



Dear Investors,

July 2022 marked a month of light volatility in digital assets and traditional markets, punctuated by the shocking assassination of former Japanese Prime Minister Shinzo Abe, lower than expected GDP growth figures in the United States and China, and a .75% rate hike by the Federal Reserve on 27 July.

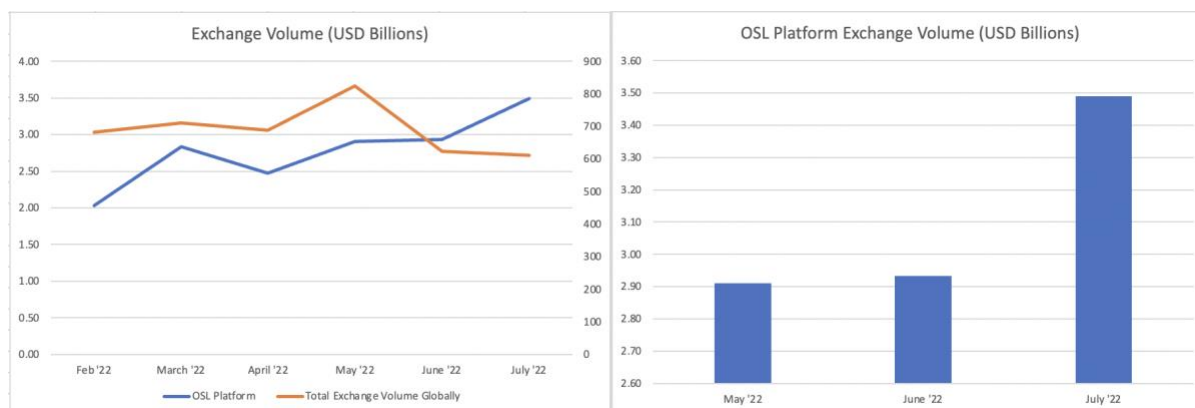
Continuing the trend from the previous month, July also saw product innovation and institutional adoption of digital assets continue unabated.

On 26 July, [OSL Digital Securities Limited \(OSL\) became the first Type 1 SFC-licensed digital asset broker to distribute security tokens to professional investors in Hong Kong](#) in a private security token offering (STO).

Two days later, [Zodia Markets, BC Group's joint partnership with Standard Chartered's SC Ventures in the EU and UK, announced that it had received cryptoasset registration from the UK Financial Conduct Authority \(FCA\)](#) and officially launched its institutional crypto exchange and brokerage in its core markets.

Zodia Markets' registration marks the first time a crypto trading business backed by a leading international bank has been listed by the FCA on the UK's Financial Services Register.

The prior three months of trading volumes for the OSL platform can be viewed below*:



Financial markets saw some volatility but were mostly flat in the lead up to the [Jerome Powell announcement on 27 July that the Federal Reserve would raise interest rates by 0.75%](#), which brought rates to levels not seen since the Paul Volcker era in the the 1980s. Following the announcement, market reaction was fairly muted, with the rate hike seemingly priced in and Chair Powell claiming that the US is not in a recession. Hong Kong followed the US's lead, [raising its base interest rate to 2.75% in the early hours of 28 July](#).

The Fed also said on 27 July that it will offer less 'clear guidance' on rate moves in the near future. Many analysts are therefore predicting a softer landing and smaller rate hikes at the next two Federal reserve sessions in 2022.

Disclaimer: 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 30 July 2022



Crypto markets were mostly range bound during the month, with BTC mostly trading between USD18,000-22,000. ETH saw some volatility on news that the long anticipated

'Ethereum 2.0 Merge' was moving forward, with [the amount of ETH held on exchanges hitting a four-year low](#) on 22 July. Unlike the current Ethereum network, Ethereum 2.0 is a proof-of-stake (PoS) network where validators stake Ethereum to verify the network's integrity. [The merge is expected on 19 September](#), an event which will see the current mainnet merge with the PoS version.

News of the Merge also [boosted Ethereum offshoot Ethereum Classic by as much as 38% in a four day run ending 27 July](#), with altcoins outperforming BTC in a risk rally at the end of the month.

Business updates

As mentioned above, [OSL on 26 July announced its first proof of concept STO in Hong Kong. Participants in the offering included Animoca Brands, Head and Shoulders Financial Group, and others.](#)

The innovative new 'proof of concept' STO opens the door to a new market for the issuance and distribution of tokenized securities through licensed intermediaries in Hong Kong and sets the industry standard for STOs globally.

Each token represents a USD10,000 unit of a bitcoin-linked, coupon-rate USD bond. The bond was issued by a subsidiary of OSL parent company, BC Group, and BC Group also acted as the bond guarantor. The tokens were developed using the Ethereum blockchain, have a three-month tenor and carry a fixed and a bonus coupon linked to bitcoin performance.

OSL provided the end-to-end services for the transaction, acting as the bookrunner, placing agent, fiscal and paying agent, transfer agent, registrar, calculation agent, tokenization technology partner and trading venue.

The Hong Kong Monetary Authority (HKMA) and the SFC issued a joint circular on 28 January 2022, which for the first time allowed registered institutions and licensed corporations to provide digital asset investment services by partnering only with SFC-licensed virtual asset trading platforms.

The circular has again proven its utility in the Hong Kong market with this STO and for OSL as it did with [the prior month's deal with Interactive Brokers in Hong Kong](#). OSL continues to demonstrate its ability to play a central role leading bookbuilds for licensed partner brokers and banks on future STO issuances and other digital asset transactions.

In the news

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



- OSL Head of Singapore Kanny Lee discussed and shared the convergence of SaaS technology in the financial markets at [Global Web3 Eco Innovation Summit 2022](#) on 14 July
- On 19 July, OSL Head of Americas [Fernando Martinez](#) was featured in a [Kitco news article on Bitcoin Benefits in this crypto bear market](#)
- OSL Head of Business Development Australia [Mark Hiriart](#) appeared live on [AusBiz and discussed institutional adoption and regulatory development for digital assets on 22 July](#)
- The OSL security token distribution on 26 July was featured in a number of media outlets, in [English](#) and [Chinese](#)
- Kanny also joined the ASEAN Panel on Decentralized Finance in the [Singapore Blockchain Week 2022](#) on 27 July
- On 28 July [Mark also spoke on a panel at the Australian Blockchain Association](#) and discussed the institutional adoption of digital assets and the upcoming regulatory environment in Australia
- [OSL was featured in media following the Zodia Market's FCA registration](#) on 28 July

Digital asset market developments

Global regulatory clarity continued to increase for digital assets in July. On 3 July, the [Bank for International Settlements announced that it would allow banks to keep 1% of reserves in Bitcoin](#), and Channel News Asia reported on 11 July that the [Financial Stability Board, a G20 watchdog, would propose "robust" global rules for cryptocurrencies in October](#), following recent market turmoil.

The [US Treasury said on 8 July that the digital asset industry needs consistent regulation across nations](#) in a framework delivered to President Biden, and the [ECB issued three reports on crypto regulation on 12 July](#) in what's being seen as an effort to pass digital asset legislation in Europe. Meanwhile, a [change of government in Australia called into question the country's heretofore progressive digital asset regulation](#) and proposed legislation - however many speculate regulation will continue in the country.

On the corporate front, [Christie's launched a venture capital arm focused on tech in art and crypto](#), and [Barclays became the latest major bank to jump into crypto when it took a stake in USD2 billion firm Copper](#).

On 21 July, bitcoin bull [Tesla \(read: Elon Musk\) said in a statement that it had sold about 75% of its BTC holdings](#) in order to add USD936 million to its balance sheet. Also in July, [the SEC announced that it was investigating Coinbase over its coin listings, classifying nine tokens as securities](#) following accusations of insider trading at the digital asset company.

Should you have any questions or if you would like to discuss the July updates please feel free to reach out directly at ir@bc.group.



THE TRUSTED
DIGITAL ASSET
PLATFORM



Thank you again for your continued support.

Sincerely,

Dave Chapman

Executive Director
BC Group (863 HK)