

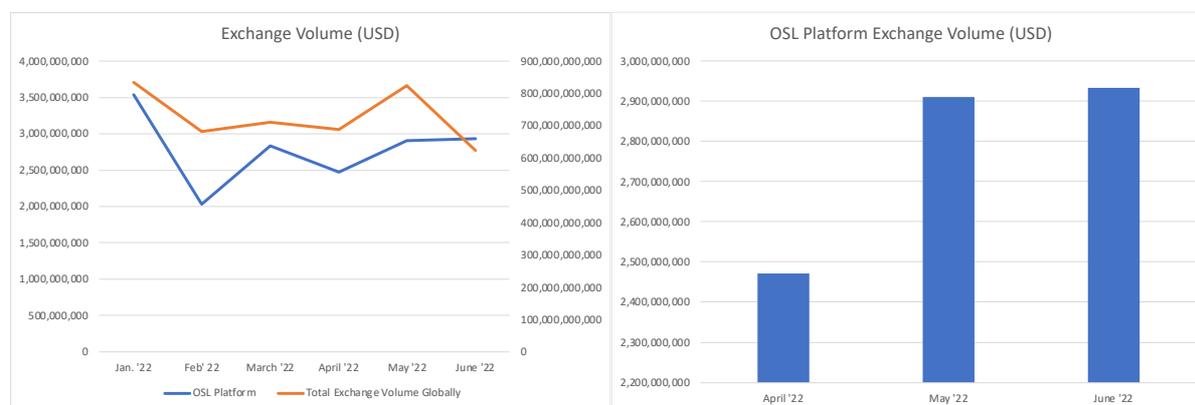


Dear Investors,

In June 2022, digital asset and traditional markets experienced heavy downward pressure, officially entering bear territory.

At the same time, institutional momentum and participation in digital assets continued to accelerate both in the broader market and for OSL and BC Group specifically. Notably on 9 June, [OSL Digital Securities and Interactive Brokers signed a landmark agreement for OSL to provide digital asset dealing services to clients of for Interactive Brokers in Hong Kong.](#)

The prior three months of trading volumes for the OSL platform can be viewed below:



As in May, financial markets fell dramatically during the month prior to and following the [Jerome Powell announcement on 15 June that the Federal Reserve would raise interest rates by 0.75%](#), the highest increase since 1994. Sentiment further soured in the following weeks as Powell acknowledged [the possibility of a recession in the United States](#) and hinted that [additional rate hikes at the same rate are on the table](#).

Crypto markets reacted in kind, with a loss of retail investor confidence and another major sell off that led to [robo margin calls and liquidations](#) across the market, [wiping out several well-known crypto lending and trading firms along the way](#). Unlike last month's sell off, which was mainly due to knock-on effects following the collapse of the Luna / Terra ecosystem and stablecoin, [the June liquidity crisis was mainly centered around another highly speculative investment, staked ethereum, or stETH](#).

Also in June, [the first major bipartisan crypto regulatory proposal was released in the United States](#). The proposal, aimed at taming the "Wild West" crypto market, would classify major cryptocurrencies such as bitcoin and ethereum as commodities similar to wheat or oil, and others as securities. The legislation also references a need to regulate stablecoins, continuing a trend from the previous month, and pointing to impeding additional regulatory clarity in tier-1 jurisdictions, a critical element in the development of the institutional digital asset ecosystem.

Responding to these events, and to reinforce the efficacy of OSL's regulatory compliant market strategy, OSL CEO Wayne Trench wrote an insights piece entitled, [At OSL, It's Business as Usual Despite the Market Dislocation](#), and an excerpt is included below:



“[Recently] we’ve seen dislocation in crypto markets causing significant downward price action. These sharp moves lower have also exposed several risks in the marketplace including calling into question the solvency of some of the more well known market participants. For the team at OSL, since beginning our journey in Digital Assets almost 10 years ago, we have purposefully taken a careful and conservative approach to the way we do business and in times like these, we believe our strategy is well justified.

To that end, our strategy remains unchanged: deliver a market-leading service to institutional and professional investor customers who highly value regulation, security and compliance. In addition, we place heavy emphasis on a responsible approach to risk management, and our business is laser focused on providing a high-quality platform for our clients to store and trade digital assets. As such, we are pleased to share that we’ve had zero exposure to any of the recent incidents regarding UST, Luna, stETH or to any of the participants in the market who appear to be facing solvency issues.”

OSL is more confident than ever that digital assets are here to stay and that ongoing institutional momentum and regulatory clarity is a boon for the industry. There's more work to do, however, the landscape is more robust and clear than ever before.

## Business updates

As mentioned above, OSL on 9 June announced [a major tie-up with Interactive Brokers which saw OSL DS become the exclusive partner for Interactive Brokers to provide digital asset dealing services to its clients in Hong Kong.](#)

The agreement is a major milestone for the Hong Kong digital asset market because it represents the first collaboration between one of the largest SFC-regulated online brokers serving Hong Kong professional investors and an SFC-licensed institutional digital asset brokerage and exchange.

The deal follows the issuance of a joint circular by the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission on 28 January 2022, which for the first time allowed registered institutions and licensed corporations to provide digital asset dealing services by partnering only with SFC-licensed virtual asset trading platforms.

With the OSL-Interactive Brokers agreement, the HKMA-SFC circular is proving to be a critical tool that is creating a more competitive and robust digital asset market in Hong Kong.

Additionally, on 2 June, [OSL SaaS won the ‘Best Investment Platform’ award at the Tenth Annual WealthBriefingAsia Awards 2022.](#) The awards celebrate excellence in the fintech industry, and a video of the acceptance can be found [here](#).

Also in June, representatives from OSL attended the global Consensus digital asset conference in Austin, Texas. As part of the event, [OSL hosted an official Consensus2022 official “Proof of ‘Steak’ Dinner,](#) which was attended by approximately 80 event co-sponsors and OSL clients.

## In the news



OSL executives and BC Group senior leadership also continued to appear in well-known media and market events throughout the month:

- On 1 June, [OSL Head of SaaS Colm Furlong was interviewed on the FinTech Focus TV](#) podcast on the technology arms race in TradFi and Defi
- OSL Head of Americas [Fernando Martinez was interviewed by Ámbito Financiero on 5 June about the upcoming Consensus event and on OSL's positioning in the LatAm market](#) (Spanish only)
- OSL Head of North America Institutional Sales and Business Development [Jeff Howard was interviewed by commodities news outlet Kitco on the US bipartisan crypto bill](#) on 7 June
- The 9 June OSL-Interactive Brokers agreement was widely covered by media outlets across the world in [English](#), [Spanish](#), [Portuguese](#), [Traditional Chinese](#) and [Simplified Chinese](#)
- On 9 June, BC Group Head of Investor Relations William Wang spoke on a social impact management panel at the [ESG Integration Forum Asia](#) for Investor Relations Magazine
- OSL Head of Distribution and Prime Matt Long spoke on a panel on the future of digital assets investing at the Macquarie Internet and Digital Assets Conference on 10 June
- [Fernando was interviewed by Bloomberg at Consensus in Austin](#) on the current state of the crypto market in Latin America (Spanish only), published 16 June
- OSL Head of Singapore Kanny Lee on 20 June spoke at SMBC Bank's crypto briefing session in Singapore
- Head of [OSL Digital Securities Jean-David Péquignot was interviewed on TVB Pearl](#) on the Terra/Luna failure and the outlook for the industry on 20 June
- BC Group Head of Regulatory Affairs [Gary Tiu was featured in an interview with Ming Pao Daily](#) (Chinese only) on the Interactive Brokers tie-up and its market impact in Asia and beyond on 20 June
- On 23 June, William also spoke at the [Sequire Decentralized Web Conference](#)
- Kanny was a panelist at [Crypto Expo Asia on 23 June](#) and discussed digital asset custody
- Gary on 23 June participated in a panel on digital asset regulation hosted by HSBC research
- On 24 June, [Fernando was quoted in CoinDesk's First Mover Asia Column](#), on the strength in institutional interest in digital assets despite recent market pullbacks



- On 28 June, OSL Head of Institutional Sales Jessie Huang provided an introduction to digital assets at AIA's Crypto Investment Seminar in Hong Kong

### Digital asset market developments

On the retail side on 1 June, popular US burrito chain [Chipotle announced that it would begin accepting payments in crypto](#).

Moving up the tax bracket, and according to survey results from [Capgemini released on 16 June, 71% of high-net-worth individuals are now investing in digital assets, including crypto currencies, digital asset ETFs and NFTs](#).

Wall street titan JP Morgan was also in the crypto headlines, when it said on [12 June that it wants to bring trillions of dollars of tokenized assets to the DeFi ecosystem](#), while [on 13 June Goldman Sachs executed its first ever trade of an ether-linked derivative](#).

Crypto giants FTX, Binance and Galaxy Digital looked at becoming "white knights" during the month, [when Bloomberg reported that the companies were in the process of looking at purchasing or bailing out firms that are facing insolvency](#). [It also has been reported that at least one of the rumored bailouts](#) would wipe out all of the lender's shareholder holdings.

The [Bank of England Deputy Governor Jon Cunliffe took a rosy view of the current crypto downturn](#), stating to Bloomberg that the survivors of today's bear markets could become the technology companies of the future, rivaling Amazon.com and Ebay.

Echoing its regulatory guidance over the past several years, [the Hong Kong government on 26 June gazetted amendments to the Anti-Money Laundering and Counter-Terrorist Financing Ordinance](#) to the SAR's Legislative Council (LegCo) stating that any firm that seeks to operate virtual asset exchange in Hong Kong is required to apply for a license from the Securities and Futures Commission. The amendments will be introduced to the LegCo on 6 July 2022, and are proposed to come into effect on 1 March 2023.

Should you have any questions or if you would like to discuss the June updates please feel free to reach out directly at [ir@bc.group](mailto:ir@bc.group).

Thank you again for your continued support.

Sincerely,

Dave Chapman  
Executive Director  
BC Group (863 HK)