# Newsletter

July 2022

火币科技
Huobi Tech
1611.HK

一站式数字资产服务平台

ALL IN ONE PLATFORM ALL FOR DIGITAL ASSETS

## Company News

### Huobi Tech Brokerage OTC’s Trading Volume Exceeds US$500 Million

In July 2022, **Huobi Technology Holdings Limited (“Huobi Tech”**, stock code:1611.HK) announced that the accumulated volume of Brokerage OTC (over-the-counter) block trading has exceeded US$ 500 million so far this year. Since the launch of the business, the Brokerage team has always adhered to the principles of professionalism and security, and continued to iterate and develop products to enhance the service experience of clients.

After over half a year of development, the Brokerage OTC business has provided an excellent user experience and gained popularity from institutional and high-net-worth clients. It currently supports block trading of multiple major cryptocurrencies, stablecoins and fiat currencies without charging transaction fees. It provides online RFQ trading, offline real-time inquiry and API automated trading with professional account managers and real-time one-on-one service.

### Huobi Tech’s Subsidiary Obtained MSB License in the U.S. To Further Accelerate Compliance Progress

On 5 July 2022, Huobi Tech announced that its subsidiary HBIT INC has successfully obtained a Money Services Business (MSB) registration from the Financial Crimes Enforcement Network (FinCEN) in the United States (US). This is another important progress in the compliance process of Huobi Tech, which lays a good compliance foundation for the company to carry out digital currency-related business in the US in the future, further realizing the strategic goal of globalization and compliance.

## Industry Updates

In July 2022, the quantitative tightening implemented by the Federal Reserve Bank of US and other central banks, in addition to the liquidation of margined trades have contributed significantly to both the stock and crypto bear market.

According to **Morgan Stanley’s** report launched in July, the “intense phase” of deleveraging in crypto market appears to be over, while demand from retail investors is improving; meanwhile, crypto market has bounced back in recent weeks as investors anticipate that the Ethereum (ETH) merging upgrade is to commence on Sep 19.

As of August 1, the total market capitalization of cryptocurrencies was back at US$1 trillion, up about 29% MoM, according to *CoinMarketCap* data.

- **Traditional institutions are riding the momentum of blockchain technology to improve operation efficiency for clients**

- The long-term promising attitude toward the value, has driven traditional institutions pushing for collaboration with crypto domain, shown in July as previous. According to *CoinDesk*, **French Bank BNP Paribas (BNP)**, a major global custodian with almost $13 trillion in assets under custody, has entered the crypto custody space via partnerships with crypto custody firms Metaco and Fireblocks. At the same time, **United Arab Emirates’s RAKBank** has announced the partnership with crypto exchange Kraken, that in near future they would allow residents trade in virtual assets in dirhams via their local bank accounts, as reported by *Gulfnews.com*. **EY**, one of the world’s four largest accounting firms, has launched a ETH-based product for clients, to help them manage their carbon footprints and satisfy environmental, social and governance (ESG) mandates, which their carbon tracking prototype builds on the firm’s existing supply chain traceability product suite. Also in July, Hong Kong-based crypto exchange **OSL** has distributed security tokens in a private security token offering (STO), along with Animoca Brands and other four traditional financial institutions.

- **The development of Central Bank Digital Currency (CBDC) projects is globally accelerated**

- According to *Coingeek*, the **Central Bank of Korea (BOK)** has launched the next phase of CBDC development to conduct real-world tests, and would work with 10 commercial banks to test the interoperability between CBDC and IT systems. The **US** Treasury has delivered the statement for *Framework for International Engagement on Digital Assets*, stating that US must continue working with international partners on standards for the development of digital payment architecture and CBDCs, to reduce payment inefficiencies and ensure that any new payment system would be consistent with US values and legal requirements, as reported by the *Reuters*. *Finextra.com* reported that, **the Bank of France** is accelerating its CBDC retail program, and the central bank hopes to have central bank money available as a settlement asset as early as 2023.

- **Policymakers are shaping a well-rounded regulatory landscape to protect investors**

- In the west, numerous international organizations and countries plan to issue legislation to regulate this new asset class, given the potential problems caused by market volatility. According to *CoinDesk*, **European Union (EU)** have struck a deal on legislation called "Markets in Crypto Assets (MiCA)" to regulate crypto assets and service providers throughout the 27 member nations, in which it requires crypto issuers to publish a kind of technical manifesto called "white paper", to register with the authorities and to keep proper bank-style reserves for stablecoins. Similarly, the **Financial Stability Board (FSB)** plans to present recommendations for regulating stablecoins and other cryptocurrencies to G20 in October this year, in regard to the fast-evolving crypto assets that has highlighted their intrinsic volatility, structural vulnerabilities and the issue of their increasing interconnectedness with the traditional financial system. This media also reported, the **US** Treasury has also been inviting the public to comment on the president Joe Biden's digital assets executive order by Aug 8, which helps to come up with new rules for the cryptocurrency.

- As for the use of digital assets, increasing numbers of countries and regions have set up guidance mechanisms with an enlightened attitude. According to the *CoinMarketCap*, in early July, **The Bank for International Settlements (BIS)** Committee on Banking Supervision (BCBS) proposed that banks are allowed to hold up to 1% of their reserve in cryptocurrencies like Bitcoin (BTC). As reported by the *Reuters*, Nadhim Zahawi, the chancellor of the Exchequer in the **United Kingdom (UK)**, said the *Financial Services and Markets Bill* will be introduced, in which the rules for using stablecoins for payment will be included.

- In the APAC, as reported by *Bitcoin.com*, **Hong Kong** government has pass the first and second readings of the *Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill* 2022 (the Bill) in early July, designing to regulate the virtual assets market, in which the bill includes a new licensing regime for virtual asset trading platforms that they would have to obtain a license from the Hong Kong Securities and Futures Commission (SFC) and fulfill a number of requirements. In addition, at a meeting of G20 financial officials, **Hong Kong Monetary Authority (HKMA)** Chief Executive Eddie Yu said that greater supervision on stablecoins would help prevent risks in the decentralized finance (DeFi) sector, and he also said that DeFi would not disappear anytime soon and may become an important technology to focus on future innovation in the financial sector, *Beincrypto* reported. As reported by *CoinDesk*, the **Monetary Authority of Singapore (MAS)** responded affirmatively to the parliament that MAS was "carefully considering" the introduction of additional investor protection measures. Among the actions under consideration are limiting retail participation and governing the use of leverage on crypto transactions, as reported by *The Register*. According to *Decrypt*, authorities of **South Korea** are conducting a year-long investigation into how Bitcoin prices are generally higher on South Korean crypto exchanges than in Europe and the US (a phenomenon known as the "kimchi premium"), which includes a probe into 2 trillion won ($1.5 billion) in foreign remittances.

** Note: The terms "virtual assets", "digital assets" and "crypto assets" mentioned above may vary from region to region, but they actually have the same concept.*

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## About Huobi Tech

**Huobi Technology Holdings Limited ( "Huobi Tech" , Stock Code: 1611.HK)** is a leading one-stop digital asset service platform. We are committed to leading traditional finance into the world of digital assets, with professional, compliant, secure, and efficient services. Currently, the company services cover cloud-based services, data center services, SaaS, virtual asset management, trust & custody, OTC, lending, trading platform and strategic investment..

Huobi Tech has a strong point of view about the importance of compliance. We have been actively applying for several virtual asset and finance-related licenses in major global markets. Up to now, Huobi Tech' s subsidiaries have successfully obtained: (i) approval from the Securities and Futures Commission of Hong Kong to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities and to manage portfolios that invest 100% in virtual assets; (ii) registered as a Trust or Company Service Provider ( "TCSP" ) License (Hong Kong) and registered as a Trust Company in Hong Kong; and (iii) registered the Money Services Business (MSB) from the Financial Crimes Enforcement Network (FinCEN) in the United States. At the same time, Huobi Tech' s subsidiary is actively applying for the Type 1 (Dealing in Securities) and Type 7 (Providing Automated Trading Services) regulated activities licenses under the Securities and Futures Ordinance to be issued by HKSFC, with a view to conducting as a compliant virtual asset trading platform in Hong Kong.

## Investor Inquiry

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