



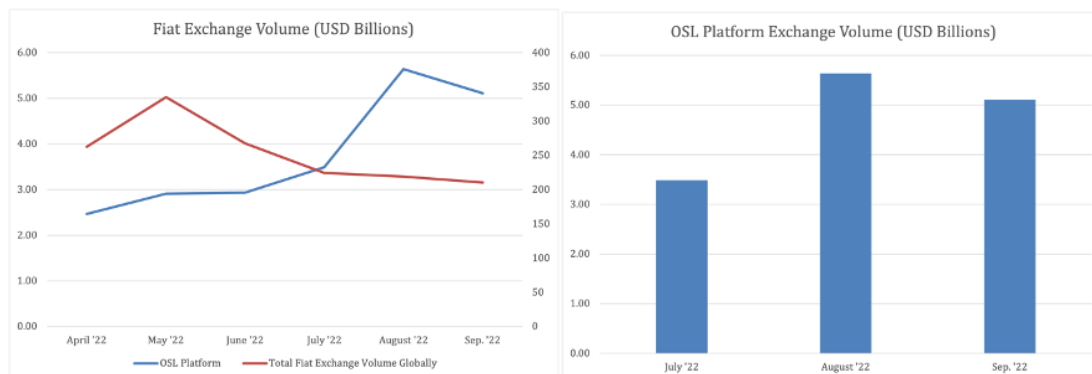
Dear Investors,

September has brought summer to an end, and with it a month full of digital asset news and updates from BC Group and OSL.

On 8 September, [OSL and AlgoTrader, a leading digital asset trading technology provider, announced a new partnership for institutional and professional investors](#). Under the partnership, eligible AlgoTrader clients will have direct access to OSL's digital asset exchange, deep liquidity pools, and an aggregated global order book.

The much anticipated Ethereum Merge, a move from the 'proof-of-work' blockchain consensus mechanism to the more energy efficient 'proof-of-stake' occurred on 15 September. Many [hailed the event as a 'new era' for ethereum](#), but the market disagreed, seemingly having priced in the Merge's benefits in the prior weeks. By month's end, a number of pundits were calling the [Merge a "sell the news" event](#), with the ETH token down more than 25% in the final ten days of September. An overview of the Ethereum Merge can be found [here](#).

Prior months of trading volume for OSL¹ can be viewed below:



OSL's overall trading volumes continued on an upward trend, with September marking the second consecutive month with volumes over USD5 billion, [as global fiat exchanges saw overall volumes drop for the fifth month in a row](#).

On 22 September, the US Federal Reserve again made waves across markets when its [FOMC raised rates by 75 basis points](#), signaling how serious inflationary pressures have become in the United States. This sent stocks sharply lower, and impacted [the crypto market, BTC in particular, which dropped to around USD19,000](#), where it remained for most of the rest of the month.

In England, [the "mini" budget submitted by new Conservative Prime Minister Liz Truss and her chancellor, Kwasi Kwarteng, sent shockwaves through global market](#) during the last

¹Total platform volume data are an estimated aggregate total of all trading activities on the OSL platforms over the stated period. Such data are unaudited, based on various assumptions and methodologies that are subject to change, and may be subject to subsequent adjustments and corrections which we may later publish. Source: TheBlockCrypto as of 1 October 2022



week in September, when it failed to financially justify proposed tax cuts, forcing the Bank of England to aggressively buy bonds as pension funds sold gilts, fearing a systemic liquidity crisis.

Business updates

Also during the September, BC Group published its 2022 Interim Report, which can be viewed [here](#).

“The Group remains focused in the immediate term on institutional onboarding of large financial firms and continuing to evolve its offerings to meet needs of this client segment with its suite of products and services. ...The offerings in the [OSL] institutional toolkit help create highly sticky relationships as clients become reliant on OSL’s differentiated value-add services once onboarded.

With OSL’s digital asset Markets offering, as well as its unique digital asset SaaS core product platform, the Group is confident that the company will continue to scale as the digital asset sector becomes further integrated into the global financial services ecosystem. As a result, OSL will target a much larger addressable market with its digital asset core product platform and, over time, through strategic distribution partnerships.”

- Excerpt from BC Group CEO Hugh Madden’s CEO letter in the 2022 Interim Report

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

In the news

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

- I shared my thoughts on a panel entitled “Has Confidence been Shaken? The Latest Trends in Digital Assets” at the [AIMA APAC Annual Forum 2022](#) on 6 September
- I also joined [GameOn!2022](#) on a panel called, “Putting Your Digital Assets to Work: A Primer for Retail and Institutional Investors” on 9 September
- BC Group Deputy Chairman Ken Lo spoke and shared his insights on regulatory changes in Hong Kong at a discussion forum at the [ACCA Hong Kong Annual Conference 2022](#) on 17 September
- OSL was the Platinum Sponsor of the [Australian Crypto Convention](#) that took place in the Gold Coast on 17 September. Mark Hiriart, OSL Head of Business Development Australia, joined a panel at the event entitled, “Institutional Adoption of Digital Assets”



- On 20 September, [OSL was mentioned in a Ledger Insights article](#) on the support provided to the digital asset ecosystem and STOs by Hong Kong regulators
- Also on 20 September, [OSL was mentioned in a DigFin article on the same topic](#)
- BC Group Head of Investor Relations [William Wang was the subject of a feature in Investor Relations Magazine](#) on 27 September
- OSL CEO Wayne Trench shared his thoughts at a webinar on [The Digital Asset Ecosystem in Hong Kong hosted by the AustCham](#) Innovation & Tech Committee on 29 September

Additional digital asset market developments

Early in the month, Singapore's biggest bank, [DBS, announced in an interview in the FT that it was "doubling down" on digital assets despite the so-called ongoing "crypto winter,"](#) with a stated intention to expand its digital asset exchange and offer services to approximately 300,000 clients across Asia. [BC Group is the technology services provider for DBS's digital asset exchange.](#) The Singapore-based bank also [announced during the month that it was making its first foray into the Metaverse](#) with a Sandbox project.

Making additional headlines in the Lion City was [Whampoa Group's announcement of its intention to deploy about USD100 million to digital asset investments through a venture capital fund.](#) The global crypto conference Token2049 was held on 28-29 September, also in Singapore, where [industry leaders struck an upbeat tone,](#) despite recent market turmoil.

In the United States, President Joe Biden's [White House said on 9 September that it wants federal agencies and states to make mining bitcoin and other cryptos greener,](#) and that these digital assets should be banned if they cannot be more climate friendly. On 29 September, [CFTC Chairman Rostin Behnam said that additional regulatory clarity in the US](#) would cause crypto companies to "thrive" and could be a catalyst for bitcoin to "double in price."

Following on the US Treasury department's sanctions of the Tornado Cash smart contracts last month, US-based crypto exchange [Coinbase announced in September that it was funding a lawsuit brought by six individuals against the Treasury,](#) stating, "the sanctions exceed Treasury's authority...remove privacy and security options for crypto users, and stifle innovation."

Meanwhile, US financial services giants [Charles Scwab, Citadel and Fidelity Digital announced that they would launch a digital asset exchange, called EDX Markets.](#) Paradigm, Sequoia Capital and Virtu Financial are also part of the consortium, with additional market participants expected to partner with EDXM over time, according to the announcement.



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Not to be outdone, it was [reported by The Block during the month that Nasdaq is preparing to launch its own institutional crypto custody service](#). The move is in line with its broader stated mission to be a service provider in the crypto space rather than a trade facilitator.

Japanese bank Nomura, which previously created the Komainu digital asset custody service, said on 21 September that [it had launched a crypto VC unit, called Laser Venture Capital, which will invest in startup categories including DeFi and blockchain infrastructure](#).

In Hong Kong on 23 September, the [SAR government made the long-hoped-for announcement ending over two years of hotel quarantine requirements for inbound travelers](#), a move that can be seen as the first step to the market's recovery and further bolstering its burgeoning digital asset market.

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

Thank you again for your continued support.

Sincerely,

Dave Chapman
Executive Director
BC Group (863 HK)