks and months.

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## In the news

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

- [Bloomberg BusinessWeek published a Q&A on the digital asset market with OSL CEO Wayne Trench](#) on 3 January (Chinese only)
- I spoke at the [Asian Financial Forum at a fireside chat on “Accelerating Blockchain Innovation for Digital Assets & Transactions”](#) on 11 January
- On 13 January, OSL Head of Americas [Fernando Martinez appeared on Coindesk TV and talked about current market forces and price movements in digital assets](#)
- BC Technology Group Executive Director and Head of Regulatory Affairs Gary Tiu participated in a media roundtable on digital asset regulation on 13 January and was quoted in a number of outlets, including: [Sing Tao Daily](#) (Chinese only), [Ming Pao Finance](#) (Chinese only) and [Consultancy Asia](#)
- OSL Head of North America Business Development & Institutional Sales Jeff Howard, spoke on a 15 January panel on [The Future of Crypto Regulation](#) at the North American Bitcoin Conference in Miami
- Fernando also appeared in an interview with [Milenio TV](#) in Mexico on CBDCs on 19 January (Spanish only)
- OSL CEO Wayne Trench appeared on [CNBC’s Street Signs Asia on 24 January](#) and shared his views on digital asset price action
- The following day (25 January) I [was interviewed live on CNBC’s Capital Connection](#) and discussed factors impacting global investor sentiment around BTC and other digital assets
- Gary Tiu was interviewed [DigFin on the HKMA-SFC joint circular on the digital asset market in Hong Kong](#) on 30 January

## Additional digital asset market developments

On 24 January, Ex-Goldman Sachs CEO Lloyd Blankfein said that despite price drops, [crypto is “happening” and that he “certainly would want an oar in that water.”](#) while Mark Zuckerberg’s highly controversial and heavily publicized Diem stablecoin project may be sinking under pressure from US regulators, as [a Bloomberg report on 26 January stated that the project was for sale.](#)

Early crypto adopter [Visa said on 13 January that it had teamed up with tech provider ConsenSys to develop new infrastructure for central bank digital currencies.](#)

On the regulatory front, the Indian government acknowledged the impact of the sector, when it [announced a 30% tax on digital asset income in its annual budget](#) on 1 February. The [FT reported that the UK Treasury was planning to crack down on ‘misleading’ crypto promotions](#) on 19 January, and [Singapore’s MAS issued a guidance stating that digital asset companies in the city state must refrain from advertising their services to retail investors](#) on 17 January. The [Hong Kong Monetary Authority on 12 January issued a discussion paper on crypto assets and stablecoins](#), inviting views from the industry and the public on a regulatory approach to these assets.

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From an institutional adoption point of view, fund pioneer [BlackRock said that it is planning a 'Blockchain and Tech ETF'](#); USD140 billion investment firm Man Group was said to be mulling entering the digital asset market following [provocative comments from CEO Luke Ellis during](#) a Bloomberg event; and investment powerhouse [Brevan Howard launched its first digital asset fund on 19 January as part of a 'massive' push into crypto.](#)

On 3 January, it was reported that [USD87 billion Italian bank Banca Generali is looking to add bitcoin trading for its 300,000 customers in a native integration with Conio.](#)

The team at BC Group and OSL are always available to discuss our monthly updates. Should you have any questions about recent BC Group and OSL business developments, the impact of the HKMA-SFC joint circular, the digital asset market, or any news from January, please feel free to reach out to us directly.

Wishing you a happy and prosperous Year of the Tiger!

Sincerely,

Dave Chapman  
Executive Director  
BC Group (863 HK)