

Dear Investors,

As summer's end approaches, BC Group and OSL saw another eventful month, with the [Group reporting strong digital asset revenue growth in it's interim results](#), and the [DBS digital asset exchange extending its trading hours to 24/7](#).

Other notable digital asset market events include: [Bitcoin again hitting USD50,000](#); Singapore's MAS announcing it would grant its first two crypto licenses (the first to Australian-based [Independent Reserve](#) and the second to [DBS Vickers brokerage](#)); the [successful Ethereum hard fork](#); the [US congress agreeing to a digital asset tax as part of its lauded infrastructure bill](#); and two major hacking incidents occurring, totalling approximately USD700 million in funds stolen.

On 17 August, [BC Technology Group announced its interim results, recording a 54% year-on-year \(YoY\) increase in overall revenues](#). This was driven by another strong half-year by the Group's OSL digital asset platform business, which saw significant growth across all four of its key business units, resulting in a 70% YoY increase in total platform revenues as well as a 70% YoY increase in overall platform volumes. Active clients for OSL digital asset platform also increased by 1,261% compared to the same period the previous year, and verified clients increased 1,128% YoY.

The OSL SaaS business unit, which is a key element of OSL's growth strategy over the next several years, saw marked improvement in the first half of 2021. SaaS trading volume increased 3,029% YoY to HKD4.9 billion, and SaaS revenues were up 32% YoY.

Earlier in the month, China Tonghai Securities initiated research coverage of BC Technology Group with a "Buy" rating. More information about research coverage on BC Group can be found [here](#).

Digital asset markets also saw another month of price volatility as on 22 August Bitcoin reached a three-month high of USD50,000, continuing a steady rise from lows of under USD30,000 in June and July.

Meanwhile, [the much-anticipated "London" hard fork in the Ethereum blockchain was executed successfully](#), lowering network fees (a.k.a. "gas") and re-proportioning miner income to existing token holders - effectively reducing supply. The change in the code paves the way for the often-discussed, yet-to-be implemented Ethereum 2.0, which would theoretically see the network switch from proof-of-work mining to the more egalitarian proof-of-stake model.

Markets reacted to the fork with a surge in alt-coin prices, led by Ethereum, which hit and maintained a USD3,200 level. Total market cap of all digital assets again rose above the USD2 trillion mark in the month.

This was set against the backdrop of the largest hack in digital asset history, when [DeFi peer-to-peer platform Poly Network was fleeced on 10 August of nearly USD610 million, only to have the quasi-whitehat hacker strangely return the vast majority of the funds two days later](#). In a cryptic, libertairan-tinged online post, the hacker stated, "I take the responsibility to expose the vulnerability...I understood the risk of exposing myself even if I don't do evil...I prefer to stay in the dark and save the world." Poly apparently agreed with the hacker, [saying it wouldn't press charges and offered him/her a USD500,000 bug bounty and a job as the exchange's Chief Security Advisor](#).

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Approximately two weeks later, [Japan's Liquid exchange experienced a hack in which USD90 million was stolen](#). The criminal responsible for this incident is apparently less altruistic than the Poly culprit, and has yet to return the funds.

It is truly an inflection point in digital asset history. Regulatory licenses are being granted, comprehensive regulations are increasing in number and being formed in key markets. At the same time, prices are climbing ever higher. All of these factors are contributing to what we at OSL and BC Group see as the inevitable global regulation, adoption and acceptance of the digital asset class by mainstream finance.

## In the news

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

- On August 4, [OSL CEO Wayne Trench appeared live on CNBC to discuss the impact of the US government's discussion around taxing digital assets](#)
- Wayne was also quoted in [Singapore's Straits Times on 5 August on the increasing numbers of registered users on OSL](#)
- The Financial Times referenced OSL on [18 August discussing digital assets in Hong Kong](#)
- On 19 August, [OSL Head of Americas Fernando Martinez was featured in an interview with Mexico's Milenio newspaper](#) (Spanish only, with video)
- OSL Managing Director Kanny Lee joined a webinar with Horangi Cyber Security on [How The New MAS Public Cloud Guidelines Impact You](#) on 12 August
- OSL Head of Distribution and Prime Matt Long joined a panel entitled [Asia Symposium: Panel | Crypto 101 - from Attracting Investment to Launching your Fund](#) at HFM Global Crypto Symposium on 12 August
- OSL Managing Director and Head of Americas Fernando Martinez joined a panel called [US Symposium: Panel | Understanding Trade and Settlement Risk](#) at HFM Global Crypto Symposium on 12 August
- [Forkast News reported on BC Group's interim results on 18 August](#)
- OSL Head of STO Structuring Andrew Loong spoke at the Hong Kong Securities & Futures Employees Union (HKSFUE) [Introduction on STOs](#) on 19 August
- On 24 August, BC Group Executive Director Gary Tiu joined a panel at the [AIMA APAC FMB Webinar: Key Considerations for Setting up a Cryptocurrency Fund](#)
- Also on 24 August, BC Group General Counsel Melody Ma spoke at Simmons & Simmons webinar on [The game-changers: In discussion with DBS, Independent Reserve & OSL](#)

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- OSL hosted a [Digital Asset Investment Webinar](#) on August 24 and Aug 25
  - OSL VP Sales Trader Ling Ling Jiang, and OSL Sales Manager Red Zhao presented in Mandarin
  - OSL VP Sales Trader Kevin Lee, and OSL VP of Sales Chris Wai presented in Cantonese

### **Additional digital asset market developments**

[Investment in the digital asset sector in the first half of 2021 reached USD8.7 billion, driven by increased institutional adoption and the maturation of the industry, according to a KPMG research report](#) released on 12 August. The year-to-date investment total was more than twice the total amount for 2020, the report said.

In APAC news, [both Tencent and Alibaba announced the launch of NFT trading platforms](#). In Hong Kong, [Binance closed its derivatives trading services](#) in an apparent move to be more compliant with the SFC. Additionally, [the Bank of International Settlements Innovation Hub and the Hong Kong Monetary Authority announced that they would team up with Allinfra to explore how to tokenize green bonds to improve sustainable investments](#) (the Group made an investment in Allinfra in the first half of the year).

In the US, Coinbase was in [the headlines yet again when it announced that it would invest up to USD500 million into a portfolio of digital assets](#). It also said that it would allocate 10% of its [quarterly net income digital assets](#), with the allocation determined by the aggregate balances held by its custody clients.

[BitMex agreed to pay up to USD100 million to settle claims from US regulators](#), while [Brian Brooks, a high-profile former regulator, abruptly resigned from his much-publicized position as Binance's US CEO](#).

World-leading institutional investor and ETF pioneer [BlackRock made news this month when it was revealed that the company owns close to USD400 million in Bitcoin mining stocks, and global investment house Fidelity was found to hold close to USD20 million in BTC mining investments](#).

The pace of growth and investment in the digital asset sector continues to accelerate despite global macroeconomic headwinds and a slower than expected recovery from the COVID-19 pandemic.

Future global growth can be expected, particularly in the United States, Europe and APAC, where innovation continues to drive adoption and force the hand of regulators, who must also innovate or risk losing authority over what is very quickly becoming an important and integral element of the financial services ecosystem.

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

Thank you again for your continued support.

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Sincerely,

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