



Dear Investors,

May was a monumental month for the digital asset industry in Hong Kong and for OSL, and [we are thrilled to announce that we have applied for an uplift to our existing license with the SFC of Hong Kong to facilitate retail trading](#), in line with the new regulatory requirements.

On 23 May, the [SFC published the “Consultation Conclusions on the Proposed Regulatory Requirements for Virtual Asset Trading Platform Operators”](#). In the original February conclusion paper, the SFC discussed several key aspects related to retail access to licensed virtual asset (VA) trading platforms, token admission criteria, compensation arrangements for risks associated with custody of client assets, trading in virtual asset derivatives, implementation details, and transitional arrangements.

Upon receiving positive feedback from the majority of respondents, including OSL, the SFC has concluded that licensed virtual asset (VA) trading platforms **can provide their services to retail investors in Hong Kong**, subject to robust investor protection measures. This decision was made after considering public comments and the potential risks associated with retail investors trading on unregulated platforms overseas. Key aspects of the regulatory requirements include onboarding, governance, disclosure, and token due diligence and admission. Retail investors must also have knowledge of virtual assets before trading, and the SFC will continue to work with the Investor and Financial Education Council to educate investors about virtual assets. The revised proposed regulatory requirements became effective on 1 June 2023.

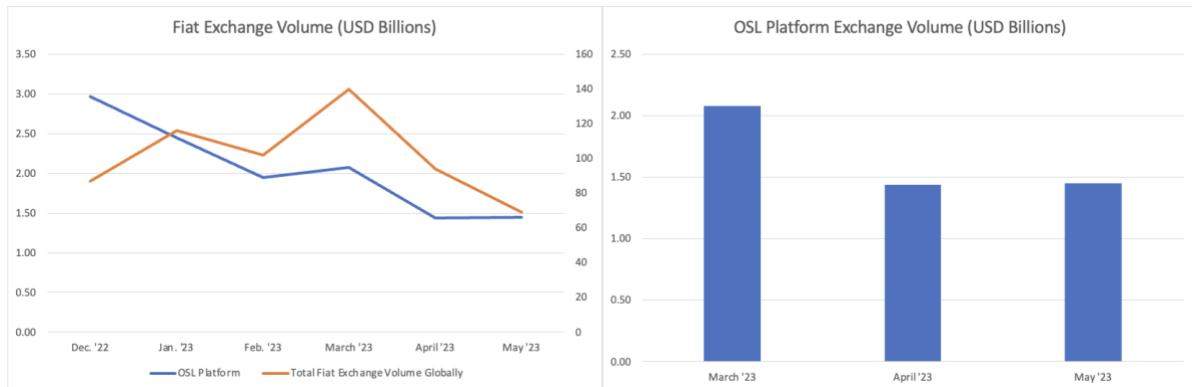
This conclusion further cements the city’s status as a leading crypto hub. The pace of regulatory evolution and overall market developments highlights the strategic relevance of Hong Kong, and we, as the first Type 1 and 7 licensed service provider in Hong Kong, have been at the forefront of these developments.

Additionally in May, we are pleased to announce that OSL Asset Management Limited (“OSLASM”), a wholly owned subsidiary of the Company, [has been granted a license by the Securities and Futures Commission \(“SFC”\) to conduct Types 1, 4 and 9 regulated activities in Hong Kong, and intends to launch its first fund in the coming months.](#)

Globally, the US central bank has announced its biggest interest rate increase in more than two decades as it toughens its fight against fast rising prices. [The Federal Reserve said it was lifting its benchmark interest rate by half a percentage point, to a range of 0.75% to 1% after a smaller rise in March.](#) With US inflation at a 40-year high, further hikes are expected.



Prior months of trading volume for OSL* can be viewed below:



Business updates

Per the above, OSL is delighted to announce that it has applied for an uplift to its existing license with the SFC of Hong Kong to facilitate retail trading.

This application reflects OSL's ongoing commitment to compliance and excellence in the digital asset space, as well as its dedication to expanding access to digital asset trading for all types of investors.

"We are excited about this new chapter in OSL's history. As we continue to navigate the evolving digital assets environment, our priority remains to provide secure, compliant, and innovative services to our clients. This licensing uplift will allow us to extend our world-class digital asset platform to retail investors, providing them with greater access to the dynamic digital asset market," said Ken Lo, Deputy Chairman of BC Group.

Additionally, OSLASM was pleased to announce that it has been granted a license by the SFC to conduct Types 1, 4 and 9 regulated activities in Hong Kong. OSL is in a unique position to employ innovative deal-making, product structuring and distribution as it is one of only two entities currently licensed in Hong Kong to facilitate security token offerings, trading and dealing.

"We are thrilled to have received the Type-9 asset management license, which reflects our commitment to compliance and excellence in the digital asset space. This achievement empowers us to explore new frontiers in blockchain and AI, creating value for our clients and shaping the future of the industry," said Ken Lo, Deputy Chairman of BC Group.

The launch of OSLASM revolves around building a more efficient, transparent, and secure digital asset ecosystem. By combining blockchain and AI, the company seeks to develop innovative solutions to tackle complex challenges and transform the business landscape.



In the news

- May 31, 2023 - I spoke at the Morgan Stanley China Summit on Crypto, AI and Regulation, alongside senior executives from Asian based crypto and finance firms.
- May 30, 2023 - Our Executive Director, Gary Tiu, had the opportunity to engage in an insightful interview with [Sing Tao Daily](#), where he shed light on OSL's leadership in B2B2C services and our continued competitiveness within the industry. We are excited to witness the increasing number of industry players and platforms offering their services, as this surge not only benefits businesses but also brings significant advantages to our retail users.
- May 29, 2023 - Our CEO, Hugh Madden, had the privilege of participating in an exclusive roundtable discussion titled "From Legacy Systems to Web3: Navigating the Digital Transformation Journey for Traditional Finance Institutions." The event, organized by Finoverse and Radical Finance Asia, provided valuable insights into the adoption of web3 technologies within the financial industry.
- May 24, 2023 - OSL was featured in the esteemed [Hong Kong Economic Journal](#). In the interview, our Executive Director & Head of Regulatory Affairs, Gary Tiu, emphasized the significance of new guidelines in the digital asset industry, further showcasing our commitment to compliance and regulatory excellence.
- May 23, 2023 - Our executives, Gary Tiu and Davin Wu, were interviewed by Zhitong Caijing and [Investing.com](#). The insightful conversations highlighted our expertise and shed light on OSL's strategic direction in the ever-evolving digital asset landscape.
- May 22, 2023 - OSL was honored to participate in two impactful events. Firstly, Gary Tiu shared his perspectives on "[Retail Virtual Asset Trading in Hong Kong and its Implications](#)" at an event organized by the Association of Blockchain Development, alongside esteemed industry leaders. Additionally, we extend our gratitude to [Amazon Web Services \(AWS\)](#) for inviting us to the Executive Roundtable - "The Future of Virtual Assets Landscape" at the AWSSummit Hong Kong 2023. Gary delivered a captivating keynote address, sharing invaluable insights with the audience.
- May 19, 2023 - We had the pleasure of hosting the Hong Kong Securities and Investment Institute and students from The University of Hong Kong's EMBA program at OSL. The [visit](#) provided a deeper understanding of the rapidly evolving digital asset industry and showcased the growing significance of digital assets in today's financial landscape.
- May 15, 2023 - Co-organizing the "[Web 2.0 to Web 3.0 World to Hong Kong](#)" event allowed us to facilitate critical discussions on the transformation from the traditional internet to a decentralized blockchain internet. As we push the



boundaries of innovation, we are committed to positioning Hong Kong as a leading hub for blockchain technology.

- May 11, 2023 - We are thrilled to be recognized as one of the early adopters of FIX standards in the crypto industry by [DigFin Group](#). Utilizing the Financial Information eXchange (FIX) protocol enables us to maintain effective communication and uphold transparency in the pre-trade and post-trade processes.
- May 11, 2023 - Hans-Stefan von Hähnisch, our Head of Sales Trading at OSL Singapore, was acknowledged in [Bloomberg](#) for highlighting the reliability and scalability of the Bitcoin network, despite occasional concerns from investors.
- May 11, 2023 - I shared insights on the evolution of digital assets over the past decade at the [FIX Trading Community Asia Pacific Hong Kong Conference](#) panel. This discussion shed light on the transformation of skepticism into increased institutional involvement, paving the way for a thriving and innovative future in the industry.
- May 9, 2023 - We announced the go-live of [OSL Asset Management](#) having obtained Type-1, 4, and 9 asset management licenses in Hong Kong and featured in [Forkast](#). This significant milestone allows us to explore new opportunities at the intersection of AI, blockchain, and Web3 technologies.
- May 8, 2023 - Hans-Stefan von Hähnisch, our Head of Sales Trading, was quoted in a [Bloomberg](#) article discussing the temporary halting of Bitcoin withdrawals by Binance. His insights on the fee mismatch between exchanges and miners added valuable context to the ongoing industry discussions.
- May 8, 2023 - To provide a quick introduction to AI and ChatGPT, we published a free [ChatGPT instructor-led training video](#). This video demonstrates how AI can streamline workflows and improve productivity regardless of industry..
- May 5, 2023 - We had the pleasure of hosting post-graduate students from [HKBU School of Business](#) for a site visit. Our executives and the Hong Kong Securities and Investment Institute engaged in an enriching conversation, sharing experiences and insights into the digital asset industry. We look forward to future collaborations with the next generation of leaders.
- May 5, 2023 - Gary Tiu was featured in the [Financial Times](#). He provided insights on Hong Kong's approach to protecting investors while fostering an attractive environment for digital asset businesses.

Additional digital asset market developments

- [Hong Kong retail investors to start trading major cryptocurrency tokens from June 1 as new virtual-assets regime kicks off.](#)
- [China ramps up digital yuan CBDC usage for securities transactions.](#)
- [Number of ether staked has surged 4.4m since Shapella upgrade.](#)



- [Digital yuan pilot expands to include SME loans.](#)
- [Hong Kong launches e-HKD pilot programme](#), with 16 companies to test digital currency for public use in shops, restaurants.
- [World Bank explores tokenizing infrastructure projects.](#)
- [Gensler: SEC 'Stands Ready to Help' as Crypto Startups Face Wave of Enforcement Actions](#), insists that crypto laws are clear.
- [Franklin Templeton launches second blockchain fund.](#)
- [New York could force crypto firms to refund fraud victims with new legislation.](#)
- [SEC removes proposed definition of 'digital assets' from its final hedge fund rules.](#)
- [FTX Seeks to Claw Back \\$3.9 Billion in Cash, Crypto from Genesis.](#)
- [BNP Paribas China to launch digital yuan CBDC wallet.](#)

As always, the team at BC Technology Group and OSL are available to discuss May's updates.

Thank you again for your continued support.

Sincerely,

Dave Chapman
Executive Director
BC Group (863 HK)

* Total 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 June 2023