

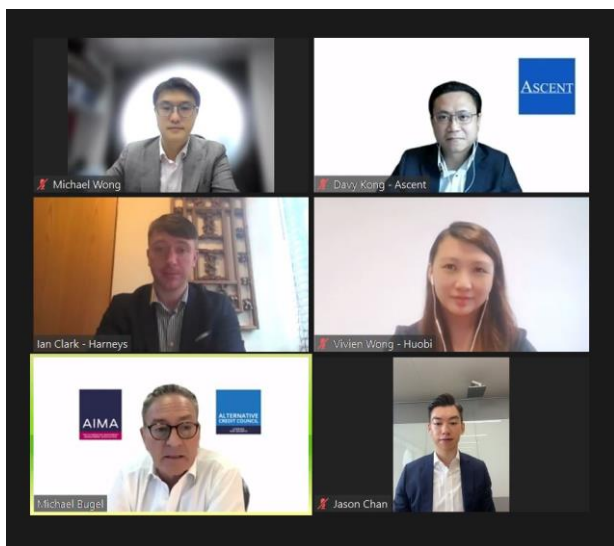
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ALL IN ONE PLATFORM ALL FOR DIGITAL ASSETS

Company News

Regulation and Compliance are Keys to Increasing Public Acceptance of Virtual Assets

On September 22nd, 2022, Vivien Wong, General Manager of Huobi Asset Management (Hong Kong) Limited ("Huobi Tech AM") - the subsidiary of Huobi Technology Holdings Limited ("Huobi Tech", stock code:1611.HK), was featured by the Alternative Investment Management Association ("AIMA") as a panelist for the webinar "APAC Fund Manager Briefing: Setting Up Crypto Funds – Practical and Regulatory Considerations". During the webinar, she shared her views about the opportunities and challenges of setting up crypto funds.



Vivien stated, getting a license for virtual asset investment is already a big trend for asset managers. In Hong Kong, in contrast to a typical Type 9 (Asset Management) license holders, a virtual asset manager with its Type 9 license uplifted would be expected to have sufficient experience and capabilities in handling both crypto investments and asset management functions in a highly regulated manner. In addition, she also emphasized the importance of

regulation and compliance in the virtual asset space, "Regulations serve as a safeguard for the public with the aim of ensuring a stable and sound ecosystem with sufficient investor protection, and compliance is in fact beneficial and a strategic advantage for properly licensed crypto firms".

Regulated Virtual Asset Funds Will Add Value to the Investment Portfolio

On September 29th, 2022, Davy Yuen, Head of Sales from Huobi Tech AM, attended the seminar “New Asset Management: How to Tackle Invest-maggedon?” in Hong Kong and shared his wise views, which included why digital assets are becoming integral parts of portfolios, what are the key considerations when investing into digital assets, and how investors can allocate their portfolios into digital assets. It is worthy to tell that, he also talked about the much-watched regulated digital asset funds, on how it adds values to an investor’ s portfolio.



Industry Updates

In September 2022, both equity and crypto markets generally came under pressure as the Federal Reserve announced its decision to raise interest rates by 75 basis points, increasing uncertainty about global economic growth. In addition to the macro economy, a landmark in crypto economic world appeared. The Merge of Ethereum (ETH) was finally completed in mid-September, which means ETH has officially moved from Proof of Work(PoW) to Proof of Stake(PoS).

➤ Trad-Fi rapidly enters the ranks of digital assets services

- As reported by *Straits Times*, Singapore-based **DBS Bank** announced an expansion of its crypto trading services for wealth customers, and about 100,000 eligible customers will be able to trade BTC, BCH, ETH and XRP. According to *Blockworks.co*, the **Nasdaq Exchange** is preparing for its crypto custodian service, which, if approved by the New York Department of Financial Services(NYDFS), Nasdaq will become a custodian of crypto assets, in direct competition with crypto giants such as Coinbase and BitGo. *Bitcoin.com* stated, **BlackRock**, the asset management giant, has planned to launch a Metaverse ETF “The iShares Future Metaverse Tech and Communications” , which will track those firms

with exposure to the Metaverse. *CoinDesk* reported that, **Franklin Templeton**, another asset management giant, has announced the partnership with Eaglebrook Advisors to offer two digital asset separately managed account (SMA) strategies, which would target for US investors and be launched in mid-October.

➤ **Various regional schemes of Central Bank Digital Currency (CBDC) are advanced in its process**

- According to *CoinDesk*, **Hong Kong Monetary Authority (HKMA)** has planned to start trials of its CBDC “e-HKD” in the fourth quarter this year. At the same time, the government of **Iran** announced it would launch the CBDC and begin testing its “e-Riya” program, which it believes will provide more power to local governments over the country’ s currency and more options for financial players, *Bolnews* reported. The central banks of **Israel, Norway and Sweden** have teamed up with the **Bank for International Settlements (BIS)** to explore how CBDC can be used for international retail and remittance payments, and this project named “icebreaker” will have a final report in the Q1 2023 as expected, *CoinDesk* reported.

➤ **The regulators propose to approach and treat digital asset with caution**

- In the west, **US Commodity Futures Trading Commission (CFTC)** Chairman Rostin Behnam said in the late September that CFTC-led regulation could have significant benefits for the crypto industry, including a potential boost to the price of BTC. Besides, **US Treasury Department** published a “request for comment” , listing over 20 questions and asking the general public to explain whether it has “comprehensively defined the illicit financing risks” tied to crypto, and noting that various federal officials would create a “coordinated action plan” to address the possible national security risks posed by digital assets, as reported by *CoinDesk*. The **European Union (EU)** has finalized the full text of its landmark Markets in Crypto Assets (MiCA) legislation, and which once passed into law, issuers of crypto assets will be required to publish white papers containing technical roadmaps, for registering with the authorities, and stablecoin issuers are required to hold capital that should be prudently managed, as reported by *CoinDesk*.

- In the APAC, Sopnendu Mohanty, Chief Fintech Officer of the **Monetary Authority of Singapore (MAS)**, said MAS would crack down on cryptocurrency speculation, noting that many of the projects advertised in Token2049 Singapore did not mention issues related to risk, and MAS needs to let the market know that the asset class is not suitable for retail investors, *Bloomberg* reports. Lee Bok Hyeun, governor of **South Korea's Financial Supervisory Service (FSS)**, said that to eliminate International Financial Reporting Standards (IFRS) appeared in the process of interpretation and application of accounting uncertainty, they plan set out accounting standards related to virtual assets, pharmaceutical and biotechnology. There are ongoing discussions on accounting standards for virtual assets, which are currently being presented in the notes to the financial statements and may be conducted in the form of enhanced disclosure, *News 1* reported. The government of **India** planned to finalize its position on the legality of cryptocurrencies by February to March 2023, complying with the Financial Action Task Force (FATF) by May, *Bitcoin.com* reported. The **Thailand's Securities and Exchange Commission (SEC)** has imposed stricter rules on crypto advertising since September 1st, which the new restrictions prohibit the inclusion of false or exaggerated information about crypto companies, such as inflated user numbers, and include a requirement to add clear risk warnings about investing in crypto. In addition, Thailand SEC also announced to prohibit domestic cryptocurrency entities from providing staking and lending services to clients, aiming to protect traders and the public from risks related to such activities.

** 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; (iii) registered the Money Services Business (MSB) from the Financial Crimes Enforcement Network (FinCEN) in the United States; and (iv) registered the MSB from the Money Services Business (MSB) Registration License from the Financial Transactions and Reports Analysis Centre (FINTRAC) of Canada. 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 HKSF, with a view to conducting as a compliant virtual asset trading platform in Hong Kong.

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