



Dear Investors,

As we wrap up this eventful year, we wanted to take a moment to extend our warmest holiday greetings to you and your loved ones. May this festive season and New Year bring you joy, peace, and memorable moments with family and friends. I also want to extend my personal gratitude for all your unwavering support throughout the year.

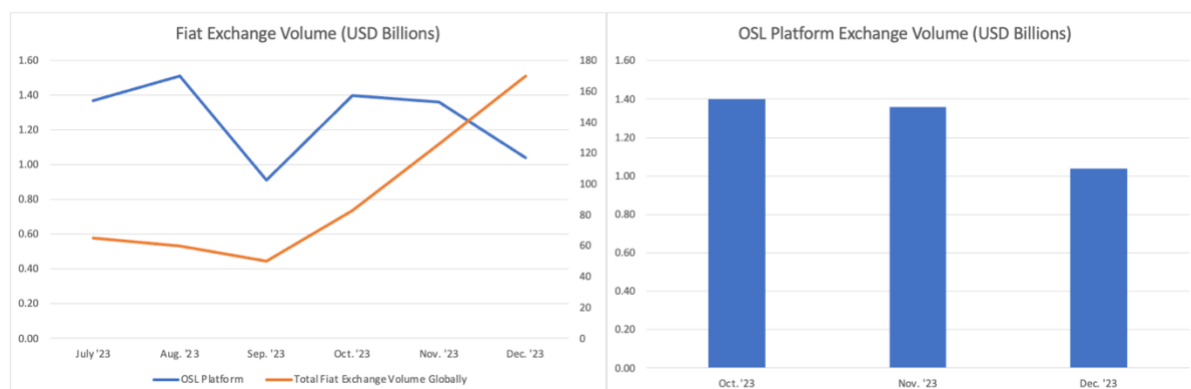
In exciting news, [Hong Kong's securities regulator has published a circular setting out requirements for the approval of spot Bitcoin ETFs](#) in Hong Kong, encompassing both "in-kind" and "cash-based" models. This development expands the spectrum of investment choices within the cryptocurrency market and positions Hong Kong's spot Bitcoin ETF as a more optimistic endeavour compared to its US counterpart. Importantly, for the regulated digital asset operators like OSL, the new Circular requires spot crypto ETFs to trade and safekeep the funds' digital assets via Hong Kong licensed venues, and to rely on Hong Kong licensed intermediaries for the share creation and redemption processes. With these requirements in place, the whole value chain that underlies these spot crypto ETF products – from product listing to secondary market trading, and from investment discretion to trade execution, asset safekeeping, and share creation and redemption – will be based in Hong Kong and under the strict regulatory oversight of the Hong Kong securities regulator.

This operating model demonstrates the immensely valuable mutual leverage between the new regulated digital asset infrastructure and the traditional financial ecosystem to bring innovative product solutions to the market. This not only benefits first-mover regulated digital asset operators like OSL, but will also bring a flood of new business opportunities to other licensed intermediaries who can support these product innovations. And, ultimately, we expect to see more choices and better protection for investors, as they can increasingly look to their most trusted regulated financial institutions to service their digital asset investment needs.

As we embark on the journey into 2024, we are thrilled and invigorated by the overwhelmingly positive sentiment surrounding the digital asset market. This new year presents us with boundless opportunities, and we couldn't be more excited. What adds to our excitement is the strategic advantage we're gaining through our recently announced share subscription from BGX, scheduled to be voted on by shareholders imminently. With this robust support, OSL is exceptionally well-positioned to seize these opportunities and lead the charge in the ever-evolving landscape of digital assets.



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



Business updates

I am pleased to inform you that BC Technology Group has been included in the Index of Betashares Crypto Innovators ETF (ASX: CRYP) during its December rebalance. Betashares Crypto Innovators ETF is renowned for its commitment to tracking the performance of leading companies in the crypto sector. BC Technology Group's inclusion in this ETF is a testament to its strong fundamentals and consistent contributions to the cryptocurrency ecosystem.

On 19 December, OSL and Mulana IM announced a [strategic partnership](#) to collaborate on compliant solutions for digital assets. Within the framework of this strategic alliance, OSL and Mulana IM have established a collaborative introducing broker model. This model empowers OSL to facilitate direct trading of digital assets for professional investors introduced by Mulana IM, providing a secure and efficient platform to navigate the intricacies of the digital asset market. OSL will serve as an exchange and custody partner for digital assets funds managed under Mulana IM, ensuring a secure and compliant environment for fund activities.

In the news

- 28 Dec 2023 - As we look ahead to 2024, it is with great anticipation and excitement that I share [our predictions](#) for the upcoming year in digital finance. 2024 promises to be a year of remarkable innovation and growth within our industry. At OSL, we are fortunate to have a dedicated team of digital asset specialists, including myself, Board Advisor Wayne Trench, and COO Onno Sterk, who have shared their insights and predictions.
- 23 Dec 2023 - In a significant development outlined in the "Joint circular on intermediaries' virtual asset-related activities" by the SFC, there is potential for the region's very first BTC or ETH spot ETF. Gary Tiu, our Executive Director and Head of Regulatory Affairs, has provided insights to [Hong Kong Economic Journal](#) for featuring this landmark development. We welcome the SFC's decision and underscore the importance of ensuring that ETF asset custodians are either licensed digital asset platforms in Hong Kong or recognized financial institutions.



- 21 Dec 2023 - We are honoured to receive the "[Best Digital Asset Trading Platform Award](#)" at the Hong Kong Web3.0 Annual Award Ceremony. OSL, as a pioneer in digital asset trading, remains steadfast in developing accessible, efficient, and regulated trading solutions that cater to the needs of both institutional and retail investors.
- 19 Dec 2023 - We are excited to announce a strategic partnership with [Mulana IM](#), marking a significant step towards providing robust and efficient solutions tailored for professional investors in the realm of digital finance. Our partnership is set to chart a course into a new era of financial technology.
- 18 Dec 2023 - We extend our gratitude to [HK01](#) for featuring our CFO, Davin Wu, at the recent Big Demo Day Annual Summary forum. Davin Wu's insights shed light on the potential for Hong Kong's regulatory framework to play a pivotal role in the adoption of stablecoins as key currencies in international trade among various nations.
- 12 Dec 2023 - We would like to express our appreciation to [KPMG China](#) for hosting an insightful event where Gary Tiu, Executive Director and Head of Regulatory Affairs from OSL served as the keynote speaker and participated in a panel discussion with Deacons and KPMG. The event highlighted the growing trend of STOs and the importance of staying ahead and aligned with industry dynamics.

Additional digital asset market developments

- Industry leaders see Hong Kong as next bitcoin ETF hub amid US approval anticipation - [link](#)
- Hong Kong proposes licenses should be required for stablecoin issuers - [link](#)
- BlackRock's proposed spot bitcoin ETF gets a ticker in latest S-1 filing with SEC - [link](#)
- Prosecutors say they will not pursue second Sam Bankman-Fried trial - [link](#)
- Three Arrows Founders' \$1 Billion in Assets Frozen by Court - [link](#)
- FTX files reorganisation plan to end bankruptcy - [link](#)
- Mt. Gox reportedly starts repaying some creditors via PayPal - [link](#)
- MicroStrategy's bitcoin holdings top \$8 billion with latest purchase - [link](#)
- CME bitcoin options open interest reaches all-time high - [link](#)
- Hong Kong weighs more digital green bond sales - [link](#)
- China uses digital RMB for gold, iron cross border payments - [link](#)
- UK introduces new regulations for its Digital Securities Sandbox - [link](#)
- Montenegro plans to extradite fallen crypto tycoon Do Kwon to U.S. - [link](#)

As always, the team at BC Technology Group and OSL are available to discuss December'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 January, 2024