

领先的一站式虚拟资产服务平台

Leading One-Stop Virtual Asset Service Platform

Newsletter February 2022



Company News

Crypto Market Integrity Coalition Established, Huobi Tech as the Only Asian Founding Member

On Feb 8, 2022, **Huobi Technology Holdings Limited** (“**Huobi Tech**” , stock code: 1611.HK) announced the launch of the Crypto Market Integrity Coalition (“**CMIC**”), an industry-defining collaboration of industry institutions focused on combating market abuse and manipulation to support the cultivation of a fair digital asset marketplace, jointly with 17 other leading crypto firms like Coinbase, among which Huobi Tech is only one of the founding coalition members in Asia area.

Huobi Tech Launched the “Digital Collection Value Indexes” , Ready to Lay Out the Metaverse and NFT

In January 2022, Huobi Tech launched the 2021 White Paper on Metaverse Industry Development, and released its own “Digital Collection Value Indexes” (“**Indexes**”), planning to lay out the Metaverse and NFT businesses. Among the white paper, the indexes are classified into three types: international, domestic and comprehensive, reflecting the total market sales volume of digital collection projects in different regional dimensions.

Industry Updates

In February 2022, the tension between Russia and Ukraine sent markets spinning toward hedging assets. Virtual assets and stocks experienced fluctuations due to the tensions comparing golds and crude oil. However, as a novel investment category, the above do not affect the enthusiasm for adoption from institutional investors. The report released by

Deutsche bank also reveals, fewer than half of the investors and traders surveyed would reduce the investments or leave the market entirely even if the prices of cryptocurrencies fell 80%. Compared with the short-term fluctuations, positive factors of virtual assets are still more attractive for the market.

➤ **Increasing numbers of large companies and exchanges have incorporated virtual assets into development strategies.**

- The Canadian branch of audit giant **KPMG** made its first allocation of Bitcoin and Ethereum into its corporate treasury, while **Bulgarian Stock Exchange (BSE)** launched eight Exchange-Traded Notes (ETN) based on Bitcoin and Ethereum, which investors can invest in virtual assets without setting up or owning the crypto wallet or private key. Meanwhile, **Fidelity** has launched the physical Bitcoin Exchange-Traded Product (ETP), which will track the price of Bitcoin, and now the ETP is listed on the Deutsche Börse. It is also said that the largest asset management firm **BlackRock** is planning to launch the crypto dealing service through its platform "Aladdin" for their clients. **South Korea's Kookmin Bank** is planning to release a crypto exchange-traded fund (ETF) and future products, and now they are waiting for the government's approval. **Circle**, the backer of stable coin USDC, has negotiated a new deal with Concord Acquisition Corp., a special purpose acquisition company (SPAC), and planned to go public in NYSE under "CND" stock code with a valuation of USD9 billion.

➤ **The concept of the Metaverse continues to boom around the world**

- During this month, Hong Kong's first Metaverse Concept ETF, launched by **CSOP Asset Management**, was listed on Hong Kong Stock Exchange on Feb 21, which covers 46 Metaverse-related stocks with an initial investment of USD9 million. U.S. largest bank **J.P. Morgan** launched a paper on Metaverse, introducing the business opportunities around among the corporates in this industry. In addition, it also opened "Onyx Lounge", so-called the virtual lounge in the blockchain game Decentraland, fully showing its confidence in entering the Metaverse.

➤ **Several organizations take different views on Central Bank Digital Currency (CBDC)**

- The European Commission, the executive branch of the **European Union (UN)**, is planning to propose a bill on Digital Euro in 2023, and consultations on the legislation will take place in the coming weeks. **Jamaica** will roll out the Jamaican Digital Dollar by the first quarter, to reduce the country's cost of financial transactions. Meanwhile, the **International Monetary Fund (IMF)** released a report on its study of CBDCs in six countries, noting that CBDCs are still in their early stage, with problems and obstacles remaining to solve.

➤ **Further clarity on policies lights up the market**

- **In the west, United Arab Emirates'** Securities and Commodities Authority (SCA), is preparing for the final phase of the virtual assets service provider (VASP) license regime, wishing to attract more crypto firms' entry. **Russia's** Ministry of Finance has introduced a bill for cryptocurrencies to the parliament, aiming to continue prohibiting cryptocurrency as a way of payment, while allowing citizens to trade with cryptocurrency under the permission and KYC checks. However, prior to this, the central bank of Russia has opposed the regulation and would rather see cryptocurrency trading and mining banned. **Italy** has published new anti-money laundering (AML) rules for crypto firms, outlining the registration and reporting requirements for VASPs, which aligns with the European Union's fifth AML directive and the Financial Action Task Force (FATF) guidelines for crypto firms. **South Africa** plans to finalize the financial law amendments in 2022, in which aims to bring VASPs into the scope of accountable institutions. In addition, as for the Russian sanction, **U.S.** Treasury Department added cryptocurrency rules to Russian sanctions guidance, to ban U.S. citizens from providing any support to Russian person or entities, while **European Central Bank (ECB)** has appealed for the approval of the Markets in Crypto Assets (MiCA) legislation, implying it could prevent Russia from evading the sanctions.
- **In the APAC area, Hong Kong** is taking step to promote the local compliance process of virtual assets. Before the CNY, Hong Kong Securities and Futures Commission (SFC) and Hong Kong Monetary Authority (HKMA) has published a circular on intermediaries' virtual asset-related activities. The circular declares that the virtual assets derivative funds

traded on the regulated exchange specified by SFC are authorized or approved for offering to retail investors, while other products are considered as complex exchange-traded derivatives, which should only be provided for professional investors. In addition, SFC and HKMA will prepare to allow intermediaries licensed with Type 1 (dealing in securities) to provide virtual asset dealing services, requiring them to partner only with SFC-licensed virtual asset trading platforms. The Advertising Standards Council of **India** has released guidelines for virtual asset-related advertisements, requiring all related ads to include a specific disclaimer, which will be applicable after Apr 1. **South Korea's** Statistics Bureau is about to include virtual assets in its annual survey of household assets, to consider related tax arrangements.

About Huobi Tech

Huobi Technology Holdings Limited (“**Huobi Tech**” , Stock Code: 1611.HK) was listed on the Main Board of the Stock Exchange of Hong Kong Limited in November 2016. Actively developing the blockchain ecosystem and virtual asset ecosystem, Huobi Tech is committed to becoming the leading one-stop compliant virtual asset service platform. Huobi Tech currently offers data centre services, cloud-based services, SaaS, virtual asset management, custody, trust, lending and other related services.

At the same time, Huobi Tech is applying for virtual asset and finance-related licenses in major markets around the world. Up to now, Huobi Tech’ s subsidiaries have successfully obtained the approval to conduct Type 4 (Advising on Securities) and Type 9 (Asset Management) regulated activities from The Securities and Futures Commission of Hong Kong, registered as a Trust Company in Hong Kong with the Trust or Company Service Provider License (Hong Kong) and the Retail Trust Company License (Nevada USA).

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