Newsletter Feb. 2025

新火科技 SINOHOPE

幫助每一個企業安全、便捷地使用數字資產

HELP EVERY ENTERPRISE USE
DIGITAL ASSETS SAFELY AND EASILY

Company News

SINOHOPE Trust announced to fully upgrade its bank account system to provide new digital asset custody services to institutional investors

On February 7, SINOHOPE announced that Sinohope Trust (the wholly-owned subsidiary of SINOHOPE) has comprehensively upgraded its bank account system and can provide institutional investors with convenient, fast and cost-effective fiat currency custody services of the same name. It supports multiple currencies such as US dollars, Hong Kong dollars, Singapore dollars, etc., making it convenient for various funds and asset management institutions to open legal currency accounts and meet the requirements of fund audits.

It is well known that Sinohope Trust holds the Hong Kong Trust and Company Service Provider (TCSP) license and can provide regulated digital asset custody services in Hong Kong.

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Industry Updates

Industry Updates

In February 2025, the cryptocurrency market experienced sharp fluctuations and adjustments, and the overall performance was in sharp contrast to January.

After hitting a record high of $109,588 in January, bitcoin took a sharp turn in February, briefly falling below $80,000 to its lowest level since November 10, 2024, and down nearly 40% from its January peak. The Bitcoin ETF experienced a record $3.3 billion outflow in February, which in part exacerbated the decline in bitcoin prices. Since the launch of the ETF, the price of bitcoin has risen by more than 70%, and some investors have chosen to lock in profits, leading to increased selling pressure in the market.

ETH is similarly underperforming. In February, Bybit was affected by the theft of $1.5 billion worth of ether coins by hackers, investor confidence was frustrated, and the price of ETH continued to fall, once close to $2,000. Standard Chartered bank has significantly lowered its year-end price forecast for ETH from $10,000 to $4,000.

At the macro policy level, Trump's support for cryptocurrency after taking office was obviously insufficient, and market expectations were disappointed. So far, he has not mentioned any policy support for cryptocurrencies, and some favorable policies previously promised have not been fulfilled. Lawmakers in the U.S. South Dakota legislature delayed a vote that would have allowed the state to invest in bitcoin, effectively killing the bill, which also negatively impacted market sentiment. This policy vacuum has further depressed market sentiment. At the same time, the hype related to the "TRUMP" token not only did not bring positive effects, but triggered the drying up of market liquidity, further aggravating the pressure on the cryptocurrency market.

In terms of macro economy, the market has deepened concerns about the US macro policy expectations, and the tariff policy of the new US administration has brought greater uncertainty to the US economy, which has led to a decline in the global capital market and also affected the cryptocurrency market.

In addition, the collective dive of the crypto market is synchronized with the decline of risk assets, which is related to the adjustment of investors' expectations for the US macro and technology stocks. The major adjustment in the US stock market due to the AI narrative triggered by DeepSeek has led to the revaluation of the value of relevant technology stocks, and the ripple effect has spread to the cryptocurrency market. Under the deterioration of the overall market sentiment towards risk assets, cryptocurrencies, as high-risk assets, are difficult to stay out of harm's way.

The top 30 cryptocurrencies by market capitalization all posted negative returns in February, while the top three losers were DOGE (-41.35%), SOL (-38.69%), and AVAX (-38.48%). The S&P Cryptocurrency BDM Ex-MegaCap Index, which reflects Altcoin performance other than BTC and ETH, fell 26.97 percent, while the S&P Cryptocurrency DeFi Index, which reflects the decentralized sector, fell 23.44 percent.

Overall, in February 2025, the cryptocurrency market showed sharp fluctuations and an overall downward trend under the influence of multiple factors such as changes in policy expectations, capital outflows and macroeconomic concerns. The shift in market risk appetite and the uncertainty of regulatory policies make the future trend of the cryptocurrency market full of challenges and variables, and investors need to pay close attention to policy dynamics and market changes.

Crypto News

More than $1.5 billion in Bybit were stolen in an ETH Multi-sign wallet transfer attack

On the evening of February 21, the crypto exchange-Bybit was hacked, the scale of the attack was huge, and more than 400,000 ETH and stETH with a total asset value of more than $1.5 billion (about 10.8 billion RMB) were transferred to unknown addresses.

According to DefiLlama statistics, Bybit's stolen assets of more than $1.5 billion in assets is the largest security incident in the history of cryptocurrencies, accounting for about 15% of all security incidents stolen in the history of cryptocurrencies. On February 26, Bybit co-founder and CEO Ben Zhou posted a forensic report on the X platform by Sygnia and Verichains on the X platform, which revealed that the stolen funds was caused by a vulnerability in the Safe infrastructure.

The US SEC announced that it has lifted the civil enforcement action against Coinbase

According to market news, the US Securities and Exchange Commission (SEC) announced that it has lifted the civil enforcement action against Coinbase (COIN.O). The case dates back to June 2023 (two years after Coinbase went public), when the US Securities and Exchange Commission sued Coinbase, accusing Coinbase of violating US securities laws by merging the three usually separate functions of brokers, exchanges and clearing agencies.

Infini was stolen for more than $49 million

On February 24, the Web3 credit card and financial management project Infini was stolen, and funds worth $49.5 million flowed out of the Morpho MEVCapital Usual USDC Vault. According to blockchain security agency CertiK Alert, the attack involved suspicious fund transfers in unverified contracts, and the recipient address began with "0x3ac", which took away about $49.5 million in one fell swoop.

On February 27, the "Infini theft" case was officially filed in Hong Kong.

For the first time, Hong Kong investment immigrants recognized Bitcoin and Ethereum as proof of assets

On February 8, Hong Kong accountant Yaohe Xiao said that on February 7, 2025, a client used Ethereum worth HK $30 million as asset proof to apply for investment immigration to Invest Hong Kong has been approved. In October 2024, a client who used Bitcoin as proof of assets was also approved, making it the first case in Hong Kong to apply for investment immigration using cryptocurrency as an asset.

Yaohe Xiao he told Wu Blockchain that specifically, Hong Kong applicants for investment immigration need to prove that they hold HK $30 million in assets, and then invest HK $30 million in Hong Kong within six months, mainly in stocks in the past. It is uncertain whether investing in cryptocurrency ETFs or investing directly in cryptocurrencies will meet the criteria. The visa is initially issued for two years and then needs to be renewed by 2-2-3 multi-signature to ensure that the appropriate investment assets are still held before permanent status can be granted.

Dubai Approves USDC and EURC as Recognized Stablecoins in Dubai International Financial Center

The Dubai Financial Services Authority (DFSA) has approved Circle and USDC and EURC as recognized stablecoins in the Dubai International Financial Center (DIFC). Circle said in a statement that with this approval, financial institutions and fintech companies operating in DIFC can integrate USDC and EURC into digital asset services, payments, fund management and a range of financial applications.

Giant Moves

Franklin Templeton launches Bitcoin and Ethereum index ETFs

On February 21, Franklin Templeton announced the launch of an exchange-traded fund (ETF) that holds both spot Bitcoin and Ethereum. Franklin Crypto Index ETF (EZPZ) is the second cryptocurrency index ETF to enter the U.S. market. Previously, asset management company Hashdex launched the Nasdaq Crypto Index US ETF (NCIQ) on February 14.

The EZPZ fund holds a basket of assets referenced by the U.S. CF Institutional Digital Asset Index. As of February 20, the index only tracks Bitcoin and Ethereum. According to CF Benchmarks data, as of February 20, the asset composition of the market value-weighted index was approximately 87% BTC and 13% ETH. Franklin Templeton plans that EZPZ will hold more cryptocurrencies in the future, and as the index expands, it will eventually provide a "one-stop" crypto portfolio for U.S. investors.

Kraken and Crypto.com plan to launch their own stablecoins to meet new European regulations

Affected by new European regulations, crypto service providers need to remove unlicensed stablecoins. Kraken is developing a dollar-pegged stablecoin and plans to issue it through its Irish subsidiary. At the same time, Crypto.com plans to launch its own stablecoin in the third quarter of 2025 and expand to the European market.

Strategy plans to issue $2 billion in convertible senior notes to increase its holdings of Bitcoin

On February 19, Bitcoin finance company Strategy (formerly MicroStrategy) announced plans to issue $2 billion in convertible senior notes with an interest rate of 0%. Strategy intends to use the proceeds from this offering for general corporate purposes, including the acquisition of Bitcoin.

Unless repurchased, redeemed or converted earlier, the notes will mature on March 1, 2030. Strategy will settle the conversion in cash, Class A common stock, or both. Strategy also plans to grant initial purchasers the option to purchase up to $300 million in additional notes within five business days of the issuance.

Crypto custodian BitGo adds OTC business and considers IPO

Crypto custodian BitGo Inc. has launched a global digital asset over-the-counter (OTC) business as it plans to go public. The expansion comes as demand for cryptocurrencies grows among institutional investors, such as hedge funds.

BitGo, one of the largest digital asset custodians in the United States, helps investors store their digital assets. The company is considering an initial public offering (IPO), according to people familiar with the matter earlier.

Tether announces strategic acquisition of minority stake in Juventus Football Club

On February 14, Tether announced the strategic acquisition of a minority stake in Juventus Football Club, one of the world's most successful and iconic football clubs. This investment aims to promote Tether's future investment portfolio into the sports industry. This acquisition is also an important milestone in Tether's goal of integrating stablecoins, digital assets and people-oriented technologies into daily life, and is also the basis for Tether's previous initiatives to cooperate with professional sports clubs.

Nasdaq submits CoinShares LTC ETF and XRP ETF trading applications

On February 10, Nasdaq submitted CoinShares LTC ETF and XRP ETF listing and trading applications. It is reported that Nasdaq has submitted Form 19b-4, which refers to a rule change proposal submitted to the U.S. Securities and Exchange Commission (SEC), usually submitted by exchanges (such as NYSE or Nasdaq) to list new financial products (such as ETFs).

Regulatory Update

In the West

SEC: Memecoin is not a security, and investors need to bear their own risk

On February 28, the SEC's Division of Corporate Finance Regulation issued guidance on memecoins, stating that they are not securities, but rather similar to collectibles. The department believes that transactions regarding memecoins described in the guidance do not involve the offering and sale of securities under the federal securities laws. As a result, individuals involved in the offering and sale of memecoins are not required to register their transactions with the Commission under the Securities Act of 1933, nor are they required to comply with the registration exemption provisions of the Securities Act. As a result, memecoin buyers or holders are not protected by the federal securities laws.

Georgia proposes second Bitcoin reserve bill, intends to allow the state to invest in Bitcoin without limit

On February 24, Georgia, USA proposed the second Bitcoin reserve bill (SB 228), allowing the state to invest in Bitcoin without limit without any investment restrictions.

Montana House of Representatives Rejects Bitcoin Reserve Bill

The Montana House of Representatives voted against a proposed bill on February 22 that had proposed Bitcoin as a state reserve asset. The bill proposed the establishment of a special revenue account to invest in precious metals, stablecoins, and digital assets with a market value of more than $750 billion.

Currently, only Bitcoin meets this standard. The bill was opposed by several Republican lawmakers, who believed that it would allow the State Investment Committee to over-speculate with taxpayer funds and the risk was too high. Supporters believe that if the bill is not passed, the state government will lose the opportunity to increase its return on funds. At present, the bill has been basically shelved, and if it is to be re-proposed in the future, it will need to be submitted to the legislature for review again.

Ukrainian government plans to legalize cryptocurrencies by this summer

On February 11, senior Ukrainian MP Danylo Hetmantsev said that Kyiv is expected to "legalize" cryptocurrencies by this summer, and the main text of the relevant bill is fully prepared. Hetmantsev is the chairman of the Finance, Taxation and Customs Policy Committee of the Verkhovna Rada of Ukraine.

The MPs are still discussing several issues, including how regulators and law enforcement officers can apply the "financial monitoring" method to cryptocurrency transactions. In addition, the bill's designers must complete tax-related matters before the draft bill is sent to the Rada.

In the East

Hong Kong to issue second policy statement on virtual assets

Hong Kong Financial Secretary Paul Chan announced in the 2025-26 Budget that he will issue the second policy statement on the development of virtual assets to explore how to combine the advantages of traditional financial services with technological innovation in the field of virtual assets, and improve the security and flexibility of real economic activities. It will also encourage local and international companies to explore the innovation and application of virtual asset technology.

Paul Chan reiterated that the government will consult on the licensing system for virtual asset over-the-counter trading and custody services within the year. In terms of stablecoin regulation, the Hong Kong government has submitted a draft bill to the Legislative Council. After the bill is passed, the HKMA will review the license application as soon as possible.

Japan's Financial Services Agency plans to treat crypto assets as financial products similar to securities, implement tax cuts and approve ETFs

Japan's Financial Services Agency has begun to consider positioning crypto assets (virtual currencies) as financial products similar to securities, with the aim of requiring companies to disclose more detailed information to protect investors. At present, the Financial Services Agency is holding closed-door research meetings with experts to review the adequacy of the current regulation of virtual currencies.

It is reported that Japan's Financial Services Agency has begun to design a system, will be published in June this year, the system reform policy, and this autumn after discussion in the financial system committee in the 2026 regular Diet session to revise the law.

The new system also aims to lift the ban on "bitcoin spot ETFs" and potentially reduce the current 55 percent tax rate to 20 percent, the same as the tax rate on financial income, in order to both protect investors and revitalize the market. An important question raised going forward is whether the target is all crypto assets, or limited to those already approved as ETFs in the United States, such as Bitcoin and Ethereum.

South Korea's Financial Supervisory Service plans to establish a self-regulatory mechanism for the crypto industry this year

South Korea's financial authorities are introducing self-regulatory regulations on virtual asset disclosure this year. Currently, the second phase of the bill regulating the disclosure and issuance of virtual assets is under discussion, and the policy is to implement self-regulation and minimize regulatory loopholes. In addition, it plans to refer to overseas regulatory cases, including the development of the virtual asset industry, to support the development of the second phase of the bill.

The Financial Supervisory Service (FSS) announced in its 2025 work plan that it will establish a self-regulatory mechanism for virtual asset disclosure.

The Virtual Asset User Protection Act, which came into effect last July, focuses on investor protection, including banning unfair trading practices. The second phase of the bill, which is still under discussion, includes a market discipline regime for the disclosure and issuance of virtual assets.

* 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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Disclaimer

About SINOHOPE

Sinohope Technology Holdings Limited (1611.HK) serves as an all-in-one digital asset custody platform, committed to help every enterprise use digital assets safely and easily. Adhering to the principles of "Secure, Compliant, Professional and All-in-one", SINOHOPE provides easy-to-use services, covering MPC self-custody, OTC Desk, digital asset custody and virtual asset management. SINOHOPE understands the importance of compliance. We have been actively applying for various virtual asset and finance-related licenses in major global markets. Up to now, SINOHOPE’s subsidiaries have successfully obtained: (i) approval from the Securities and Futures Commission of Hong Kong to conduct Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities and to manage portfolios that invest 100% in virtual assets; (ii) obtained 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

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