

帮助每一个企业安全、便捷地使用数字资产

HELP EVERY ENTERPRISE USE
DIGITAL ASSETS SAFELY AND EASILY

Company News

SINOHOPE has launched the "SINOHOPE Open Class" series of online video courses.

Recently, SINOHOPE introduced the "SINOHOPE Open Class" series of online video courses aimed at helping individuals systematically learn professional knowledge in the Web3 domain. Dr. Lynndell, a cryptography expert at SINOHOPE, presents the cutting-edge and hardcore core technologies of Web3. The course comprises three series: basic cryptography, threshold signatures, and zero-knowledge proofs. Subsequent releases will include series on secure multiparty computation, lattice cryptography for quantum resistance, and fully homomorphic encryption. Stay tuned for updates.



SINOHOPE becomes the first comprehensive hosting service provider to fully support the Scroll network.

On October 18, SINOHOPE announced its comprehensive support for the Scroll mainnet. Starting immediately, users can engage with the Scroll mainnet within various product functionalities and use-case scenarios on the SINOHOPE platform, including the MPC multisignature wallet, WaaS, Web3 access, and more.

SINOHOPE launches the "Hong Kong VASP License Guardian Program," aiding licensing applicants to seize market opportunities.

On October 27, SINOHOPE announced the official launch of the "Hong Kong VASP License Guardian Program," designed to offer IT system-level infrastructure convenience to institutions and enterprises intending to apply for the Virtual Asset Service Provider (VASP) license in Hong Kong. Leveraging their own business and compliance expertise, the program provides consultation services regarding the processes and business frameworks associated with setting up Hong Kong Trust or Company Service Provider (TCSP) licenses. This initiative aims to assist more institutions in Hong Kong in conducting compliant virtual currency and Web3 businesses, allowing them to seize the emerging market opportunities.

Regulatory Framework for The Custody of VASP' s Asset



Independent Custody

Establish a fully-owned subsidiary holding a Trust or Company Service Provider ("TCSP") license issued by the Hong Kong Companies Registry. This entity will be tasked with the custody of transaction assets for Virtual Asset Service Providers (VASPs).



Private key storage

Private keys must be securely stored within Hong Kong. The distribution of asset custody must adhere to the following requirements:

- Hot Wallet: Not exceeding 2%
- Cold Wallet: Not less than 98%



Insurance/Compensation

For customer assets stored in a cold wallet, the corresponding insurance or compensation arrangement must cover at least 50% of the position.
For customer assets stored in a hot wallet, there must be 100% insurance or compensation arrangement for protection.



AML/CTF

Develop and implement reliable AML/CTF policies, establish risk assessment and continuous monitoring processes, and enhance mechanisms for reporting suspicious transactions and record keeping.

Industry Updates

In October 2023, the cryptocurrency market experienced a significant overall surge, primarily led by BTC. On October 23, there were market rumors that the U.S. Securities and Exchange Commission (SEC) would approve the application for Grayscale Trust's spot ETF, resulting in a substantial 10% daily increase in Bitcoin's value. After breaking the 30,000 point mark, Bitcoin continued to rise until the end of the month, ultimately achieving a 28.6% return for October, the highest monthly gain this year, excluding January. In contrast, ETH posted a lower return of +8.7% during the same period.

Among the top 30 cryptocurrencies by market capitalization, the average return was +14.5%, with all except UNI showing gains. The top performers were SOL (+80.0%), LINK (+39.0%), and BTC (+28.6%), while UNI (-7.0%), TON (+3.5%), and LTC (+4.4%) had the lowest returns. The S&P Cryptocurrency BDM Ex-MegaCap Index, reflecting the performance of Altcoins excluding BTC and ETH, rose by +14.4%, while the S&P Cryptocurrency DeFi Index, representing the decentralized sector, increased by +10.0%.

The overall market capitalization of cryptocurrencies saw a significant increase, reaching 13.3 trillion USD by the end of September. The spot trading volume of BTC/USDT on Binance increased from 810,000 in September to 1,150,000 in October.

In terms of macroeconomics, the Federal Reserve convened a monetary policy meeting on October 31, with the market widely anticipating a pause in interest rate hikes. In September, the Consumer Price Index (CPI) rose by 3.7% YoY, in line with the previous value but slightly higher than the expected 3.6%. The Producer Price Index (PPI) increased to 2.2% YoY, surpassing the previous value of 1.6% and the expected 1.6%. Employment data showed positive trends, with non-farm employment reaching 336,000 in September, significantly exceeding the expected 170,000. As of the end of October, FedWatch indicated a high probability of no interest rate hike in November, with a significant decrease in the probability of a hike in December within the month. The Nasdaq index experienced a decline of -2.8% in October, with mixed performances among industry concept stocks, including a rise of +29.0% for MicroStrategy, +26.3% for Galaxy Digital, and a decline of -19.2% for Unity Software.

➤ Crypto News

- Bitcoin Core developer Antoine Riard announced on X platform the discontinuation of involvement in the development and implementation of the Lightning Network, including coordinating protocol-level security issues. Additionally, Riard mentioned that every Bitcoin node has its own memory pool. Transactions are relayed by peer nodes. If an LN node is used to open channels and accept HTLC forwarding, it is susceptible to an easily exploitable replacement loop attack.
- Israel's branch Lahav 433's cybercrime unit, in collaboration with the country's Defense Ministry, intelligence agencies, and cryptocurrency exchange Binance, identified and froze accounts associated with Hamas, with the confiscated funds directed into the Israeli treasury. Binance assisted in freezing the cryptocurrency accounts related to Hamas. A representative commented, "Any international organization, including any bank or trading platform, has to comply with the request for a freeze; this is not Binance's decision. I have no political stance. However, any trading platform cannot refuse this enforcement request." Industry insiders acknowledge that compliance and regulatory pressures consistently accompany the development of centralized crypto institutions. Cryptocurrency exchanges and institutions actively collaborate with governments and international regulatory agencies to ensure business compliance. In a geopolitical conflict, the involvement of crypto institutions to some extent signifies that cryptocurrency funding channels have become part of international political issues.
- Finance ministers and central bank governors from the G20 released a joint communiqué in Marrakech, Morocco, announcing the unanimous approval of a comprehensive roadmap for regulating crypto assets. The roadmap aims to enhance global financial stability and ensure effective management of cryptocurrencies within the international economic framework. The agreed-upon crypto asset roadmap is based on the comprehensive dossier unveiled last month in Delhi, serving as the blueprint for the official G20 crypto asset roadmap. This multifaceted roadmap includes policy frameworks, outreach initiatives beyond G20 jurisdiction, global coordination, cooperation, and fundamental information sharing. Addressing existing data gaps in the crypto market is a primary goal of this framework. This collective effort aims to bolster macroeconomic and financial stability while promoting the effective and flexible implementation of a comprehensive crypto asset policy framework. Additionally, G20 leaders emphasized the necessity for clear tax treatment of crypto assets.

- According to Bloomberg, JPMorgan Chase has introduced the first blockchain-based customer collateral settlement. The largest U.S. asset bank is advancing business applications built on core cryptographic technology. Tyrone Lobban, head of JPMorgan's Onyx Digital Assets division, stated that JPMorgan's Tokenized Collateral Network (TCN) was utilized by BlackRock Inc. to transform shares of one of its money market funds into digital tokens. These tokens were then used as collateral for an over-the-counter derivative trade between two institutions, transferring to Barclays Bank.

➤ Giant Moves

- VitaDAO, a project under DeSci (Decentralized Science) and supported by the pharmaceutical giant Pfizer, recently spun off a biotech company called Matrix Biosciences. Matrix Biosciences, led by anti-aging researcher Vera Gorbunova from the University of Rochester, received an initial funding of \$300,000, with additional funds expected by early 2024. The company is focused on studying longevity and anti-cancer properties in naked mole rats and investigating whether compounds discovered in these rats could extend human lifespan.
- CoinList is introducing a new fund that allows compliant U.S. investors to earn returns from staking various digital assets like Ethereum and Near. Initially, CoinList's new financial tool supports staking for Ethereum and Near. The company plans to expand support to several other blockchains, including Flow, Sui, and Mina, in the future.
- The Genesis Airdrop claim for the modular blockchain network Celestia has officially ended, receiving a total of 191,391 claim requests (with eligible addresses totaling 580,000, and approximately one-third successfully claimed). As per Celestia's initial airdrop design, a portion of unclaimed tokens (up to 45 million TIA) will be distributed among the claimed user addresses, thus altering the amount of TIA for users who have claimed. Additionally, several exchanges such as Binance, OKX, Bithumb, Bybit, KuCoin, among others, announced the listing of TIA for trading on October 31.
- a16z is planning to raise approximately \$3.4 billion for its next core early and seed-stage fund. The fund's fundraising is expected to commence around the end of this year, with a projected completion by the first half of 2024. Reportedly, the firm intends (although it's not a requirement) to have limited partners invest through a new main fund that will feed into sub-funds, including funds specific to certain industries.

➤ Regulatory Update

In the West

- **The EU finance** ministers on Tuesday formally approved new EU regulations allowing tax authorities to share personal encrypted data. The document will be published and take effect in the EU Official Journal 20 days from now. Introduced in 2022, these provisions aim to prevent assets from being moved offshore through encryption and networks, receiving unanimous support from EU member states. The regulations will compel crypto firms to report customer holdings, with this information automatically shared among tax authorities.
- **Australia's Treasury**, in a consultation paper titled "Regulating Digital Asset Platforms," states that digital asset platforms holding over AUD 5 million (approximately USD 3.2 million) or individuals holding over AUD 1,500 must obtain a license from the Australian Securities and Investments Commission (ASIC). The consultation paper proposes regulating crypto trading platforms under existing financial services laws instead of formulating new cryptocurrency-specific rules, seeking to support the growth of digital assets while safeguarding consumers.
- **Governor Gavin Newsom of California** signed a bill that will regulate the cryptocurrency industry in California. It's reported that nearly a quarter of blockchain companies in North America are based in the state. The bill, named the "Digital Asset Law," will mandate individuals and companies to acquire a permit from the Department of Financial Protection and Innovation to engage in digital asset business activities, scheduled to take effect on July 1, 2025. The bill requires licensees to maintain records of all assets, liabilities, capital, income, and expenses of the licensee's business for at least five years from the commencement of operations, including a ledger at least once per month.

In the East

- **The Securities and Futures Commission (SFC) of Hong Kong** has issued a circular regarding intermediaries engaging in activities related to tokenized securities and SFC-approved investment products. According to the circular, the primary trading requirements for SFC-approved tokenized investment products include ensuring that the underlying products comply with applicable regulations, rules, and product codes (including the provider's qualifications, product structure, investment and operational requirements, disclosures, and ongoing compliance obligations). The SFC will closely monitor and continue to engage with market participants to develop appropriate measures to address risks associated with secondary trading of SFC-approved tokenized investment products. Additionally, new investment products with tokenized features that plan to seek SFC approval need to consult the SFC in advance. Tokenizing existing investment products authorized by the SFC also requires prior consultation.

** 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 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 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

Investor Inquiry

Email: ir@sinohope.com

LinkedIn: 新火科技「SINOHOPE」

Twitter: @SinohopeGroup

Website: www.sinohope.com



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