



Dear Investors,

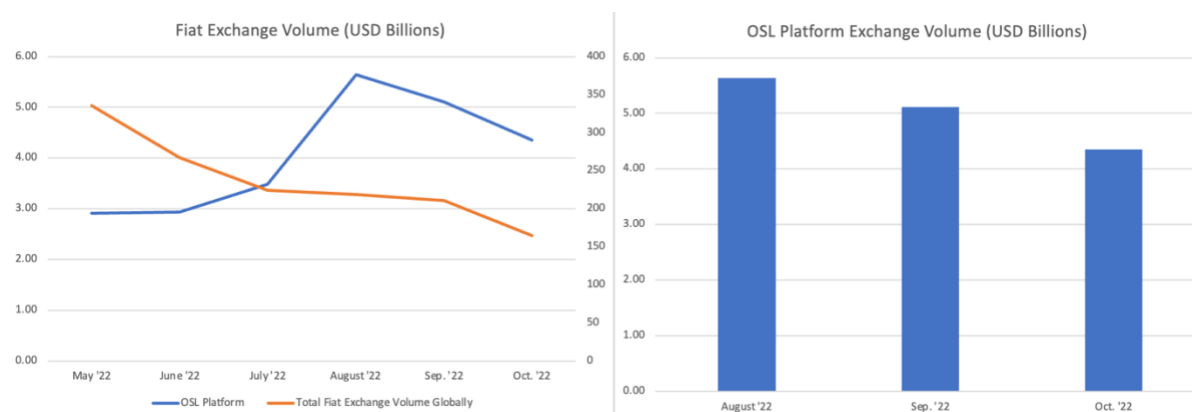
October was another eventful month in digital assets and for BC Group and OSL. The main news of the month came on 31 October in Hong Kong when the [Securities and Futures Commission \(SFC\) and the Financial Services and Treasury Bureau \(FSTB\) announced during Hong Kong Fintech Week that they would allow legal digital asset retail trading, including ETFs and STOs](#) under its licensing regime.

BC Group's released a statement in support of the announcement, an excerpt of which is below:

The move to open digital asset trading and digital asset-linked exchange-traded products to the retail market is a positive catalyst for the licensed OSL digital asset platform business. OSL is well-placed to service the significant retail opportunity in Hong Kong by leveraging its scalable software-as-a-service and inter-connectivity with licensed brokers, banks and intermediaries.

The full statement, which is authored by BC Group Executive Director and Head of Regulatory Affairs Gary Tiu, is available [here](#).

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



Bitcoin and ethereum prices stayed relatively flat throughout the month, with [BTC mostly range bound between USD19,000-20,000](#) and [ETH dipping at one point below USD1,200, but spending most of the month around USD1,300](#) before rallying to about USD1,600 at month end.

This relative stability has occurred during levels of high volatility in equities and market indices, indicating [what could be a decoupling from a previous correlation to traditional markets](#). On 26 October [Bank of America strategists pointed to BTC's growing correlation with gold as a signal that it is becoming a safe haven asset](#).

Also making news during the month, the United States' oldest bank, [BNY Mellon, made waves when it announced that it had launched a digital asset custody service in the US](#).



Across the pond, [the brief and tumultuous Liz Truss saga ended when the now former-PM resigned on 21 October amid the gilts/mini-budget scandal](#), paving the way for previous front-runner [Rishi Sunak to return to the fold and claim the government's top position on 25 October](#). Sunak is known for having a [pro-crypto regulation stance](#).

Closer to home in Mainland China, [the 20th National Congress of the CCP formally closed on 22 October](#), with President Xi Jinping delivering a strong message on anti-corruption and military and defense, and [a new leadership lineup unveiled a day later](#). Some experts, [including Tron founder Justin Sun](#), have predicted that with the government in place, China will shift from its restrictive policy stance on cryptocurrencies.

Business updates

In a milestone for regulated digital assets providers in Asia, [OSL SaaS partner Altex announced on 10 October that it had received a license](#) to conduct digital asset exchange, brokerage, custody and coin offering services from the Financial Regulator Commission of Mongolia.

Hidden Road, a global credit network for institutional investors, on 13 October announced the public launch of its global OTC prime brokerage for digital assets, [with OSL named as a top-25 global liquidity provider for its platform](#).

OSL also participated in a global industry report published by Structured Retail Products in October entitled, [Tales From the Crypto: Digital Assets in the Structured Products Market](#), providing commentary and viewpoints on the development of the digital asset ecosystem.

Daiwa Securities, in a recent analyst report, also updated its rating of BC Technology Group stock to a “buy” rating, citing regulatory clarity provided by the Hong Kong government and its ambitions to become a regional crypto hub for Asia, and expressing the view that incumbents like BC Group and OSL have an advantage in this situation.

In the news

OSL executives and BC Group senior leadership appeared in well-known media and market events in October:

- Gary shared his thoughts on the development of the virtual asset regulatory landscape at the [SFC Compliance Forum 2022](#) on 14 October
- Also on 14 October, [Protocol Fintech newsletter quoted OSL Head of North America Business Development and Institutional Sales Jeff Howard](#) on institutional adoption of digital assets in the wake of the BNY Mellon custody announcement news
- On 17 October, Gary also joined as a panelist at [Investment Promotion Week](#) organized by InvestHK, where he discussed the latest trends in digital asset investment



- On 18 October Gary, along with OSL Digital Securities Head of Sales Ryan Miller joined a [BritCham webinar entitled “Cryptocurrencies: What Lies Ahead?”](#)
- Jeff was also quoted on 21 October in an [article by Blockworks on the impact of the November US midterm elections on crypto regulations](#)
- OSL Head of Business Development for Australia, [Mark Hiriati, spoke on the “Hot DAM \(digital asset market\)” panel at the Brisbane Junior Chamber of Commerce on 26 October](#)
- I spoke on a panel called the Future of Exchanges, in [Hong Kong FinTech Week 2022](#) on 31 October
- OSL Global Head of Execution Services and Head of OSL DS Jean-David Péquignot shared his thoughts on the Global Crypto Market from a macro point of view in Hong Kong FinTech Week 2022 on the Standard Chartered Stage on October 31
- [Gary was featured in a Bloomberg article](#) previewing the Hong Kong Fintech Week announcements by the SFC/FSTB

Additional digital asset market developments

On 13 October, the [Financial Accounting Standards Board \(FASB\) said that companies should apply fair value accounting for crypto asset holdings](#). According to some in the market, this will encourage more companies to put bitcoin on their balance sheets.

In regulatory and compliance arena, it was reported on 19 October [that the government of Japan plans to further loosen cryptocurrency rules by making it easier to list tokens](#), potentially attracting more international exchanges to the market, while [the EU financial services chief called on the United States to create new crypto rules](#).

From a product point of view, search [Google Cloud said on 11 October, that it would accept crypto payments](#) while [SBI and Securitize announced they would collaborate on a tokenized bond issuance in Singapore](#), and [JP Morgan stated that it would tokenize euro deposits in the near future](#).

Not to be outdone by BNY Mellon, [it was reported on 17 October that French banking giant Société Générale’s digital asset division had won registration from France’s AMF](#) authority to provide cryptocurrency and custody and trading services. On the same day, payments network [MasterCard announced that it is launching a program to assist financial institutions to offer cryptocurrency trading to its clients](#).

Meanwhile, [Fidelity Digital Assets announced that it will begin offering ETH to institutional customers beginning 28 October](#).



THE TRUSTED
DIGITAL ASSET
PLATFORM



In a sign pointing to the ongoing momentum of digital asset adoption, CoinDesk reported that a research report by Chainalysis released on 20 October entitled, “[2022 Geography of Cryptocurrency, found that crypto adoption slowed considerably since the beginning of the bear market during the summer, but still remained higher than pre-bull market levels up to and including the first quarter of 2022.](#)”

The team at BC Technology Group and OSL are always available to discuss October’s updates or answer any questions.

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 November 2022