



Dear Investors,

September has emerged as a pivotal month in the history of Hong Kong's digital asset landscape. This significance stems from the resounding impact of the [crackdown](#) by the Hong Kong Securities and Futures Commission (SFC) on unregulated players, notably JPEX.

The Hong Kong SFC cracked down on JPEX, an unregulated cryptocurrency exchange embroiled in a [scandal](#) involving an estimated financial fallout of around \$178 million USD. The SFC placed JPEX on its alert list in July 2022 due to evasive behavior from stakeholders and unsatisfactory responses to information requests. The Hong Kong police received over 2,200 complaints from affected users, and employees and affiliates of the allegedly fraudulent exchange were taken into custody for questioning.

This marks a significant turning point as it represents the first time that the SFC has taken such comprehensive measures against unregulated exchanges. The SFC has since taken further steps to enhance [information transparency](#) by publishing lists of licensed, deemed licensed, closing down, and application-pending virtual asset trading platforms (VATPs).

The importance of being a licensed entity in Hong Kong has never been clearer, and OSL stands proudly as the trusted Hong Kong platform with almost 3 years of licensed operating track record, operating under the consolidated reporting structure of a transparent Main Board listed parent in Hong Kong. OSL is uniquely positioned to not only weather the storms of market volatility but also to seize the opportunities that arise as a licensed entity in Hong Kong. Our ability to provide secure, regulated, and innovative solutions to our clients is unparalleled, and we remain committed to delivering the highest levels of service and trustworthiness.

With that said, after receiving our [uplift in retail license](#) in August, September has proven to be yet another active month for OSL with many positive catalysts.

In recent exciting developments, I am proud to share that OSL has achieved SOC 2 Type 2 certification, solidifying our pioneering status as a cutting-edge digital asset platform. Additionally, we have announced our collaboration with Harvest Global to explore potential tokenization related opportunities in Hong Kong. Further on this matter, OSL has entered into a collaboration with Hong Kong Polytechnic University (PolyU Business School, "PBS") to establish the Web 3.0 AI Research Center to support AI tokenization research, fostering innovation in the field. Lastly, Zodia Markets, our JV with Standard Chartered Bank, has received approval-in-principle from the Authority of Abu Dhabi Global Market (ADGM) to operate as a broker-dealer in virtual assets in the UAE.

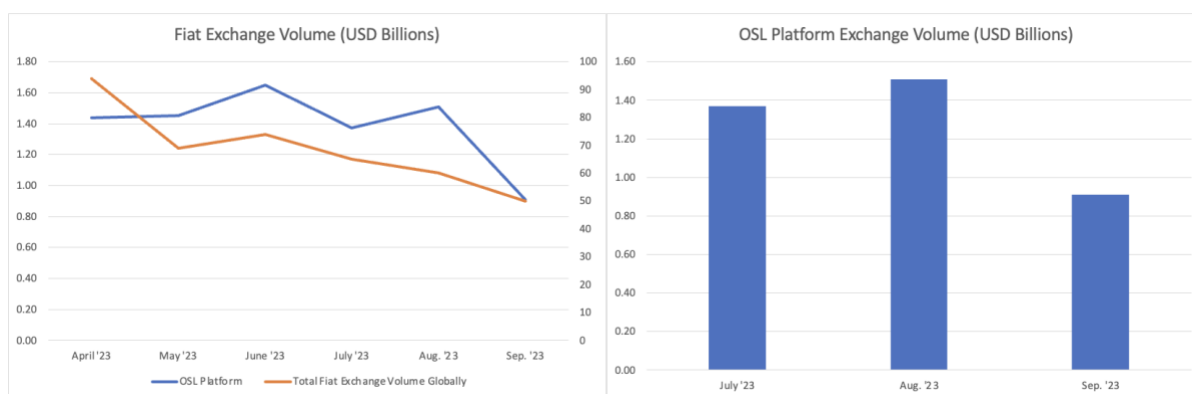
I also wanted to share with you all [that OSL has resolved to submit a new license application with the Monetary Authority of Singapore \("MAS"\)](#). This decision considered the substantial changes in the regulatory landscape in Singapore since the inception of the Payment Services Act 2019 and the original submission of OSLSG's



license application which does not reflect the current market and regulatory landscape. The original license application has therefore been voluntarily withdrawn.

Globally, [Central banks of the world's biggest economies, including the U.S. Federal Reserve, European Central Bank, and the Bank of England, announced their intention to keep interest rates as high as needed to tame inflation. More specifically, The Fed decided not to raise interest rates in September 2023, with projections indicating one more increase this year, followed by two cuts in 2024.](#)

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



Business updates

[On 11 September, OSL and Harvest Global Investments, a leading China-themed active research-driven asset manager, are excited to announce their collaboration to explore potential tokenization related opportunities in Hong Kong.](#) STOs offers a unique and regulated investment vehicle - "Partnering with Harvest Global is a significant milestone for us," said Ken Lo, Deputy Chairman at BC Technology Group. "This strategic alliance allows us to leverage our respective strengths and drive the advancement of tokenization as a new way for investors to invest into traditional investment products with the benefits of the blockchain. With Hong Kong recently opening its doors to retail investors, this collaboration comes at a natural and opportune moment."

[On 20 September, OSL was pleased to announce a collaboration with the PolyU Business School. Together, we are establishing a Web 3.0 research center, focusing on advancements in AI and tokenization.](#) This initiative, among the first in the region, showcases Hong Kong's commitment to contemporary technology and education, aiming to make a positive impact on the Web 3.0 and Artificial Intelligence ("Web 3.0 AI") domains.

[On 22 September, OSL was delighted to announce it had successfully completed a System and Organization Controls \(SOC\) 2 Type 2 audit on its Custody and Automated Trading Service \(ATS\) offerings.](#) The SOC 2 audit was conducted by a Big Four accounting firm, affirming that OSL meets the AICPA Trust Services Criteria relevant to security, availability, and confidentiality. Earning the SOC 2 Type 2



certification underscores OSL's commitment to setting new standards in Digital Asset security and compliance. This accreditation gives institutions, professional and retail investors assurance that OSL subjects its core systems to independent audits based on one of the most rigorous and globally accepted control frameworks.

"Obtaining a SOC 2 Type 2 certification is a major milestone for OSL. While several other digital asset platforms have obtained SOC 2 accreditation, it's worth noting that many of them exclusively extend this accreditation to their Custody services only," said Eugene Tan, Head of Operations at OSL. "As the digital asset industry matures, qualifications like these differentiate the leading digital asset platforms from the rest."

In the news

- 26 September 2023 - In an interview with [Wenweipo](#), Gary Tiu, Executive Director & Head of Regulatory Affairs at OSL, discussed the significance of recent incidents in the digital asset market. He views these events as valuable opportunities for investors to gain insights into the evolving licensing system in Hong Kong, fostering a developmental perspective for the digital assets industry.
- 26 September 2023 - I represented OSL at [The Hong Kong Institute of Bankers' 60th Annual Banking Conference](#). Under the theme "Transforming Finance in an Uncertain Landscape," my esteemed panelists and I explored the growing recognition of digital assets within the banking space. OSL remains committed to providing innovative, regulated solutions to meet rising demand and assisting institutions in integrating digital assets seamlessly.
- 23 September 2023 - In a discussion on a RTHK programme "[Accountability TV](#)", Gary Tiu delved into safeguarding investments against fraudulent activities during application buffer periods. He foresaw this as a catalyst for advancing digital asset regulation in Hong Kong, driving innovation and long-term prosperity.
- 22 September 2023 - OSL achieved [SOC 2 Type 2 certification](#), not only for Custody but also for Automated Trading Services (ATS). This marks a significant milestone in our journey towards a more secure and regulated digital asset market. Responsible regulation is crucial for widespread adoption and a transparent digital future. Eugene Tan, Head of Operations at OSL, provides insights into [the significance of SOC 2 certification](#) and its pivotal role in ensuring the highest standards of security.
- 21 September 2023 - OSL announced a groundbreaking partnership with PolyU Business School, establishing a [Web 3.0 Research Centre](#). Focusing on AI and tokenisation, we aim to lead in the Web 3.0 and AI domains. This initiative underscores our commitment to innovation and education in Hong Kong. The news has also been covered by [HKEJ](#) and [AAStocks](#).



- 21 September 2023 - In an interview on [HKEJ](#) and [881903.com](#) “On a Clear Day”, Gary Tiu, cautioned digital asset investors about lax KYC reviews. However, he notes that this incident is accelerating positive changes in Hong Kong's digital asset industry regulation and compliance, benefiting both the sector and investors.
- 20 September 2023 - Davin Wu, CFO at OSL, emphasised in a recent podcast [“Open Line Open View” from RTHK](#) that Hong Kong's stringent licensing requirements and their role in safeguarding investor funds. These measures ensure that investments align with risk capacity, preventing undue exposure.
- 20 September 2023 - In recent market developments, Gary Tiu spoke to [TVB](#) and [NowTV](#) and emphasised the importance of vigilance when platforms skip account audits or promise high returns. OSL remains committed to providing a trusted and regulated environment for all users.
- 20 September 2023 - Recent developments in Hong Kong's regulatory landscape underscore the need for a compliant approach to digital assets. In our latest insight piece, Gary Tiu published an [insight article](#) to address why adherence to regulations benefits both consumers and industry players.
- 13 September 2023 - OSL was proud to sponsor the venue for an event co-organised by [Hong Kong Rehabilitation Power and Life Mission Social Enterprise Company Limited](#). In today's remote-working world, we believe in fostering a talent-focused, inclusive society and exploring how creativity and innovation can drive positive change.
- 11 September 2023 - [Harvest Global Investments Limited and OSL](#) are joining forces to explore tokenisation opportunities in Hong Kong. This collaboration marks a significant milestone in the digital asset space, with a focus on innovation and finance. This development has been covered by [HKEJ](#) and [Oriental Daily News](#).

Additional digital asset market developments

- Su Zhu arrested in Singapore; Kyle Davies wanted by authorities - [link](#)
- Hong Kong looks to release stablecoin regulations by mid-2024 - [link](#)
- Hong Kong to disclose crypto license applicants - [link](#)
- Hong Kong investigates influencer-backed crypto exchange JPEX - [link](#)
- New York financial watchdog proposes strengthened crypto guidelines - [link](#)
- Citi expands digital asset services with bond custody, tokenized deposits - [link](#)
- Binance.US legal executive, chief risk officer leave the exchange; CZ says Binance.US CEO departed to take a break - [link](#)
- Franklin Templeton joins race to offer US spot bitcoin ETF - [link](#)
- FTX looks to offload billions in crypto - [link](#)
- Standard Chartered-backed Zodia Custody now available in Singapore - [link](#)



- Deutsche Bank partners with Taurus to offer digital asset custody and tokenization services - [link](#)
- G20 moves forward with international crypto framework - [link](#)
- SEC Delays spot bitcoin ETF decision for all applicants including BlackRock, Fidelity - [link](#)
- Cboe's BZX Exchange Files to Launch Ark 21Shares, VanEck Spot Ether ETFs - [link](#)
- Hong Kong expands trial of China's digital yuan to more banks - [link](#)
- LSE Group looks to build blockchain-powered trading venue - [link](#)

As always, the team at BC Technology Group and OSL are available to discuss September'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 October, 2023