

Dear Investors:

While it was expected to be a challenge to outshine the month of August in terms of end of month updates (given in August we secured SFC's approval-in-principle for type 1 and type 7 virtual asset licenses, in addition to announcing our fifth and sixth consecutive quarters of trading volume growth - among other significant updates), our OSL trading platform continued to perform in line with expectations with healthy volumes amidst strong new client onboardings.

Bitcoin (BTC) and Ethereum (ETH) both retreated from their 2020 year-to-date price-highs, with BTC mostly range-bound between US\$10K-11K after hitting a YTD high in August, and ETH dropping over 25% from its YTD high of US\$475 achieved on 1 September as the DeFi boom cooled. However it's worth noting that bitcoin has now maintained an above US\$10K price for longer than any time in its existence. The 65 days-and-counting record is viewed optimistically by some, claiming that it indicates overall strong bullish sentiment for the eleven year-old digital asset.

Key business updates

Pursuant to our receipt of approval-in-principle, we are working tirelessly towards full licensing and remain sanguine on our progress towards this milestone, which will subsequently result in OSL being the only listed, audited, insured and licensed digital asset venue in the world. At the same time, we continue to execute on our business plan, aggressively acquiring new clients and maintaining strong platform volumes.

Per usual, the BC Group and OSL team continue to feature prominently in media and thought leadership commentary:

- OSL CEO Wayne Trench [spoke with Asia Times Financial](#) about what the SFC's Approval-in-Principle means for OSL and BC Technology Group. Wayne also [shared his views on how China will use it's digital currency to help fight financial crime](#).
- BC Group Chief Operating Officer, Philip Pon [discussed how the digital asset sector is attracting talent](#), historically reserved for traditional finance.
- I [stated my opinions on the involvement of brokers and banks](#) in the digital assets industry with prominent crypto news agency Coin Telegraph and [also featured on the "Bitcoin in Asia" podcast](#) where I spoke with Head of Operations at BTC Media, John Riggins about regulatory clarity and the institutional adoption in Digital Assets.
- OSL Head of Distribution and Prime, Matt Long [participated in a Disrupt Network Panel discussion about how to secure best pricing and execution](#) in this quickly evolving space.
- OSL VP Trading, Jonathan Yeung [featured on his weekly-recurring Hong Kong local radio broadcast](#) discussing the state of the digital asset markets, from a trader's perspective (Cantonese-Only)

Finally, one of our innovative white-label SaaS clients, BitPrime [discussed their OTC platform's leading position](#) in the adoption of digital assets in New Zealand

Digital asset market developments

While BTC cooled from its YTD high set back in August, ETH climbed to a new YTD high of US\$475 on September 1st before dropping to around US\$350 at the conclusion of this month.

Meanwhile, NASDAQ-listed Microstrategy doubled down on its conviction with BTC, pouring another US\$175 million of its treasury funds into BTC purchases, bringing its total exposure to US\$425 million and making BTC its primary treasury reserve. “This is not a speculation, nor is it a hedge, this was a deliberate corporate strategy to adopt a bitcoin standard.” [said CEO Michael Saylor](#).

Continued progress on regulatory clarity was made during the month as the EU [presented its comprehensive plan](#) for bloc-wide regulation and ‘passporting’ of digital assets, and the OCC general counsel [penned a letter](#) detailing the OCC view that national banks should be able to hold stablecoin reserves on deposit for customers.

Also on the regulatory front, the Financial Action Task Force (FATF) [issued a report entitled ‘Virtual Assets - Red Flag Indicators of Money Laundering and Terrorist Financing’](#) to assist national authorities in detecting if virtual assets are being used for criminal activity by highlighting technological, geographical, transaction patterns and size, sender / recipient profiles and source of funds.

Additionally, Cambridge University’s Judge Business School [issued its 3rd Global Cryptocurrency Benchmarking Study](#) and the report suggests that the digital asset industry has entered a growth stage despite the notable headwinds the markets have encountered since 2018. Collaborative dialogue and intervention by regulators appear to be supporting the growth of the asset class by providing clarity and harmonization.

Lastly, HSBC’s Head of Data and Digital, Rajeev Tummala [highlighted the bank’s plans for digitized capital markets](#), the potential for democratization of investment from tokenized assets and cited a WEF prediction that tokenized securities markets could reach a market capitalization of 24 trillion by 2027.

Other key market updates from September:

- [Bloomberg released its September 2020 Crypto Outlook entitled, *Bitcoin Better Than Gold?*, which states that bitcoin’s price is as likely as gold’s to keep moving higher](#)
- [UBS published investment research titled *Bitcoin and its siblings, an alternative to safe-haven assets?*, noting that cryptocurrencies have been among the best-performing assets year-to-date, and their correlation to the price of gold has risen](#)
- [The CV VC Global Report, created by CV VC in collaboration with PwC Switzerland, is a new periodical report that highlights technology trends and showcases top global blockchain organizations \(OSL features\).](#)
- [Kraken becomes the first crypto exchange to secure a bank charter under Wyoming state law](#)



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Thank you again for your ongoing support. As always, the team at BC Group and OSL are available to discuss September's updates or to answer any questions you may have.

Sincerely,

Dave Chapman
Executive Director
BC Group (863 HK)