

领先的一站式虚拟资产服务平台

Leading One-Stop Virtual Asset Service Platform

Newsletter

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Company News

Huobi Tech' s Subsidiary and China Communications and Transportation Association Logistics Investment and Financing Branch Reach a Strategic Cooperation to Maximize the Synergy

In June 2022, a subsidiary of **Huobi Technology Holdings Limited** (“**Huobi Tech**” , stock code: 1611.HK), has formally entered into a strategic cooperation with the Logistics Investment and Financing Branch of China Communications and Transportation Association, in which both parties will fully integrate their resources and advantages to jointly explore and promote the application and development of blockchain-related technologies and maximize the synergy. The friendly collaboration between the two parties in the blockchain field will extend to multi-dimensional strategic cooperation, including financing, mergers & acquisitions, technology application development, early-stage incubation, etc.

Huobi Tech Capital: Metaverse is on the Eve of an Explosion and NFT is Hampered by Liquidity

In June 2022, Huobi Tech Capital, the strategic investment and M&A division of Huobi Tech, issued a research report titled “Current Situation and Future of crypto Asset Market” in June 2022. Combined with the new development of the blockchain industry since 2021, the report divides the crypto assets industry into five major infrastructures and 18 segments aiming at the Web 3.0 world. The report analyses the current situation of DeFi, NFT, GameFi, DAO and other key sectors, and makes forecasts for the development trends.

Huobi Tech: Timely Arrangement and Entry for Blockchain Ecosystem

On 7 June 2022, Ms. Mandy Liu, the Vice President, Investor Relations of Huobi Tech, attended as the keynote speaker in the theme forum “Metaverse, NFT and Web 3.0: Ecosystem and Relevant Developments” hosted by the Association of Family Office in Asia and co-organized by InvestHK and FintechHK, to share her insightful views on the blockchain ecosystem and its development prospects.

Mandy stated that, “The most obvious features of Web 3.0 are openness, privacy, co-construction, and the pursuit of value creation and transmission on the basis of democracy and openness. It is also dependent on the decentralized virtual assets ecosystem, and it is difficult to separate the view from it. From the perspective of investment cycles such as capital creation and transference, actually, these traditional institutions need to ensure the compliance and safety of their own funds when entering in the virtual assets space.” With global regulators being even clearer on the business operations, taxation and accounting standards in virtual assets, it will bring more positive catalysts for institutions to enter this field.

Industry Updates

In June 2022, the market experienced significant volatility due to liquidity mismatches in digital assets world. It is also a time that some countries have taken a big step towards policy introduction and regulatory tightening.

➤ The pluralism of the digital currency market is broadening further

- According to the latest report by **Accenture**, digital assets now make up 7% of Asian investors’ portfolios, and this makes it a “top-five asset class” among Asian investors. The report also shows that, 52% of investors held digital assets in the first quarter of 2022, and this data is expected to rise further to 73% by the end of 2022. In the meantime, according to the *Cointelegraph*, the number of Bitcoin (BTC) under **Coinbase Custody** for institutional clients rose by 296% since Q4 2020, showcasing the most investors decided to “HODL” onto their investments despite BTC price being down well over 50% from its all-time highs, as shown by the data on *CryptoQuant*.

- Investment exposure showed the diversifications in the market. As reported by *CityAM*, the Short BTC Strategy ETF launched by **ProShare** has been listed on NASDAQ on 21 June 2022, and is designed to give investors a way to profit from the decline in the price of the flagship cryptocurrency, with an expense ratio of 0.95%. According to the *CoinDesk*, **Goldman Sachs** executed its first Ethereum (ETH) non-deliverable forward, offering institutional investors indirect exposure to the cryptocurrency. Besides, as reported by *CryptoPotato*, **Sequoia Capital** announced to launch two new funds through Sequoia India and Sequoia Southeast, with total amount of US\$2.85 billion that will further expand into the Web3.0 sector, in addition to its continued focus on SaaS and Fintech.

- **American Express** has partnered with digital asset service firm Abra to launch a “cryptocurrency Credit Card” , which will allow cardholders to earn cryptocurrencies on purchases and receive rewards from any of the more than 100 cryptocurrencies supported on Abra's platform without paying an annual fee or offshore transaction fee, *Fortune* reported. According to *Blockworks*, **KPMG**'s US and Canada businesses have launched a collaboration hub in the metaverse as it seeks to help clients develop strategies within the space, and the firm is currently testing Web3.0 capabilities to regulators. According to *SCMP*, **Meta** is to launch a metaverse pilot in Hong Kong, by working with local partners to explore potential uses of the metaverse in daily life.

- **The development of Central Bank Digital Currency (CBDC) projects is getting more positive**
 - According to *Reuters*, the **Hong Kong Monetary Authority** (HKMA), the **Bank of Israel** (BoI) and the **Innovation Collaboration Room of the Bank for International Settlements** (BIS) have teamed up to test possible retail use of the CBDC, with the study scheduled to start in the third quarter of this year and to be published by the end of the year. According to *Blockworks*, the **International Monetary Fund** (IMF) released its “*Digital Currencies and Energy Consumption*” study that states countries should consider energy consumption and avoid PoW mechanisms when developing CBDC.

➤ **Policies bring about a positive catalyst for the orderly development of the industry**

- In the west, **EU** has reached a provisional agreement on anti-money laundering rules for cryptocurrencies that would spur crypto firms to check their customers' identities, *Reuters* reported. **US** senators Kirsten Gillibrand and Cynthia Lummis introduced the *Responsible Financial Innovation Act*, which will create a complete regulatory framework for digital assets. The bill benefits the Commodity Futures Trading Commission (CFTC) as a regulator and eliminates tax concerns for users buying goods using cryptocurrencies; At the same time, the bill defines the area between crypto securities and commodities, allows crypto firms to test new products in a limited size and duration, and requires firms that raise money through digital asset sales to disclose specific information to the US Securities and Exchange Commission (SEC), as reported by *CoinDesk*. The New York Department of Financial Services (NYDFS) released its first guidance on stablecoins, and listed in the state of operation of any issuer must comply with the requirements, which puts forward the stablecoins traded should be fully supported by certain assets, with these assets separated from issuer's operating fund, and also be certified periodically by auditors.
- As for building a friendly operating environment, **Britain** will begin live testing of crypto blockchain technology for traditional market activities such as trading and settlement of stocks and bonds next year as part of a drive to become a global "crypto hub", *Reuters* reported. Meanwhile, the country will launch a financial market infrastructure "sandbox" next year for testing DLT projects under control of regulators. According to the *Wall Street Journal*, **Bermuda** is developing a clear regulatory framework to attract more cryptocurrency projects and firms, and the Bermuda Monetary Authority stated that it has licensed 14 crypto firms, including 4 firms approved in 2022.

- In the APAC, as reported by *Coingeek*, **South Korea** is launching a Digital Assets Committee that will oversee all policy formulation and supervision for digital assets. **Japan** passed the stablecoin bill that clarified the legal status of stablecoins, defining them essentially as digital money, as reported by *Bloomberg*. In addition, stablecoins must be linked to the yen or another legal tender and guarantee holders the right to redeem them at face value, *Bloomberg* reported. In June, **Singapore** Monetary Authority (MAS) has issued in-principle approvals to three more crypto firms which provide digital payment token services, including Crypto.com, Genesis and Sparrow Exchange.

** 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 HKSF, with a view to conducting as a compliant virtual asset trading platform in Hong Kong.

IR Enquiries



Email: ir@huobitech.com



Tel: +852 3616 0815



Twitter: @huobitech



LinkedIn: www.linkedin.com/company/huobi-tech



Website: <https://www.huobitech.com/index/investor/index/pid/28>



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