

# 领先的一站式虚拟资产服务平台

Leading One-Stop Virtual Asset Service Platform

**Newsletter** March 2022



## Company News

### Huobi Tech Discusses the Prospect of 2022 Global Regulatory Landscape

On Mar 23, 2022, **Huobi Technology Holdings Limited** (“**Huobi Tech**”, stock code: 1611.HK) Compliance Director Elaine Sun was invited to attend EmergentX Digital Asset Virtual Summit 2022 and shared insights during the panel discussion “how should market participants best position themselves for regulatory change and innovation”.

Given the growing market size and the influence of the virtual assets, Elaine said that the most urgent task for global regulators is to set up a clear regulatory regime for the industry. Thereout, Huobi Tech will align with Crypto Market Integrity Coalition (CMIC) and the industry to boost friendly communication with regulatory authorities and strengthen their confidence in the industry. When talking about the speed-up of institutional investors' entry, Elaine stated that licensed Virtual Asset Service Providers (VASPs) have the first-mover advantage. Meanwhile, it can also be seen that the regulators are willing to expand the industry's development possibilities within the controllable risks. Looking forward, Huobi Tech will continue to develop its virtual asset ecosystem with strategies of compliance-driven and business-diversified, expecting to cooperate with institutional investors in the market.

### Huobi Tech Officially Launches OTC Trading in Virtual Assets

On Mar 3, 2022, Huobi Tech announced the launch of its over-the-counter (OTC) trading service for virtual assets. With competitive prices, it aims to meet the market demand for block trade of digital assets.

Huobi Brokerage, a new business of Huobi Tech, provides compliant, safe, and institutional-grade brokerage services for institutions and high-net-worth clients. Its OTC trading service in virtual assets offers fast, compliant and secure virtual asset block trading services while ensuring minimal impact on market liquidity. It also supports block trading among popular cryptocurrencies, stablecoins and fiat currencies. At present, the US dollar trading service has been launched, and fiat currencies such as Euro, British pound, and Hong Kong dollar will be available in the near future.

## Industry Updates

In March 2022, along with the slight remission of the international tensions and Ethereum's upcoming proof of stake (PoS) mechanism becoming the market's focus, virtual assets market trend has gradually increased, and the overall market value broke through the \$2 trillion mark in late March. The regulatory landscape is a window to observe the market trend. Seen from the continuous entry of traditional institutions and the diversification of market products, it is obvious that the progress of regulation will continue to bring catalysts for the industry.

### ➤ Another wave of milestones for the traditional financial institutions

- As can be predicted from the recent milestones, cooperation with large crypto companies is increasingly becoming the primary way for traditional financial institutions to enter the market in the future. According to the *Australia Financial Review*, **ANZ Banking Group**, one of Australia's big four banks, has partnered with the crypto custodian Fireblocks to mint "A\$DC", a stablecoin pegged to the Australian dollar, which led the bank to become the first major bank to create AUD-related stablecoin in the country. Prior to this, as reported by *CNBC*, **Goldman Sachs** traded bitcoin non-deliverable option (NDO) with crypto merchant bank Galaxy Digital, marking the first over-the-counter (OTC) cryptocurrency transaction among major U.S. banks. Just after Israel issued the draft guidelines for the cryptocurrency deposits, *Reuters* reported that **Israel's Bank Leumi** declared to launch a cryptocurrency trading service, with crypto custodian Paxos as a partner.

- There is also a clear trend among the industry that traditional institutions kick off the services of the virtual asset for the market. In mid-March, the blockchain game *The Sandbox* announced that partnership with **HSBC** for the bank's entry of Metaverse, which the bank is planning to open up a virtual land to attract sports, esports and gaming enthusiasts. Japanese financial giant **Nomura Holdings** announced through its website that the establishment of a new “digital company”, of which the company would be effective on Apr 1 to enter the digital asset market. It is also noteworthy to tell that, in order to meet the market demand for flexibility, **Chicago Mercantile Exchange (CME)** has officially launched options on Micro Bitcoin and Micro Ethereum futures contract in Mar 28, of which each contract scale is 1/10 of each token.
- **National Governments are accelerating the development of Central Bank Digital Currency (CBDC)**
  - According to the *CNBC*, **US** president Joe Biden has signed the executive order on digital assets, appealing to the government departments to take steps on studying the benefits and risks of such assets, while exploring the development of CBDC. The South Korean pilot of *Coindesk* reported that, **South Korea** declared the country is speeding up the simulation of the CBDC, which the second phase of simulation will be finished on Jun 22 this year. As reported by *Bitcoin.com*, **Brazil's** central bank announced the cooperation with nine partners, including crypto companies and traditional banks, to help develop CBDC Digital Real, which would begin on Mar 28 and last until Jul 27. It's worth mentioning that the latest report “*State-Sponsored Cryptocurrency*” by **Deloitte** states that the CBDCs will require a redesign of the traditional monetary ecosystem. And Bitcoin can help cultivate a more advantageous ecosystem in speed, security, efficiency, cross-border payments, and international collaboration.
- **Regulatory Landscape gets clearer**
  - In the west, **Ukraine** has signed a law into bill on virtual assets in March, which determined the legal status, classification, ownership of virtual assets, as well as set registration requirements for VASPs, as reported by the *Techcrunch.com*. Similarly, the **United Arab Emirates** has issued regulations law to virtual assets, setting up Virtual Asset Regulatory Authority (VARA) to help promote the industry development and protect related investors, which was reported by the local media *Gulf Business*. **Israel's** central bank issued the draft

guidelines for cryptocurrencies deposits, declaiming that banking corporations have to conduct risk assessments and set out policy and procedures for transfers coming from or going into cryptocurrencies, according to the *Coindesk*. On the other hand, some governments and districts maintain a cautious attitude. As reported by the *Financial Times*, **Argentina's** congress has approved the IMF debt deal of USD45 billion with the International Monetary Fund (IMF) linked to an agreement that includes a provision discouraging the use of cryptocurrencies. Besides, **UK's** central bank warned that cryptocurrencies would pose a risk to the market if it continued to grow and called for strengthening the regulations, according to the media report from *Forbes*. In addition, it was not long ago that the country has further tightened its regulations on crypto-related advertisements, which the UK Advertising Standards Authority (ASA) has claimed on the government press release that, they has released the new guidance on crypto ads, requiring advertisers to clearly state that crypto is unregulated in UK and the value of the investment is variable and can go down.

- In APAC, Hong Kong Financial Services and the Treasury Bureau's secretary Christopher Hui released a letter through the website, declaring that **Hong Kong** is to set up a comprehensive regulatory system for virtual assets, which includes establishing a licensing regime for the VASPs, contemplating the regulation of payment-related “stablecoins”; and providing traditional financial institutions (FIs) with guidelines on offering VA-related services to clients. Meanwhile, the *Bitcoin.com* reported that, **Vietnam** is currently working on the crypto regulatory framework with the government ministries and central bank's involvement, in order to regulate the crypto-related activities in the country. Furthermore, as reported by the *Blockchain.news*, **Singapore** announced that the NFT trading would be taxed under the country's existing income tax standards, applying to people who generate income from NFT trading.

## 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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