



A MESSARI REPORT

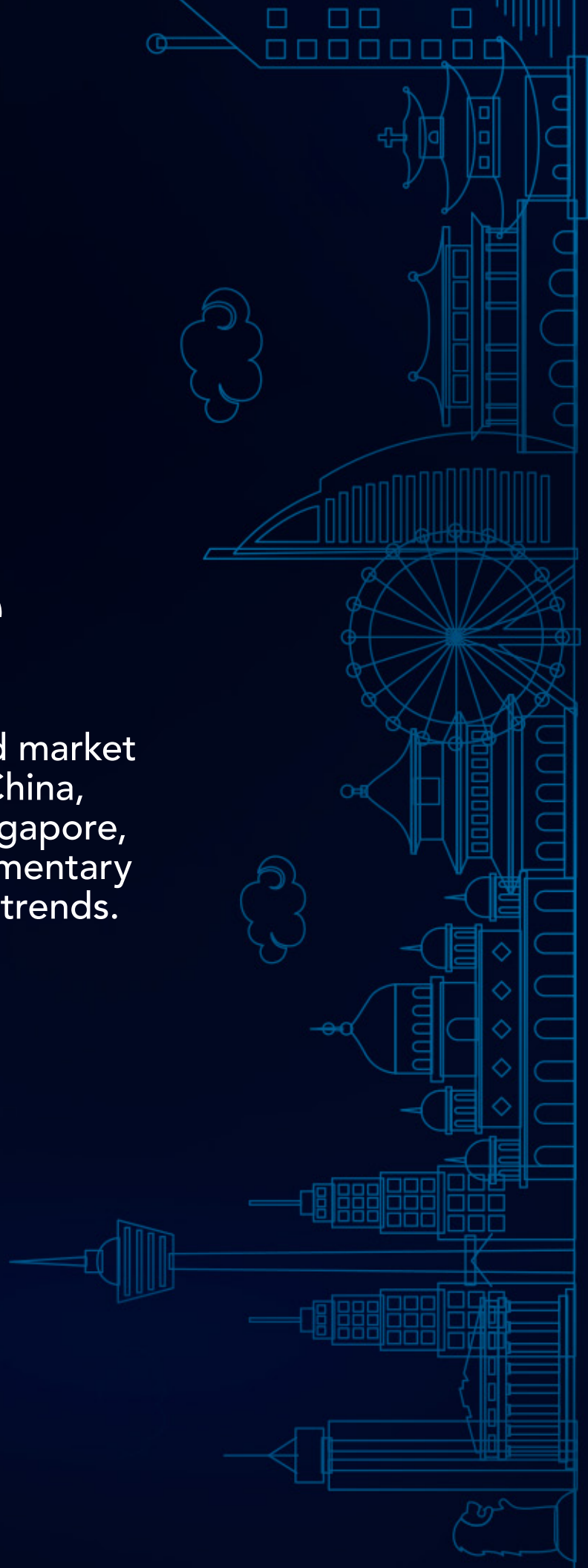
Asia's Crypto Landscape

The key exchanges, funds, and market makers that define crypto in China, Japan, Korea, Hong Kong, Singapore, and Southeast Asia, with commentary on regulatory and investment trends.

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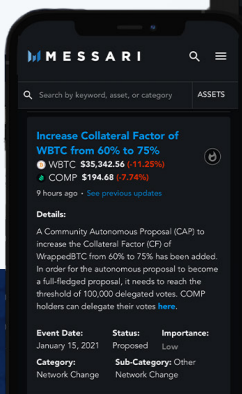
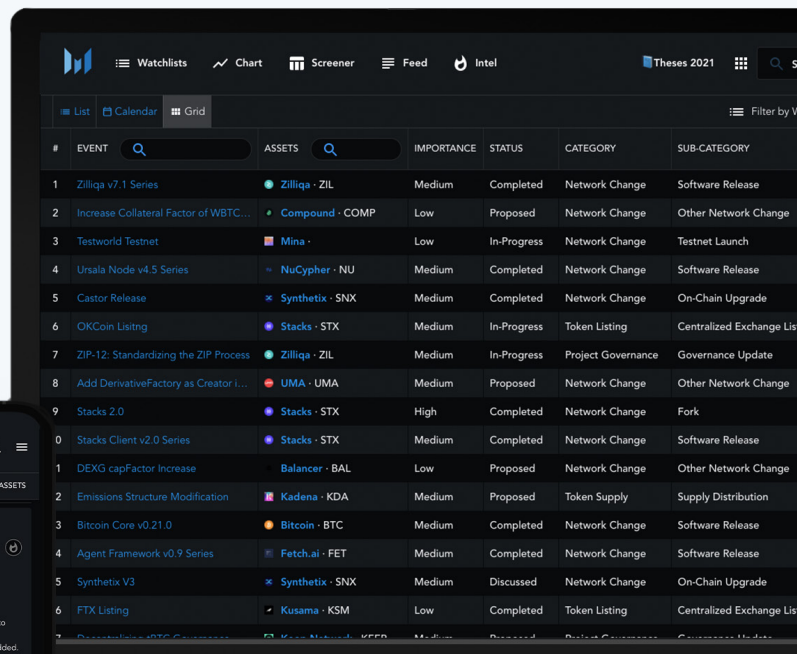


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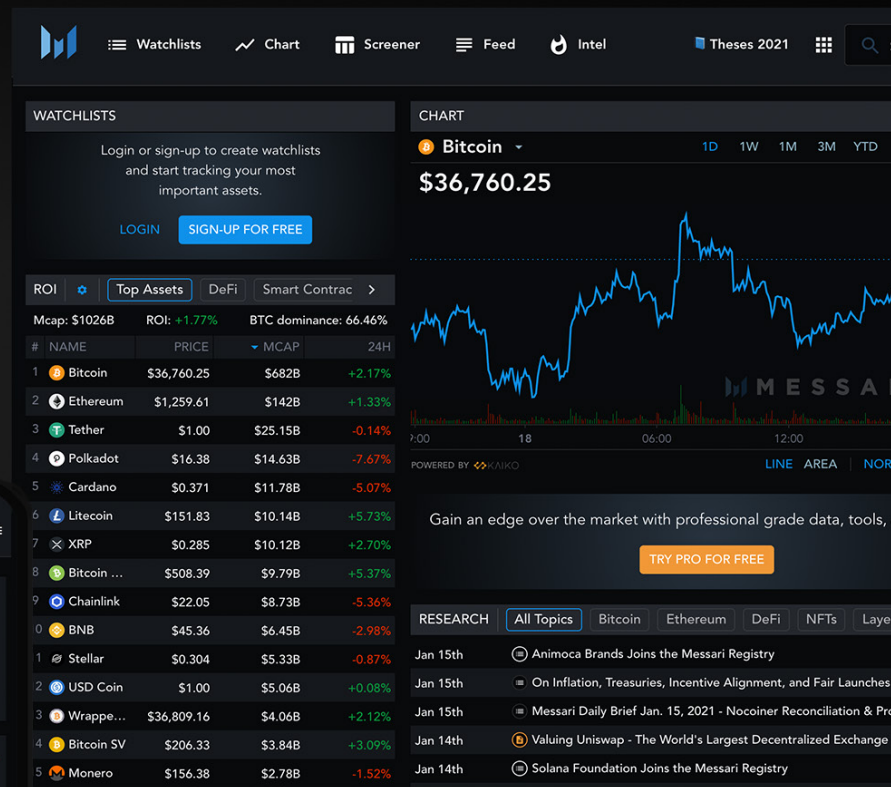
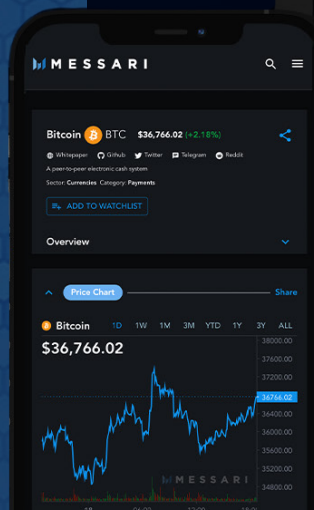
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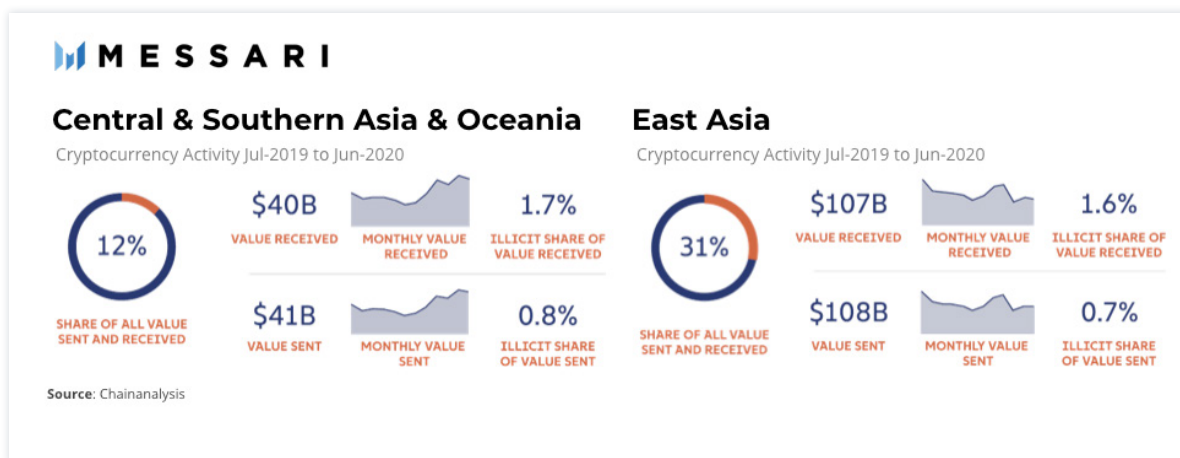
Introduction

Many people aren't familiar with the dominant exchanges, funds, custodians, and market makers in Asia. To make matters even more complex, each country has a different culture and regulatory body. However, having a grasp of what's happening in the region is rewarding. With Asia accounting for 60% of world population, infrastructure companies across the world are interested in tapping the growing market. By the end of last year, six of the top ten largest crypto unicorns in the world were located in Asia. Today, of the top 20 token projects, over 40% of the market capitalization is based in Asia. Asian companies also account for 98% of ETH and 94% of BTC futures volumes.

Leading crypto countries, such as China, Japan, Korea, Hong Kong, and Singapore, have deep pools of liquidity, while other countries have a great potential to scale. The nature of traditional finance has played a key role in the adoption of crypto: capital controls pushed investors towards cryptocurrencies in China and South Korea while low-yields pushed adoption in Japan. By the end of 2019, six of the top ten largest crypto firms in the world were located in Asia. As of **January 12, 2021**, of the top 20 token projects with headquarters, 42% of the market capitalization is based in Asia (as shown below).



Furthermore, according to [Chainalysis](#), as of the last 12 months ending in June 2020, Asia accounted for 43% of global cryptocurrency activity, or US \$296 billion in transactions (see below). East Asia (mostly China) is dominated by larger trades with 90% of all volumes above \$10,000. East Asia engages in more short-term trades over a wider variety of assets, compared to North America where the focus is more on long-term holdings of bitcoin. Central and Southern Asia, and Oceania were ranked third in terms of retail trading, with 15-22% of transactions under \$10,000.

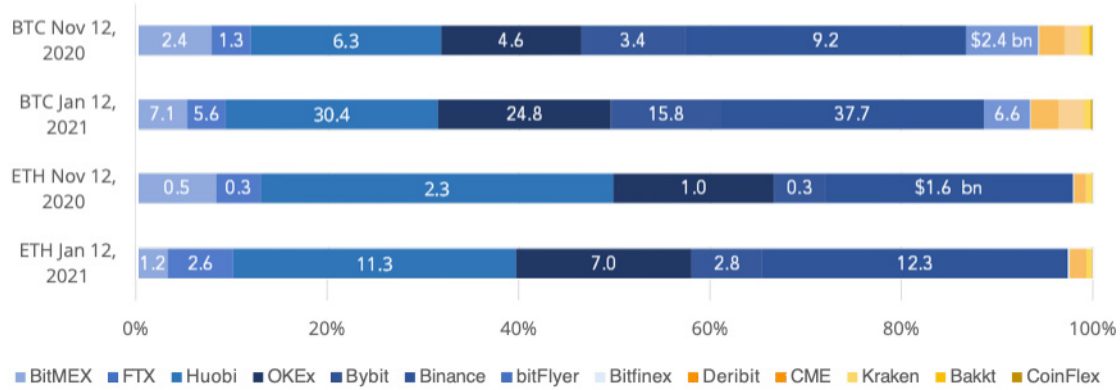


Asia has an outsize role in the crypto markets due to a variety of reasons. Each country has its own nuances, but factors include high penetration of public market investing, high-technology pedigree, prevalence of WiFi, deep penetration of e-payments, propensity for gambling, and high percentage of computer-science graduates. Furthermore, Asia’s development as a finance hub has helped contribute to fintech progress. Japan, Shanghai, and Hong Kong are among the top five largest stock markets in the world. Asian enterprises were quick to introduce new products and dominate the crypto futures market, accounting for 98% of ETH and 94% of BTC futures volumes. Nevertheless, given that crypto is a nascent industry and adoption rates are increasing rapidly, spot markets are still the most popular in Asia.



Asian Companies Dominate Futures Markets

Asia companies account for 98% of ETH and 94% of BTC Futures 24 hour Volumes

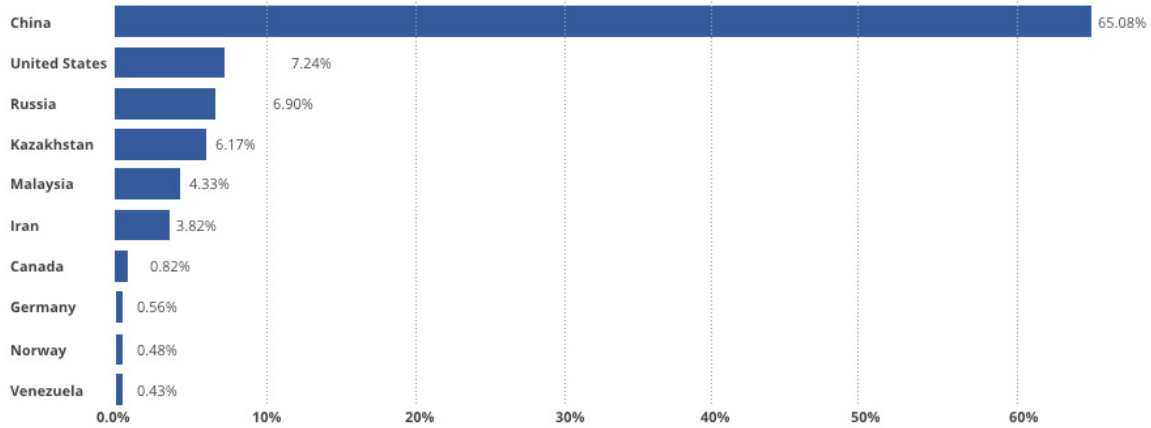


Data as of: November 12, 2020 and January 12, 2021
Source: Skew, Messari

Aside from trading, China controls **65% of Bitcoin's** hashrate, the measure of how much computing power goes towards mining Bitcoin. Malaysia, with one of the lowest domestic electricity prices, is ranked fifth (*below*).

Asia Dominates Bitcoin Hash Rate

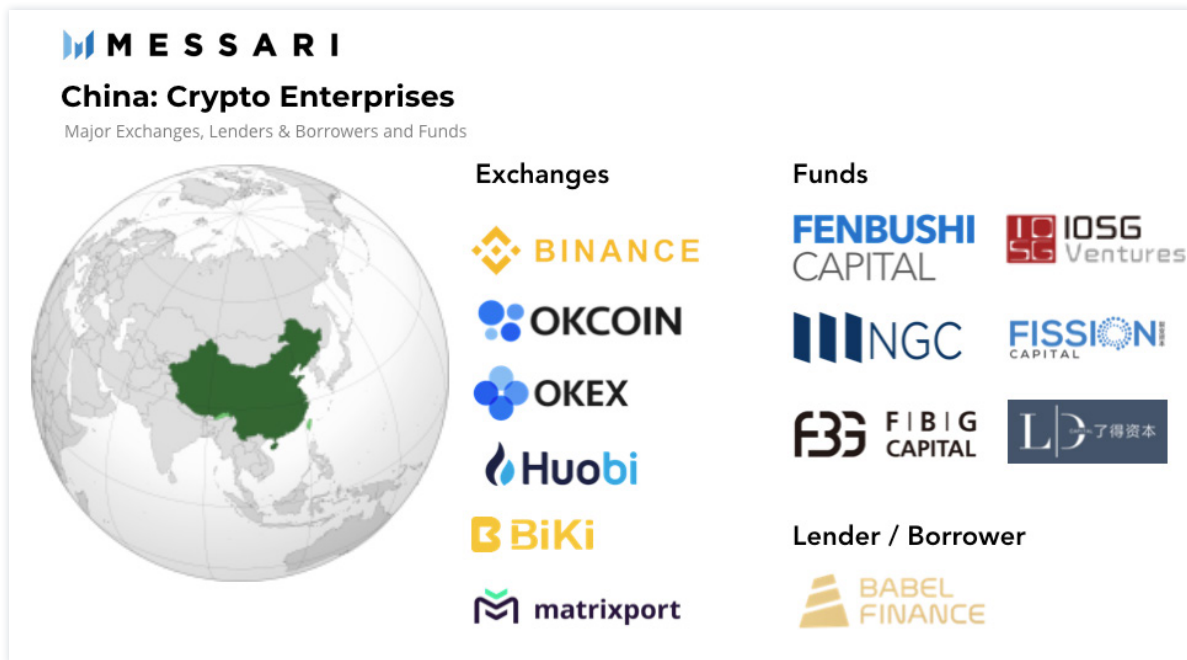
Asia is 70% of Monthly Total Hash Rate (Apr-20)



Source: University of Cambridge

This report showcases the top Asia blockchain infrastructure organizations and draws data from company information, data intelligence services, media reports, and social media.

China



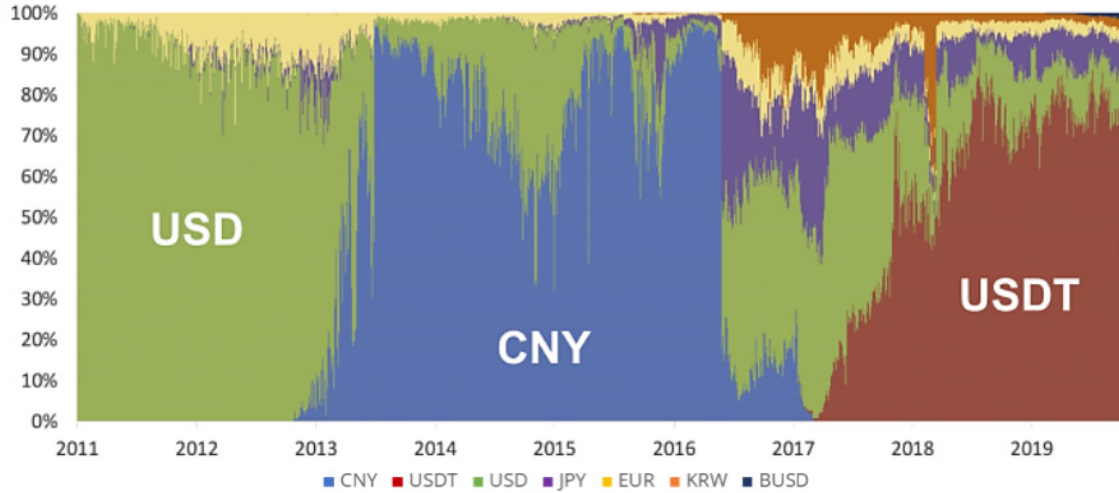
China has one of the world's largest crypto development communities, has the largest pool of Bitcoin miners, and is home to three of the world's largest exchanges. However, while Bitcoin used to be a large part of the crypto market, now Binance, Huobi, and OKEx combined have about the same **bitcoin holdings** as Coinbase. As the government narrative has largely been hostile, which has squeezed the market, Chinese investors hold less BTC.

Miners have flourished though, despite there now being fierce competition for access to suppliers of machinery, electricity, and location. However, regulations are still uncertain, as the government has previously called on local authorities to restrict power supply to Bitcoin miners. At the same time, officials in Sichuan have accelerated mining legalization, and the industry has been encouraged by the former Chairman of the China Securities Regulatory Commission.

As seen in the chart on the next page, over some periods in 2016, BTC-RMB (RMB is Chinese yuan/renminbi) accounted for over 90% of the global bitcoin volume (although this data has not been scrubbed for wash-trading).

CNY-Markets Most Popular Fiat-Linked Market 2013-2017

Global BTC Exchange Volume Share Across Currencies

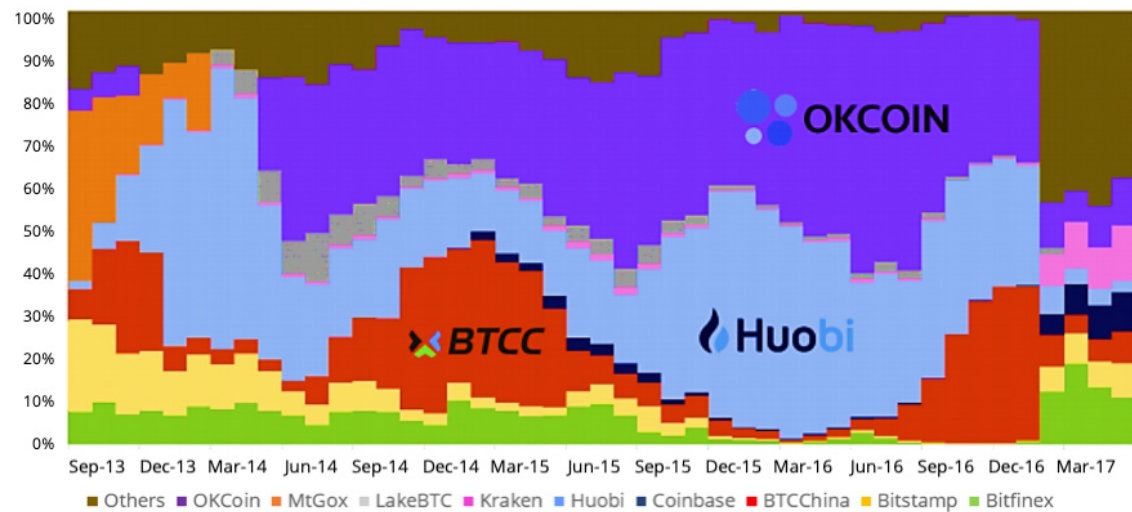


Source: CryptoCompare

In January 2017, the central bank and the government cracked down on exchanges, and the People’s Bank of China (PBoC) had Huobi and OKCoin beef up their KYC (Know Your Customer) and AML (anti-money laundering) processes. At that time, withdrawals were halted for three days, and regulatory concerns meant the market share of China exchanges fell from **near 100%** in January 2017 to 25% in February 2017. Again, wash-trading might have accounted for this market dominance, but the trend showed the impact of regulations on its business.

China: Large Component of Volumes Before 2017

Global Bitcoin Exchange Market Share 2013 – 2017

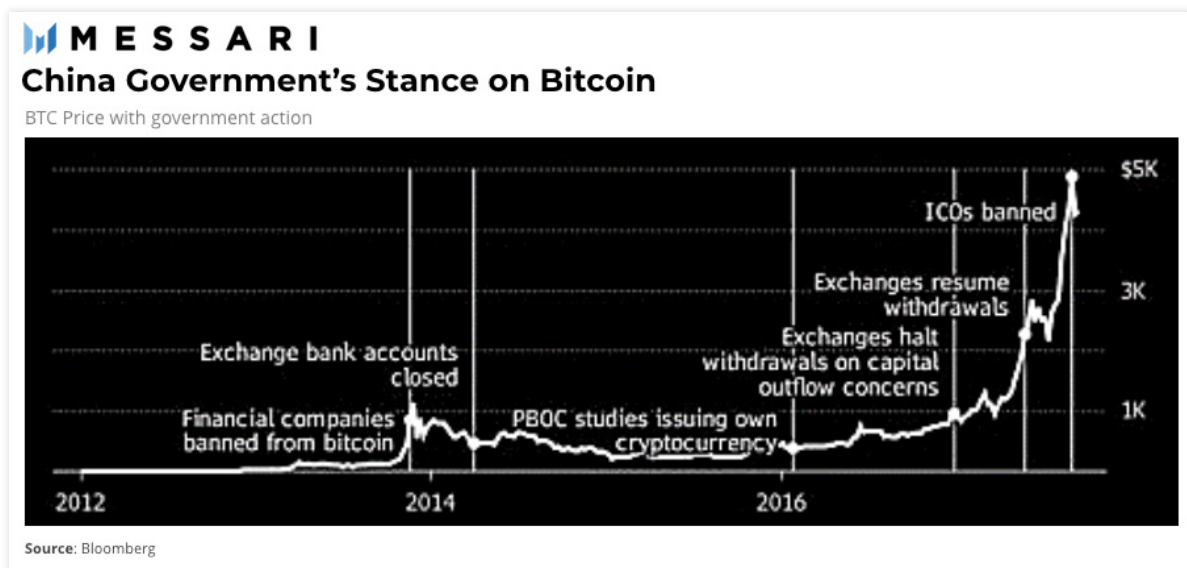


Source: Bitcoinity.

Note: Excludes Poloniex, one of the largest exchanges in 2017



In September 2017, China banned bitcoin trading on exchanges and ICOs (initial coin offerings). BTC China, the third largest exchange, announced it would cease operations, and Huobi and OKCoin said they would halt trading by October 2017. In 2019, the PBoC published a report stating it had shut down 173 exchanges and token-issuing platforms without risk, highlighting the importance of social and financial stability.



Regulatory crackdowns still happen on occasion. More recently, in July 2020, [news spread](#) that the China Merchant Bank was freezing bank accounts belonging to users it believed to be engaging in cryptocurrencies. In October and November 2020, the founder of OKEx and the COO of Huobi were in police custody regarding their respective company's investigation. There is ongoing news about China banning crypto mining at the provincial level, though the regulatory attitude towards crypto mining has varied by province.

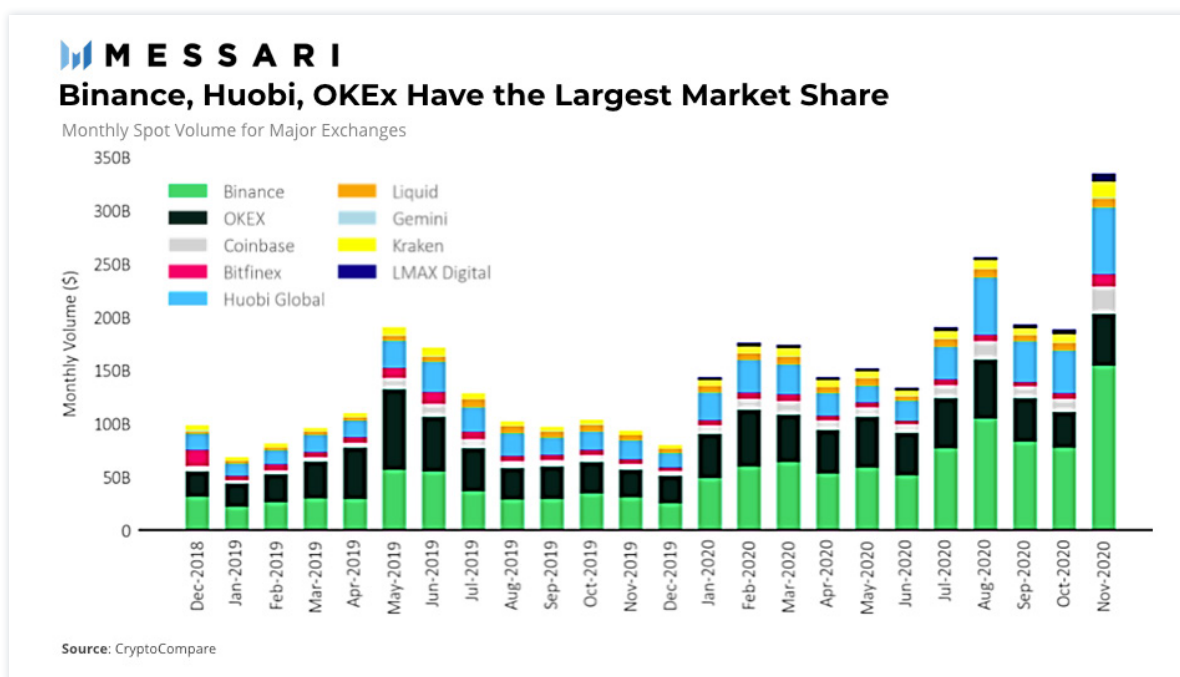
Nevertheless, there are some outlets for the growing industry:

- The government issued a "Blockchain Experiment District of the Hainan Free Trade Zone" license to Huobi China after it moved its headquarters there in September 2018.
- China's Blockchain Service Network currently [integrates 24 blockchains](#) under a standardized development environment within a government-approved technical framework.
- A Layer-1 blockchain protocol, Conflux, has won the endorsement from the Shanghai and Hunan provincial governments.



Regulators are also positive on blockchain technology. China’s central bank digital currency DCEP (Digital Currency Electronic Payment) was executed by the major State Owned Enterprise (SOE) banks and telecom companies as programmable money to replace M0 and improve efficiency on costly banking transfers. The first **use case** was “red packet” (a Chinese tradition of gifting cash during festivities) airdrops of RMB 10 million in Shenzhen and then **another RMB 20 million** in January 2021. Next, Suzhou SOE employees received a RMB 5 (US\$0.80) travel budget that can only be used for public transport subsidies during office hours. In the future, the government would like to direct payments at poverty reduction, currently executed through local government channels that have seen inefficiencies.

Since exchange operators in China are prohibited, exchange venues that do operate in China are meant to only facilitate the buying and selling on centralized platforms for P2P services. The platforms show where the buy and sell levels are, along with reputation scores of counterparties, similar to an Ebay platform. But platforms are not meant to take custody of fiat or crypto, and they should not not match buys and sells; they should only facilitate a venue for trading. While Huobi and OKEx are registered in Seychelles and Malta respectively, they are physically based in China and therefore face certain local restrictions. Nevertheless, that has not stopped Chinese-based exchanges from having among the largest market share in the world.



The government's attitude towards new financial innovation is cautious as they want development but not at the expense of financial and social instability. There are two main reasons why they have not supported Bitcoin and other public blockchains:

- **P2P Lending:** In China, many P2P lending platforms have been facing crackdowns over the past four years as Chinese investors **lost \$119 billion** in lending schemes promising double-digit yields. P2P firm Ezubao was one of the biggest ponzi schemes with nearly a million investors though tens of millions were affected nationwide. Another scheme, Tangxiaoseng, raised \$9 billion from three million investors before collapsing. As a result, the government has encouraged innovation but maintains tight regulation on the crypto market for their residents.
- **Capital Controls:** As an emerging market, to stem devaluation and build foreign exchange reserves, China only allows individuals to buy up to \$50,000 in foreign currencies per year. Recently, controls have been **further tightened**, and documentation and purpose are required for prior approval of foreign exchange transactions. As a result of restrictions, the USD-stablecoin market is booming in China as an avenue to get USD exposure.

There's a difference between official policies and actual enforcement. Even Alipay, one of the largest payment platforms in the world, was able to operate for years before obtaining a government license. This means a nascent industry can still operate cautiously. However, without outright government support, the general crypto market still remains a fringe industry.



Hong Kong

MESSARI
Hong Kong: Crypto Companies
Major Exchanges, Funds, Market Makers

Exchanges

- FTX
- ALAMEDA RESEARCH
- BitMEX
- BC GROUP
- OSL
- GENESIS BLOCK
- DIGINEX

Funds

- Kenetic
- HASKEY GROUP
- SPARTAN

Market Maker

- PULSAR TRADING
- AMBER

Hong Kong is home to some of the largest crypto derivatives companies in the industry. Large institutions like BitMEX, FTX, crypto.com, and OSL call it home. More than any other country in Asia, Hong Kong tends to have more institutional or sophisticated investors familiar with traditional investment instruments. Also, there are low corporate taxes (16.5%), no capital gains tax, and access to talented human capital, especially in the finance industry. Also, until recently, regulation was optional.

The market is regulated under the Hong Kong Securities and Futures Commission (SFC), and the Securities and Futures Ordinance. In early November 2020, they proposed to make regulation mandatory. The SFC referred to the requirements under the Financial Action Task Force (FATF) guidance, which is a departure from their [stance in 2019](#) that it would regulate enterprises that support at least one “security.” If passed into law, enterprises who continue to operate without a license could see their executives face fines and imprisonment. This is a major blow to most crypto-native companies as [only two entities are licensed](#).



As a testament to Hong Kong being one of the international financial hubs of the world, the financial services sector contributes to 20% of GDP. The importance of capital markets is highlighted in that Hong Kong has two of the only publicly listed crypto exchanges in the world. BC Technology Group is listed on the Hong Kong Stock Exchange (stock code: 863 HK), and Diginex is listed on the US's NASDAQ (stock code: EQOS).

Unique to other jurisdictions, the SFC uses the existing financial license network and injects cryptocurrencies into that framework. This means that the SFC is focused on the Security Token Offering (STO) market and its future potential. While other regulators have created a separate regulatory framework for digital assets altogether, the Hong Kong SFC holds licensed companies to the same standards and requirements as traditional finance, including only servicing professional investors. Only one exchange and broker-dealer (BC Technology Group's OSL), and one asset manager (Arrano Capital) are regulated. However many companies are incorporated or located in Hong Kong.

MESSARI
Unregulated Companies
 Located or headquartered in Hong Kong

- Token & Related Services:** tether, EOS, CARDANO, block.one, Galaxy eSolutions, Liquefy, SORS DIGITAL ASSETS, MATRIX, STOGLOBALX, 300CUBITS
- Market Makers & Prop Desks:** ALAMEDA RESEARCH, GENESIS BLOCK, AMBER, PULSAR TRAINING
- Exchange / Market Services:** BitMEX, FTX, crypto.com, BITFINEX, HKD.com, DIGINEX, HKbitEX, TideBit, Coinsuper, AAX, Hex Trust, CoinFLEX
- Funds / Financial Services:** BITWORK, SWISS-ASIA FINANCIAL SERVICES PTE LTD, CMCC, HASH'EY, SPARTAN, Kenetic
- Licensed:** BC GROUP, OSL (ASIA'S LEADING DIGITAL ASSET PLATFORM), ARRANO CAPITAL
- Regional Office:** bybit, OKEX, Huobi, OKCOIN, r3.c-rda, matrixport
- Wallet / Custodian:** Zippie, LEGACY TRUST, CRYPTOMATOR, iSunOne



Japan



Japan is a unique market with the **largest retail foreign exchange industry**, representing a third of total global foreign exchange (FX) and Contract for Differences (CFD) retail volume. Equities trading is also highly popular, though crypto investing is still mostly limited to the millennial generation. Among developed nations, Japan is criticized occasionally for lagging behind in technology, though its regulators were the first to acknowledge the crypto space.

Japan's top financial regulator, the Financial Services Agency (FSA), has been at the forefront of regulating the crypto industry. The 2014 Mt. Gox hack led to a crypto study group. Below is a list of high profile hacks in Japan:

- 2011: Mt. Gox (2,643 BTC)
- 2014: Mt. Gox (850,000 BTC)
- January 2018: Coincheck (\$532 million in NEM) (Coincheck was later acquired by Monex)
- September 2018: Zaif (\$60 million, or 6,000 BTC) (Zaif was later acquired by Fisco)
- 2019: Bitpoint (\$30 million)

Despite these hacks, the government chose to regulate rather than to throttle innovation. In 2017, they passed the Virtual Currency Act, allowing crypto currencies to be used for payments. The FSA also began requiring exchanges to register. By the end of 2017, there were 16 registered exchanges in Japan, with five still operating but waiting for a license. However, licensing has slowed after Coincheck's hacking, where regulators didn't issue any new licenses in 2018. Today, there are a total of **26 licenses** issued for digital currency exchanges.

The hacks spurred the creation of the Japanese Virtual Currency Exchange Association in April 2018. Regulators instructed operators to construct internal audit systems and enhance the safety and compliance processes to match those of publicly listed companies. New measures included stricter AML and KYC measures, in addition to **site inspections**.

Now, the current atmosphere towards the crypto market is general caution. Despite regulations, banks are conservative in beginning relationships with new crypto infrastructure players due to AML and CFT (combating the financing of terrorism) concerns. The KYC process in Japan is unique to the market, so regulators prefer that Japanese exchanges cater to local clients. This limits foreigners' access to the Japanese crypto market and fiat services, so it can be a challenge to get JPY (Japanese yen) services outside Japan for crypto companies. Given the lack of JPY support outside the country, there are fewer international market makers in Japan as well. Some exchanges mitigate the risk of wide spreads by offering maker fees.

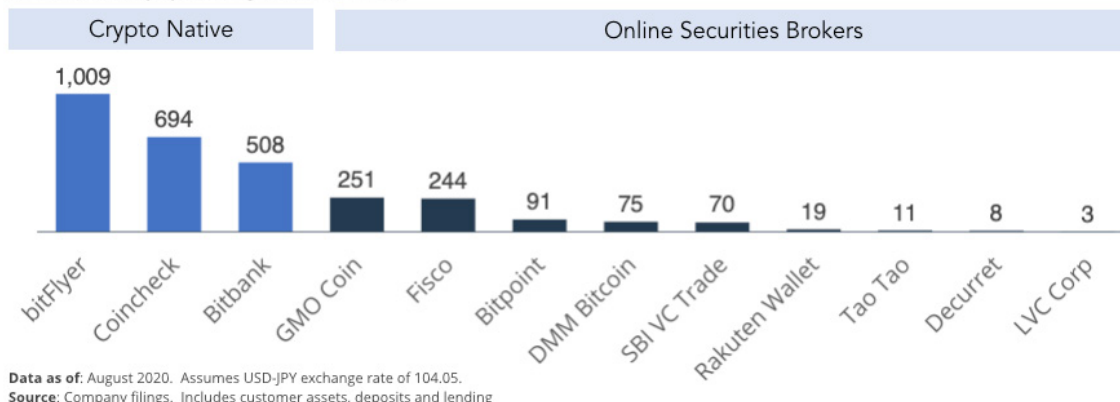
Japanese exchanges also typically have a limited number of available tokens as each listing requires FSA approval. For example, while USDT is one of the most popular tokens globally, it is not approved by regulators due to lack of clarity by the issuer. The Japan regulators want crypto markets to thrive, but foremost, they are concerned with protecting Japanese investors.

By and large, the industry is separated by (1) crypto-native infrastructure companies, and (2) online securities brokers. The digital assets industry emerged out of new crypto-centric ventures, like Bitflyer. Licensed Japanese exchanges need to disclose their **financials** (see next page). We note that the crypto-native exchanges have the most assets under custody, although online securities brokers reach a greater audience due to their traditional finance roots.



M E S S A R I Japan Exchange Ranking

Assets in Custody by Exchange (US\$ in millions)



However, in terms of operating revenue and net worth of the crypto exchange, online securities brokers are quickly catching up (*right*).

This is because, after regulatory clarity, numerous market participants applied for and obtained licenses.

Therefore, the dominance of early participants was diluted by online securities brokers.

SBI Group (SBI), DMM, GMO Internet (GMO), and Rakuten (the Amazon of Japan) are parent companies to crypto exchanges and also have banking licenses, custody licenses, or retail brokerage

services. These brokers already had deep market penetration, offering retail broker services in equities, FX, and CFDs.

M E S S A R I bitFlyer and DMM Most Valuable

Exchange financial disclosures

(USD\$ in millions)

	Assets in Custody	Operating Revenue	Net Worth
Crypto-Native Exchanges			
bitFlyer	\$1,009	\$51	\$146
Coincheck	694	37	27
Bitbank	508	15	5
Online Securities Brokers			
DMM Bitcoin	75	40	63
SBI VC Trade	70	77	58
Decurret	8	0	27
GMO Coin	251	38	26
LVC Corporation	3	0	22
Rakuten Wallet	19	0	14
Bitpoint	91	7	10
Fisco	244	6	9
Tao Tao	11	5	3

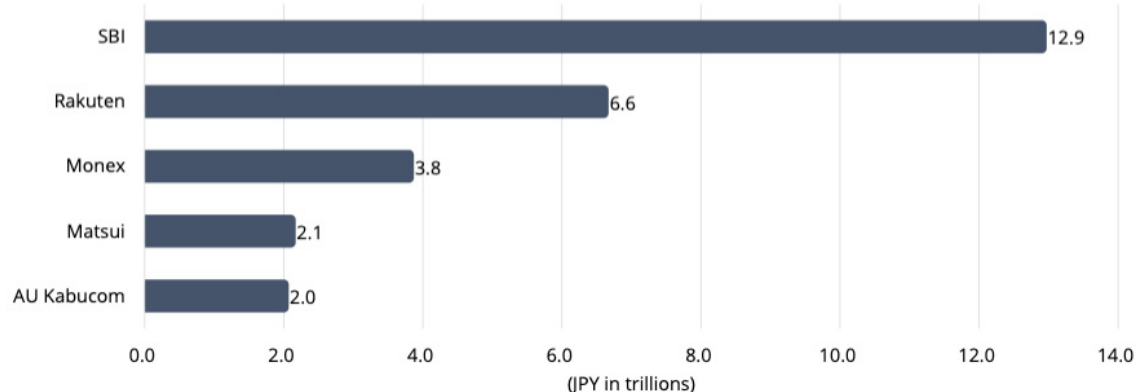
Data as of: August 2020. Assumes USD-JPY exchange rate of 104.05.

Source: Company filings. Includes customer assets, deposits and lending



Online Brokerage Customer Deposits

Total Customer Deposits (JPY trillion)



Data as of: March 2020
Source: Company data.

Note: SBI includes SBI NEOMOBILE SECURITIES

We have also seen the intersection of the two factions as brokers entered the crypto space:

- Crypto-native Coincheck was acquired by online brokerage firm Monex Group.
- Financial Products Group, a publicly listed financial services provider, [invested](#) in Huobi Japan.
- Many of the current crypto-only exchanges also count the largest financial institutions as their investors.

Despite the two separate worlds of exchanges, Japanese volumes are still highly concentrated into crypto-specific exchanges, like Bitflyer, Coincheck, and Bitbank. It’s not clear why Bitflyer would be 70% of the entire market, while other large conglomerates haven’t been able to capture market share. The large conglomerates include SBI (formerly Softbank Investments), Rakuten, GMO, and other top ten fintech companies. One explanation is that retail penetration has not happened or that crypto trading happens offshore in other exchanges to gain access to non-Japan approved tokens. The crypto divisions inside the legacy securities brokers (financials are publicly available) are also not profitable. However, they persevere, highlighting how important enterprises in Japan see this space.

While traditional banks are cautious in servicing crypto enterprises, many are involved in the industry. All are watching closely on the sidelines. Bitflyer’s and DeCurret’s shareholders are banks like Sumitomo Mitsui Banking Corporation (SMBC) (market capitalization \$46 billion), Mizuho (\$35 billion), Mitsubishi UFJ

Financial group (\$64 billion). Once we see more banks like JPMorgan Chase and Singapore's DBS Bank support digital assets enterprises, the Japanese banks should quickly react as they are already well capitalized and in position as major investors.

Furthermore, traditional asset managers are also lobbying the government to introduce crypto fundraising. In 2019, SBI, Nomura, and Daiwa, three dominant financial conglomerates in

Japan, **created an organization** to set rules for security token offerings. Online brokerages, like Rakuten Securities and Monex Group, will also partake in these rules. Banks would have an additional incentive to support the crypto industry if it helps them with fundraising and client advisory.

This year, the crypto CFD market was regulated under a different regime. Enterprises now need a Type 1 financial instrument license, so the requirements are on par with a security brokerage license with minimum capital requirements, number of employees, KYC, and audit and compliance procedures. While it was difficult to attain a virtual currencies license, it is even tougher to get a Type 1 license. However, the implication is that, with the blessing of regulators, all holders of Type 1 licenses can introduce crypto CFDs to their clients. This might be a next step in triggering greater adoption.

Although Japan is pushing for the development of this sector—as the first to regulate crypto—regulators are also cautious about implementation. Currently, privacy tokens and tokens that promote gambling or illegal activities cannot be listed. The many hurdles of bureaucracy aim to limit risks to retail investors. Each listing requires an application to the FSA from the exchange seeking approval. The process is difficult, but if approved, the FSA would whitelist the token, and approval for other exchanges to list the token would be expedited.



South Korea



South Korea has the **highest penetration** of crypto investors with **a third of workers** invested in crypto. Moreover, unlike neighboring Japan, crypto is not primarily for millennials, as up to 8% of older residents in their 60s and 70s are supportive of the market. Demand for exposure was so intense that South Koreans paid “kimchi” **premiums up to 50%** for bitcoin in 2017 due to capital controls and a **ban** on servicing foreigners.

Along with the Philippines, Korea probably has the biggest population that inadvertently uses blockchain technology every day. The Chai payments app uses **Terra’s blockchain** as its backend to settle transactions. Chai hosts **2.5 million users**, and counts Hanwha Investment & Securities and SoftBank Ventures Asia as investors. Nevertheless, the app is a latecomer compared to Kakao, which has a **native token** and wallet, and is the largest messaging app in the country with 30 million users.

Regulators have been generally cautious to protect residents and to nurture the sector properly. In January 2018, the Minister of Justice said crypto exchanges would be banned. Korean financial regulators then inspected six local banks that provided virtual currency accounts to institutions amid fears of a surge

in speculative trading, fraudulent investor operations, and money laundering schemes that would occur through exchanges. However, this provoked an immediate backlash, so the government softened its stance and said investors would have to pay **20% taxes on trading profits by January 2022** and undergo proper KYC. Prior to the new legislation, digital assets were classified as currencies, which did not require taxation.

Still, regulations are still in the process of maturing, and there are some outstanding cases pending. For instance, the National Tax Service conducted on-site investigations on Coinone in January 2018 and alleged the company was providing illegal gambling services to investors. This was due to margin trading on its platform in 2017, which is a breach of South Korea's Capital Markets Act. Coinone has disputed those allegations, but many of the large exchanges that want the license more than they need customers stopped margin trading services. After three years, the prosecutor's office has not clarified enforcement of regulations around crypto margin trading. The majority of today's trading volume comes from spot trading with KRW (Korean won) from retail clients due to regulations against margin trading.

Regulatory clarity by next year should help boost the industry. In March 2020, South Korea's National Assembly **amended a bill** that provides a framework for the regulation of cryptocurrencies, custodians, and exchanges. Service providers are required to use KYC and comply with reporting requirements in line with global crypto standards set by the FATF (Financial Action Task Force). Including the grace period, this means all entities will need to comply by September 2021. We expect Bithumb, Korbit, Upbit, and Coinone to be among the first to qualify for a license.

Unlike most countries, banking service access for infrastructure players is easy. Banks are **required** to provide fair services to crypto exchanges in South Korea. Bithumb, Upbit, Coinone, and Korbit have official banking partners. Through the banks, regulators can ensure proper compliance processes, including KYC and AML. Those that don't receive banking services will eventually lose market share. Therefore, fiat onboarding services and client segregated banking services (typically out of reach for even the best crypto enterprises) is common among the top exchanges in Korea. Instead of using an omnibus commercial bank account, clients have assurance that their funds aren't merged with the corporate entity.

Despite the cautious regulatory development, in a nod to the ecosystem, some of Korea's largest conglomerates have funded exchanges such as Korbit, Bithumb, and Upbit.

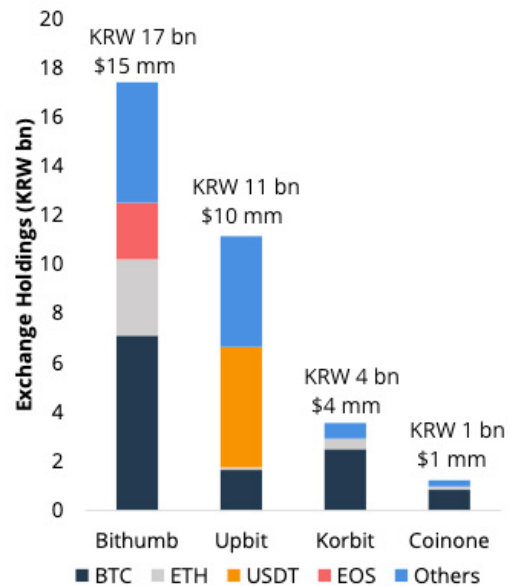


Korea's focus on transparency and companies are subject to external audits if total assets exceed KRW 12 billion (US\$11 million). As a result, we can view the top four exchanges (right).

Unlike the West, Koreans have been less active in the DeFi space. This may be because ETH and stablecoins are less popular in Korea, with the exception of Upbit's large USDT exposure due to their partnership with Bittrex (which ended in 2019). Customers mostly hold BTC and XRP over ETH. The exchange holdings (which does not include fiat) and customer holdings reported by the company to regulators are below.

Largest Korean Exchange

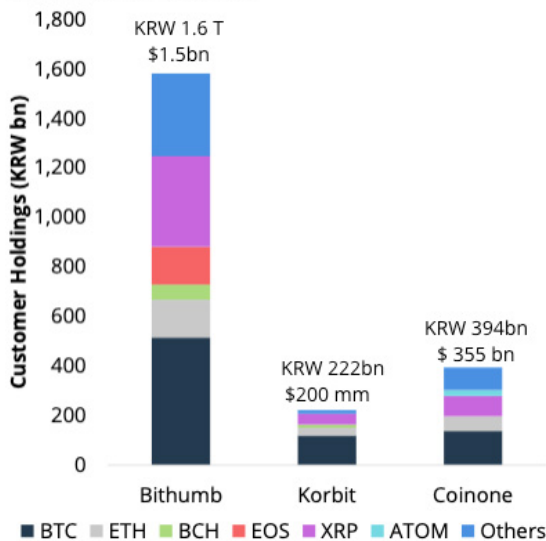
Exchange holdings by token



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Korea: BTC & XRP Most Popular

Customer holdings by token



Data as of: Fiscal Year 2019.

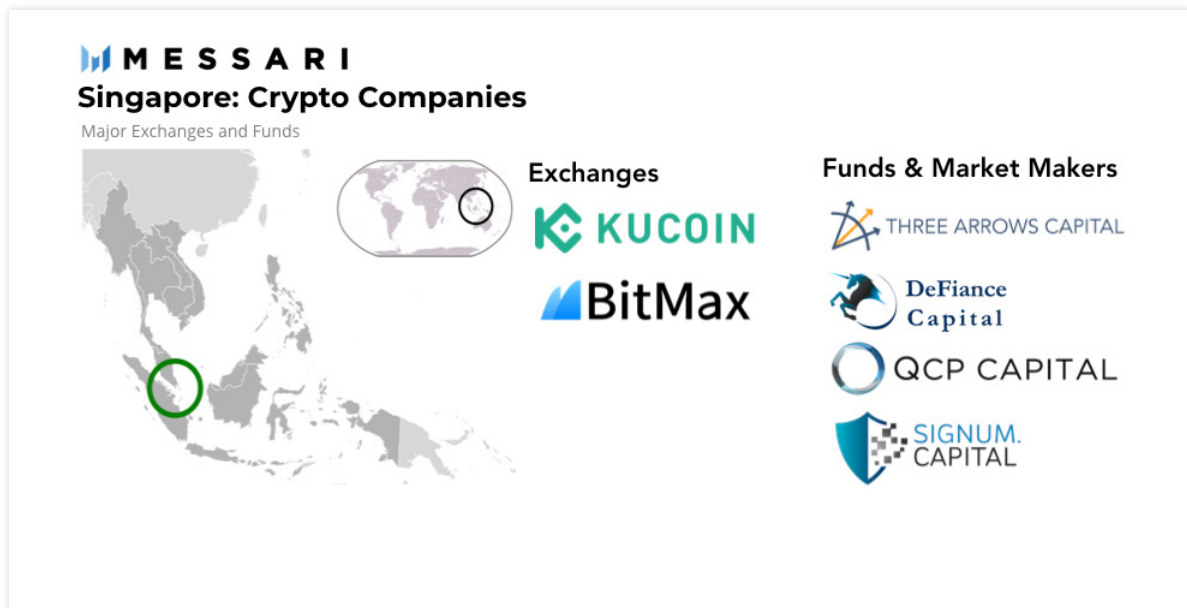
Source: Company filings. Companies in Korea are subject to external audit if assets under the balance sheet exceed KRW 12 billion at year end.

What could push DeFi activity? Perhaps wider adoption of KRW-pegged stablecoins and DeFi initiatives by local mainnets like Klaytn (which is backed by tech giant Kakao) and Terra.

Privacy tokens are usually not listed if the exchange is seeking a license, so customers would need to look to offshore exchanges to gain exposure.



Singapore



Singapore is one of the more lax Asian markets for crypto-specific regulations, though strict on AML, KYC, fit-and-proper controllers, and FATF Travel Rule compliance. Unlike Hong Kong, regulations are not confirmed and do not require client asset segregation, client suitability assessments, wallet insurance, single legal entity undertakings, professional investor requirements, and market surveillance.

While the Monetary Authority of Singapore has not licensed exchanges outright, it has **grandfathered 107 entities** with an exemption from holding a license under the Payment Services Act (PSA) for digital payment token services and trading of crypto. As a result, many companies from around the world have set up regional offices in Singapore. This shows that companies, if they can achieve it, want to be recognized and regulated.

The license under the PSA exemption means companies still need to adhere to AML and CFT rules. Unlike other countries, there are no regulations specific to derivatives products, which can be offered to both retail and professional investors. However, any exchange that trades tokens that constitutes a capital market product should be regulated under a different act, the Securities and Futures Act (SFA).

DBS, the nation's largest bank, recently announced its crypto exchange with a focus on targeting the STO market. Singapore Exchange also announced a **10% stake** in the exchange. The offering would not only be for Singapore clients but also extend to some of its partner banks. Similar to Japan, traditional finance is meshing with crypto. DBS **appointed** BC Technology Group, a crypto-native exchange, to service its technology back-end.

Singapore is one of the most affluent countries in the world, ranked **fourth** by GDP per capita. It is becoming a key destination as headquarters for global crypto companies. We await further regulatory announcements. In the meantime, favorably, there is no capital gains tax in Singapore, and the trading of cryptos is exempt from the 7% goods and services tax if it falls under the definition of "digital payment token."



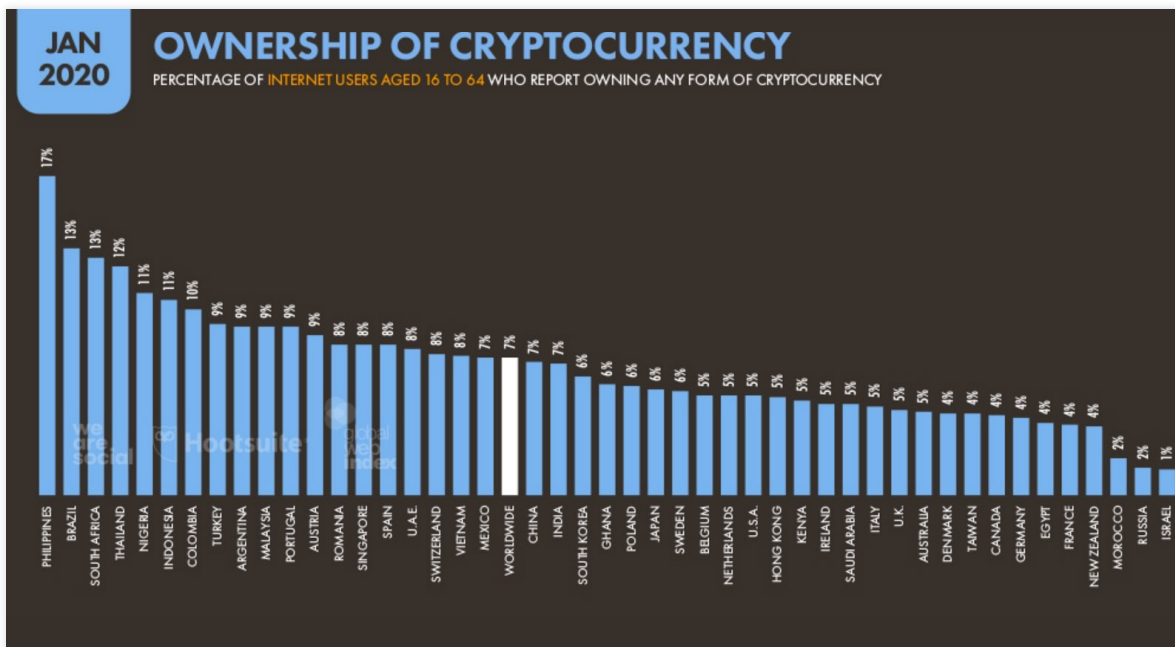
Rest of Southeast Asia



Philippines

The Philippines has one of the largest overseas foreign workers populations in the world, ranking **fourth** in global remittance recipients. As a result, crypto initially penetrated the market as a solution to financial inclusion and remittance services. Remittances account for 10% of GDP, though nearly 80% of Filipinos **do not have** a bank account even if they can afford it, mostly because the source of funds is overseas. As a result, a large part of the Philippines economy uses blockchain technology as enterprises are using crypto on behalf of its customers.

The Philippines has the highest ownership of cryptocurrency, likely due to remittances purposes (*following page*). Most of the population doesn't have the money to speculate so the industry is divided by the urban, affluent working professionals and those using blockchain for efficient transfers.



Given the need for fintech development, regulators have largely adopted a developmental mindset towards crypto. This has since helped to create fintech jobs and reduce high remittance fees of 7-8%. Remittance fees through crypto exchanges are much more efficient at 30-50bps, which benefits both the clients and institutions that use these platforms. So large is the enterprise space that an estimated 80-85% of local exchange trading volume are from institutions that facilitate remittances, like Moneygram, which has a global partnership with Ripple. As a result, XRP-PHP (Philippine peso) is one of the most popular trading pairs after BTC-PHP.

The Bangko Sentral ng Pilipinas (BSP) and the Philippines Securities and Exchange Commission (SEC) are the main regulatory authorities for crypto. Regulations are based on the entity, location and activity which can cause incoherence or overlap. The BSP has registered 16 crypto exchanges. However, licenses are harder to attain now than when the licensing framework was first announced. The SEC is involved in securities and exchange activities like ICOs and STOs. The most controversial is the Cagayan Economic Zone Authority offshore zone, borne out of legislation that grants tax breaks and preferential treatment to foreign entities. The government hopes to create a sandbox for the development of blockchain technologies and to help with the area's economic vitality. The legislative sandbox not only encourages crypto exchanges to set up shop but also encourages ICO projects to incorporate



in the economic zone. However, the zone is not exempted from banking or national securities laws, so infrastructure companies unlicensed by the BSP won't be able to get a local bank account.

Given its developmental mindset, the government has also begun to adopt blockchain technology for their own fundraising. The Department of Finance and the central bank raised a PHP 500 billion (US\$10 billion) bond in July 2020 due to funding requirements on the back of COVID-19. Given bond subscriptions usually require filling out forms in a bank branch, the government launched a small portion of the issuance on Ethereum. Akin to a war bonds effort for citizens to help the nation, the government could improve efficiency, reach its citizens around the world, and lower its cost base, all by accepting minimum subscriptions of \$100. We expect follow-on issuances of government bonds in the future on Ethereum.

Thailand

With the exception of Singapore, Thai investors are relatively more sophisticated and affluent compared to the rest of Southeast Asia. Order values tend to be higher, and ownership of crypto for investment purposes is growing, with organic interest. The market is also more evolved with sophisticated market makers and clients comfortable with order books. After initially banning Bitcoin in 2013, regulators have softened their stance but keep a short leash on the industry.

As Thailand is one of the first countries in Southeast Asia to regulate the crypto sector, regulators acknowledged that they must be flexible in applying the rules so that they're in-line with the market environment. The Thailand SEC said, "laws should not be outdated and should **serve market needs**." Similar to Japan, new listings need approvals from regulators and only whitelisted tokens can be offered to clients.

Before regulations were introduced, several projects in Thailand announced or launched ICOs. The Thai Cabinet quickly looked to regulate this space and appointed the SEC. In May 2018, the SEC introduced new rules including that directed to consumers. They imposed a 7% VAT for crypto traders, on top of the 15% withholding tax on capital gains on investments. Thailand has since **licensed**



13 crypto service providers, including six digital assets exchanges, three brokers, one dealer, and four ICO portals. **According to the the SEC:**

- “Exchanges” allow trading on a single platform. Exchanges can only deal in THB (Thai baht) trading pairs, and need a business development department license for fiat THB exchange
- “Brokers” allow rerouting of orders to different platforms
- “Dealers” allow holders to trade its own digital assets with its own book, similar to a prop desk or traditional dealer in stock exchanges

The SEC also differentiates between “cryptocurrencies” and “digital tokens.” Therefore, while Coins TH has both a broker and dealer licenses, it can only list tokens that are a medium of exchange. The difference between the two are:

- “Cryptocurrencies” are a medium of exchange for goods and services (e.g., BTC, ETH, LTC, BCH)
- “Digital tokens” refer to the right to participate in an investment, or to acquire goods and services under an agreement between the issuer and the holder (e.g., ERC-20 tokens)

However, the regulations didn’t suit everyone. Thailand’s first and largest crypto exchange BX received a license but **ceased operations**, perhaps due to the higher cost of compliance and lower profit margins. Upbit, one of Korea’s largest exchanges, also received a license but has ceased its Thai operations. The penalty to overstep the regulations include a fine of THB500,000 (US\$16,600) and two years in jail.

For the ICO portals, the SEC also has whitelisted seven cryptocurrencies (BTC, ETH, BCH, ETC, LTC, XRP, and XLM) to be used as trading pairs for ICOs. They were chosen because of high volumes and the lack of privacy features. Privacy coins are not welcomed by regulators.

The SEC continues to hear feedback from market participants as it adjusts its regulations. More recently, the SEC revised its net capital rules so that enterprises can count 50% of the value of digital assets towards the minimum capital requirements. This helps enterprises that may not have high fiat reserves.



Indonesia

Similar to India, Indonesia has long favored gold as a form of investment. The country, which is moving away from its strong dollar-dependency, saw a 500% devaluation of the rupiah (IDR) in the Asian Financial Crisis of 1999. Currently, there are soft capital controls, which is regulated by the central bank. Individuals can't physically carry more than Rp 100 million (\$7,000) at any one time, and the transfer of foreign currencies more than \$25,000 per month requires information disclosure and approval.

With a population of 300 million, Indonesia had one of the largest in total population investing in bitcoin in 2015, though the total USD value was small. As a result, Indonesia has **2 million** registered crypto investors, the **same number** of investors in the Indonesia Stock Exchange. Bank Indonesia has since banned crypto as a means of payment to protect the IDR. However, the Commodity Futures Trading Supervisory Agency (BAPPEBTI) treats crypto like commodities and published guidelines for licensing in 2019 for exchanges and custodians. BAPPEBTI has not issued any licenses, but it is accepting registrations.

For the larger exchanges, banks have been warming up to providing fiat services. In terms of customer education, there's still a lot of room for investors to understand blockchain. However, tokens as a form of payment is already widely accepted in Indonesia, where there are several e-wallet operators who use their own token points system.

Indonesia is somewhat a laggard in regulations. Neighboring countries like Malaysia, Thailand and Philippines have long regulated enterprises. While fintech is favored by the government, the crypto industry is not at the forefront of its attention.

Malaysia

It was only in July 2020 that the Shariah Advisory Council (SAC) in Malaysia's Securities Commission (SCM) **announced** that the trading of digital assets is permitted on registered digital assets exchanges. The SAC is the authority for Sharia law (Islamic law) for the purpose of Islamic financial business. All Malaysian Muslims, who comprise 61% of the population, are subject to Sharia law. Its neighbor Indonesia has the largest Muslim population with 87% of the population, but has secular laws so it did not need similar religion-based approvals.



Overall, industry participants comment that most Malaysians are still unaware that there are regulated exchanges, where trading only on **registered** exchanges is SAC-compliant. As a result, cryptocurrency penetration in Malaysia is still low with **only 2%** of the population saying they're familiar with digital assets.

While SCM is the main regulator of crypto fundraising and trading, the central bank, called Bank Negara Malaysia (BNM), is in charge of payments and currency matters. However, all cryptocurrency exchanges need to register with the SCM. After the initial filing, exchanges get a probationary period of up to nine months to comply with regulatory standards. Below are some nuances of the recent regulations:

- All digital assets require approval from SCM before it can be listed on exchanges. Given the SCM said trading was only permitted in "registered" exchanges, we expect volumes will migrate to the three that have been **approved** (Luno, SINEGY and Tokenize Technology) in June 2019
- Crypto is not legal tender
- Regulatory authorities currently do not allow derivatives
- Regulations require any digital asset offering to get approval from the SCM
- Any trader identified trying to bypass the law would be **subject** to a fine up to RM10million (Malaysian ringgit) (US\$2.4 million) or a prison sentence of up to 10 years

Among the three registered operators, SINEGY is the only homegrown startup, while Luno is headquartered in London, and Tokenize Technology was started in Singapore. They can only support BTC, ETH, LTC, and XRP, which has been whitelisted. In 2019, the SCM publicly listed 40 exchanges that were not permitted to continue operations and therefore had to return assets to clients. Binance currently does not have authorization to operate in the country, but supports the Malaysian ringgit.

Malaysia has recently been **plagued with scams** unrelated to crypto. Geneva Malaysia is being sued for RM 146 million (\$23 million), investment scheme JJ Poor to Rich lost \$400 million, and MBI International **duped victims** out of \$165 million. As a result, crypto regulation is stringent, but regulators **are open** to its development as an investment class to revolutionize Malaysia as a hub of Islamic fintech.

In October 2020, the SCM released **new regulations** on STOs and IEO (initial exchange offerings) operators. As tokens are classified as securities, this could



indicate that the government's intention to provide regulatory clarity so that the STO market can flourish onshore. While only four tokens are whitelisted for listing in licensed exchanges, the new license would allow many STOs to be listed in the future. The industry is excited about IEOs, given the SCM has released regulatory guidelines. Tokenization will bring more token issuance, fundraising, and institutional adoption.

Vietnam

Similar to Indonesia, Vietnam banned crypto as a means of legal payment. The State Securities Commission (SSC) and the State Bank of Vietnam (SBV) are the main regulatory authorities for digital assets. In 2018, the Prime Minister signed a directive restricting crypto activities, following which the SBV **banned the import** of crypto mining machines. The SSC also banned any crypto activities by public companies and securities firms. Currently, there is no other recognition of crypto and no licensing guidelines available.

Vietnam is strict because, as an emerging market, they have historically imposed foreign exchange controls to limit capital outflows and excess currency volatility. The use of gold is also regulated, although the market demand is still strong. In 2012, the SBV **estimated** that the Vietnamese public held between 300-500 tons of gold, used as a traditional savings mechanism and as a hedge against the depreciation of the VND (Vietnamese dong).

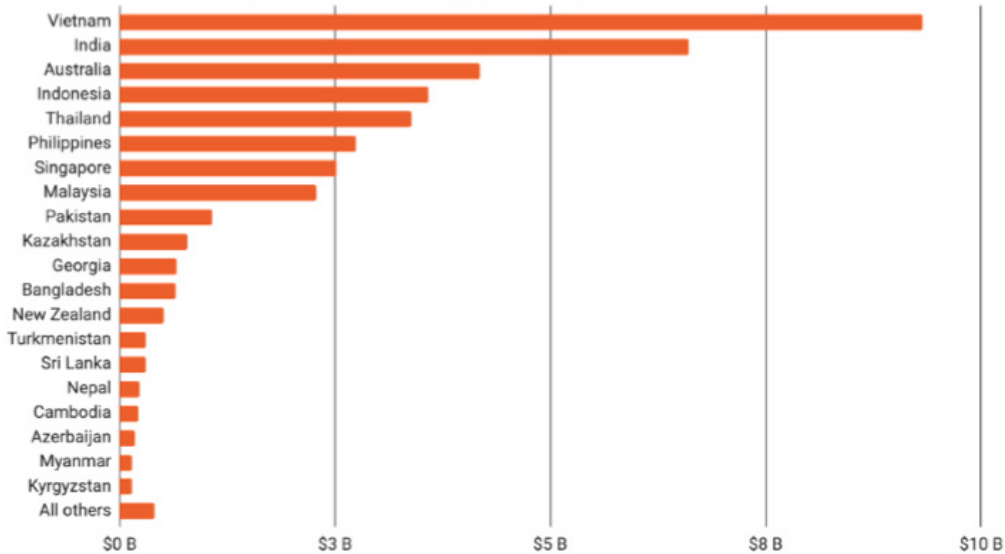
The first crypto exchange emerged in 2013 with low liquidity and a daily maximum of US\$10,000 in 2014. Currently, the market is retail-driven, with an estimated 98% of trading done manually in P2P markets through Telegram or Zalo (a local messaging app) to circumvent restrictions. For centralized exchanges, the liquidity depth without moving the market is \$2-3 million and over-the-counter (OTC) services cater to clients trading over \$10,000.

According to **Chainanalysis**, Vietnam is the most active in Central and Southern Asia (*following page*). However, discussions with local market participants and exchanges indicate that this is unlikely to be the case. However, the country was **ranked tenth** globally at \$13.8 billion in fiat remittances according to migration studies group Knomad in 2017.



Vietnam Leads Central & South Asia Inflows

Value Received On-Chain by Country (USD billion) July 2019 to June 2020



Note: Currencies include BAT, BCH, BNB, BTC, BUSD, CRO, CRPT, DAI, ETH, GNO, GUSD, HT, HUSD, ICN, LEO, LINK, LTC, MCO, MKR, MLN, OMG, PAX, PAXG, TGBP, TUSD, USDC, USDT, WETH, ZIL, ZRX.

Source: Chainalysis

Fiat onramp is relatively easy to process, but exchanges are extremely rigorous on KYC and AML processes. This is because regulators hold exchanges responsible for liabilities. For instance, the government has the right to confiscate fraudulent funds at the expense of the exchange. Peculiarly to Vietnam, due to its “cash is king” culture, most customers still prefer to use cash as an onramp method. This is normal, as many people use cash for business transactions or even property purchases.

India



The government's attitude towards crypto has been cautious. However, this is broadly due to the government's stance on capital flows, the currency, and economic policy. For example, in November 2016, the Prime Minister announced a ban of all currency notes of INR500 (Indian rupee) and INR1000 starting midnight that same day. This "demonitization," which was also performed in 1946 and 1978, was a bid to curtail the shadow economy and tax evasion, and to increase transparency. During this period, the volume of BTC traded in India **doubled**.

Banking restrictions for crypto enterprises came after the 2017 ICO bubble. In April 2018, the Reserve Bank of India (RBI) banned all banks dealing with crypto-related companies after a string of frauds. Over the course of the 2018-2019 crypto winter, many of the exchanges ceased business. Koinex, one of the largest exchanges, closed its business in June 2019 **citing** denials in payment services and bank account closures. ZebPay, which used to have the most number of users, shut operations in India in September 2018 after RBI's banking ban went into effect but has since re-opened this year.

In March 2020, the India Supreme Court overturned the RBI ban. The ruling **prompted** a 450% surge in trading in just two months. Approximately six million people have interacted with digital assets though only two million are estimated

to be involved. People are generally worried about government regulations and further bans. Currently, it is still difficult to get banking services, and exchanges are judged by how long they've been operating and their existing KYC and AML processes. Banks are still rejecting services to crypto exchanges, but some tier two banks are interested in learning more.

There is still a pending **parliament bill** titled "Banning of Cryptocurrency & Regulation of Official Digital Currencies" seeking to entirely ban the mining, holding, and use of crypto in India. However, it attempts to pave the way for blockchain technology development and that of the "digital rupee."

Most of the volume is in retail, focused on the top 20 tokens with fiat INR pairings. Trading against INR is limited to the top 20 tokens as Indian clients use local exchanges to trade the large cap tokens. The retail market is active as customers dabble in bitcoin as an alternative to gold. India is a big market for gold as a store of value and also as jewelry. Institutional participation is still trivial in India due to legal uncertainty. According to market participants, it's hard to surpass \$30 million in trading per day.

The largest exchanges are CoinDCX, WazirX, Bitbns, and ZebPay. While all serve spot markets, CoinDCX supports derivatives trading. Foreign companies, like Huobi, OKEx, and Binance have tried to enter the market but have not gotten traction. This is quite common in India as even local firms Ola and Flipkart have more market share than competitors Uber and Amazon respectively.

After the hype of 2017, many Indians are slowly finding their way back to crypto.



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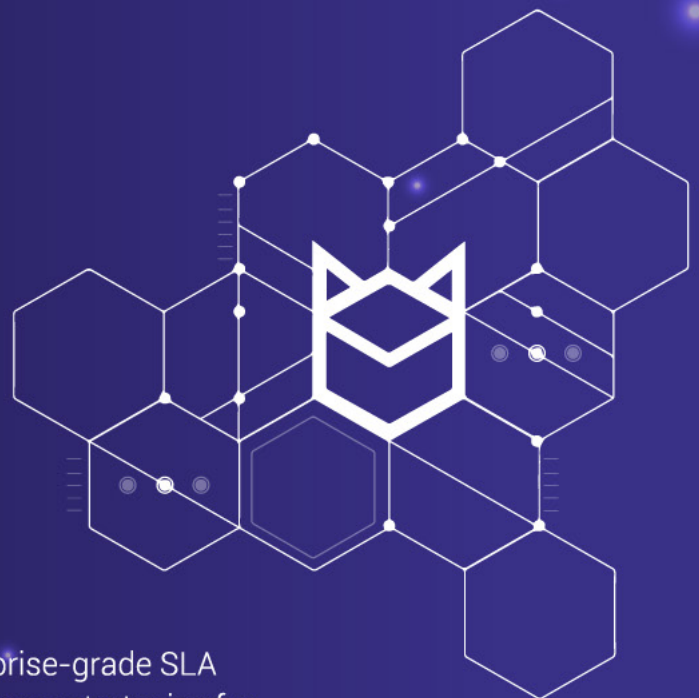
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Exchanges

Exchanges are the giants of crypto. They generate a lot of fees, touch the most users, and have services, including fiat onramp and offramp services, research, data, venture capital, staking, initial exchange offerings (IEOs), lending, savings, and prime brokerage. In this category, we also include P2P platforms, intermediaries and custody services.

Custody services are less recognized than exchanges, though they remain an important part of the ecosystem, especially within the institutional space. Custodians are in charge of securing crypto currencies and often provide insurance. Top custody providers build solutions for the problem of cyber crimes and lax internal processes, and safeguard digital assets for individuals and enterprises alike. In Asia, many large exchanges not only act like a crypto bank but also extend their custody solution to other enterprises.

Crypto exchanges are similar to traditional stock exchanges as they offer the ability to buy and sell digital assets, shares, or derivatives on their markets. Similarly, some exchanges also have listing fees. Sometimes, ICO (initial coin offering) projects that raised money will see higher listing fees compared to those backed by venture capital funds (VCs), or a strategic coin that can help with an exchange's ecosystem may be listed for free. If an exchange charges at all, average listing fees by the major exchanges we spoke to are US\$100,00 for ERC-20 tokens or \$150,000 for tokens on other blockchains.

In this report, we look at their history, key investors, regulations, insurance, services, and listing process. We intentionally excluded self-reported figures of trading volumes or number of client accounts, and other data that could not be verified by our team. Messari has a "**Real 10**" volume index for data we believe has legitimate trading volumes. The constituent exchanges are: Binance, Bitfinex, Bitflyer, Bitstamp, Bittrex, Coinbase Pro, Gemini, itBit, Kraken, and Poloniex.

Funds

Venture capital and other investment funds have deployed capital in the crypto space through both tokens and equity stakes. Funds' assets under management (AUM) typically range between \$10-100 million, though the size doesn't necessarily indicate its importance. Funds can also help with governance, marketing, tokenomics, early liquidity provisioning, and growing a community. In the startup space, investing in tokens or equity stakes not only involves in-depth knowledge of the latest technology and its applications, but it also involves having a wide community reach. Larger crypto infrastructure companies have seen increasing funding (albeit small) from traditional sovereign wealth funds, pension funds, and asset managers.



MESSARI PRO

Professional grade crypto data & research

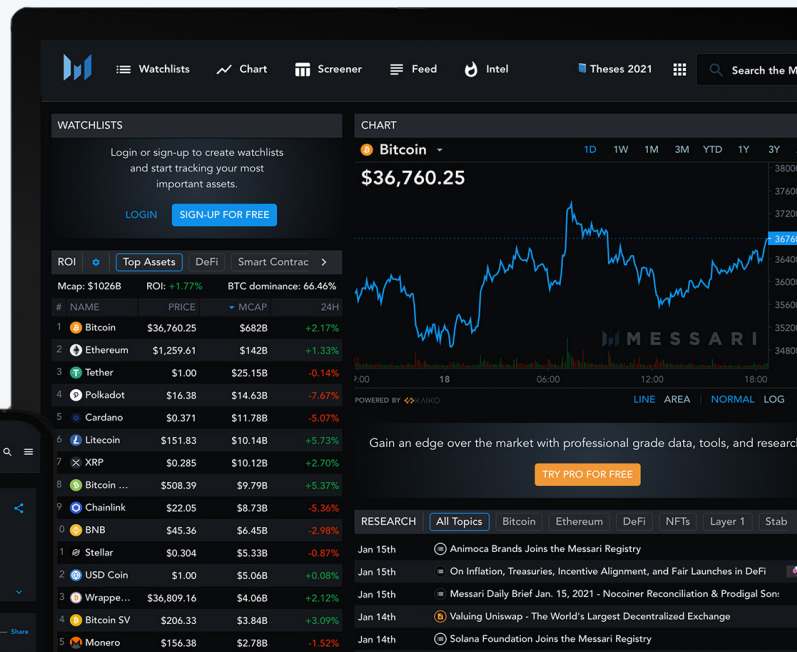
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Market Makers

Market makers are some of the most important but unseen players in the industry. They help both token issuers and exchanges retain clients as a liquid market also improves the user experience, making transactions simple and fast to execute. The benefits towards the different customers are typically as follows:

- **Exchanges:** add order book depth, narrow spreads, and reduce transaction costs for other traders and grow market share
- **Initial Coin Offerings (ICOs):** nurture an orderly market, promote volume, and investor confidence (they also facilitate better exchange listings)
- **Listed Tokens:** add value to the existing order book, support liquidity at major events, facilitate new listings

They profit from providing liquidity by facilitating an orderly market and narrowing the price spread between different platforms.

Given capital controls in some Asian countries, there are many smaller, country-specific market makers.

Methodology

- With the exception of a few names that have declined to discuss their companies at this time, we have spoken to all of the following entities.
- Due to washtrading in the industry, we have intentionally excluded trading volume, unless our team could verify that information.
- We have also looked at news, data providers, industry contacts, and social media for information on each respective company.

Where applicable, we include such data as:

- Investors
- Regulations
- Fiat Services
- Other Services
- Insurance
- Supported Tokens
- Native Token
- Listing Process

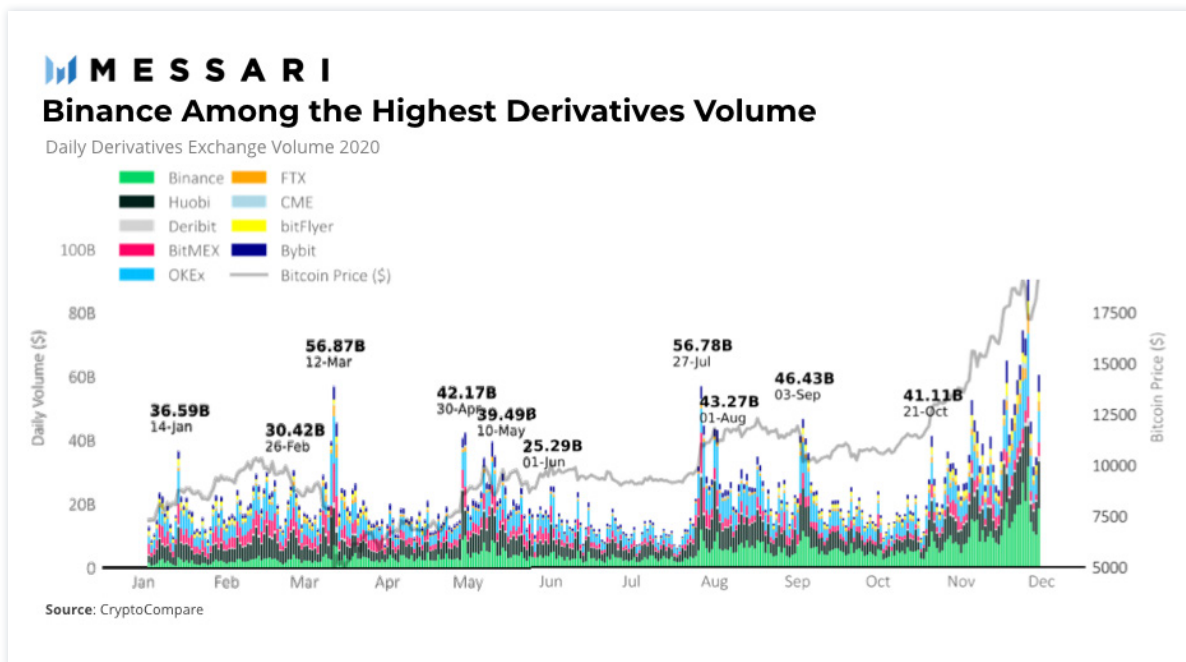


China

Binance

Binance needs no introduction as the world’s largest cryptocurrency exchange platform. Founded in 2017 in China, Changpeng Zhao (CZ) previously worked at Bitcoin wallet provider Blockchain LLC and one of China’s largest exchanges, OKCoin. Before Binance launched in July 2017, it raised \$15 million by selling its native token \$BNB. This coincided with a crackdown in China on giants like Huobi and OKEx, which saw some clients migrate to the new token-to-token exchange, which was one of the first to service a long list of altcoins. At that time, Binance also gained customer loyalty by making clients whole when early ICOs did not perform well during China’s crackdown on crypto trading.

Today, Binance is consistently the most liquid exchange and also has the highest derivatives exchange volume:



Although Binance says that it doesn’t have a headquarters, the company first started in Shanghai, then moved to Japan before finally “locating” to Malta. CZ **said** the company has a number of entities around the world, either operated by Binance or its partners.



Binance hold many events for community engagement, and CZ has been a pioneer in holding AMAs on Twitter to improve transparency and client servicing.

BINANCE SNAPSHOT

- **Investors:** include Vertex, a venture capital fund backed by Temasek
- **Fiat Services:** Binance has never focused on fiat to crypto trading pairs. Binance has US, Singapore, Uganda, and Jersey (**now closed**) platforms which have fiat onramps. Binance America (BAM) Trading CEO Catherine Coley maintains there are no ownership ties to Binance but confirms that CZ sits on the board of directors. Currently, KYC is only required if customers want to withdraw more than two \$BTC a day.
- **Other Services:** For customers, Binance offers spot, margin, OTC, and P2P trading. It also has leveraged tokens, futures, DeFi, lending, liquidity pools, and interest yielding products. For projects, Binance has one of the most successful IEO platforms. For exchanges who want to use its platform, Binance also provides a software-as-a-service (SaaS) for whitelabels. The company also has a fund to promote the Binance Smart Chain. Separately, Binance Pool **accounts for 13%** of global Bitcoin mining.
- **Hacking:** In May 2019, hackers **stole** 7,000 BTC (US \$40 million), which the exchange covered with their insurance fund. These losses pushed Binance to enhance its security standards even further.
- **Insurance:** Binance started its insurance fund in July 2018, allocating **10% of all trading fees** received into Secure Asset Fund for Users (SAFU). In January 2021, the SAFU fund **compensated** clients of the \$COVER hack.
- **Supported Tokens:** More than 250 tokens are supported. US users should be restricted to the Binance.US exchange, which has a more limited selection of tokens.
- **Native Token:** \$BNB, used to pay fees at discounted rates, lending, and staking on its DeFi platform. Binance has two blockchains: Binance Chain (BC) and Binance Smart Chain (BSC), which runs in parallel to the BC. BSC has smart contract functionality and is compatible with the Ethereum Virtual Machine (EVM).
- **Listing Process:** Binance supports many tokens. In general, it likes tokens with a proven team, useful product, and large user base. It donates all listing fees



to the Binance Charity Foundation, a 100% transparent charity tracked on the blockchain. The stated cost to launch an asset is **1,000 BNB** (\$30,000), though this may not be the full listing fee.

- **Charity:** Binance's **charity arm** has raised over \$12 million across 2,000 donors. Recent projects include Crypto Against COVID (*Disclaimer: Messari is a donor*), Beirut Explosion Relief, Australian Bushfire Donations, and Binance Lunch for Children.

As the largest cryptocurrency exchange in the world, Binance is also one of the most closely scrutinized. Despite not having an official office headquarters, it has had legislative challenges recently:

- **Malta:** Following Binance's March 2018 **announcement** that it was moving to Malta, the Malta Financial Services Authority (MFSA) **stated** in February 2020 that Binance does not have authorization to operate in the cryptocurrency sphere and is therefore not regulated by the MFSA.
- **Japan:** In 2018, Japan's financial watchdog, Financial Services Agency, **warned** Binance against operating without a license.
- **USA:** In September 2020, Japanese crypto exchange Fisco, which purchased hacked exchange Zaif, filed a lawsuit against the company **claiming** that Binance was the go-to platform for "the laundering of stolen cryptocurrency." Fisco had suffered a \$63 million **hack** in 2018. Separately, Binance has **sued** Forbes Media and two journalists for defamation.
- **Hong Kong:** Binance was among seven crypto exchange to receive a **warning letter** in February 2018 from the Hong Kong Securities and Futures Commission to cease operations.
- **Brazil:** In July 2020, the Brazilian Securities and Exchange Commission **barred** Binance from offering bitcoin futures contracts in the country.

OKCoin

Founded in 2014, OKCoin is the parent of digital asset exchange, OKEx, based in China. It operated as a separate legal entity from OKEx in 2017 after government crackdowns. Currently, OKCoin **has offices** in San Francisco, Malta, Hong Kong, Singapore, Japan, and Korea.

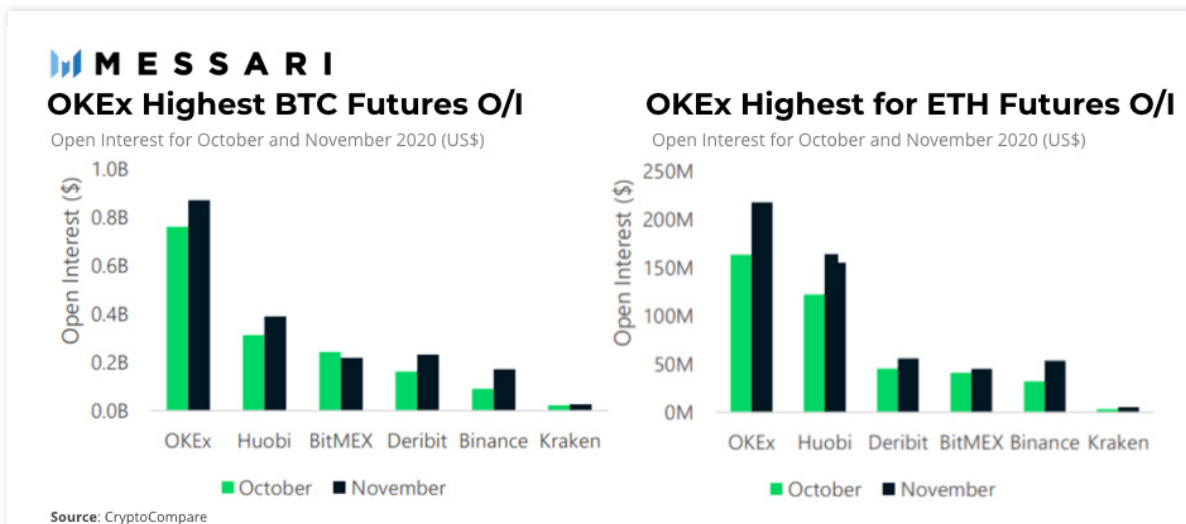


OKCOIN SNAPSHOT

- **Investors:** In 2014, it raised from VC firm Ceyuan, Mandra Capital, VenturesLab (Tim Draper is a partner), and numerous angel investors.
- **Regulations:** OKCoin USA Inc. is a licensed money transmitter and money services business registered with the Financial Crimes Enforcement Network (FinCEN) of the US Department of the Treasury. OKCoin Europe is registered in Malta and provides trading services to EU residents. In May 2020, it also applied to be a crypto service provider in the Netherlands. OKCoin Pte Ltd is its Singapore entity which has been granted an exemption from holding a licence under the Payment Services Act. OKCoin Technology Company provides trading services to customers globally and is not licensed.
- **Fiat Services:** Customers can now use their debit and credit cards to deposit USD into their accounts. Trading pairs are provided for USD, EUR, and SGD (Singapore dollar).
- **Supported Tokens:** 10 tokens

OKEX

OKEx is a subsidiary of OKCoin and has operated as a separate legal entity from OKCoin since 2017. As a result, OKEx cannot legally serve US residents and does not offer fiat services. Its futures business is one of the largest for institutional investors with 8,500 trades worth more than 10 BTC in June 2020 alone.



According to the company, its BTC futures trading volume is \$1.5 billion daily. It is among the most liquid for futures open interest.

OKEX SNAPSHOT

- **Regulations:** OKEx **said** it would be “moving” from Hong Kong to Malta in April 2018, a month after Binance announced it was relocating there. It is not regulated as an exchange in Malta.
- **Fiat Services:** With P2P trading, OKEx facilitates trades between customers who want to onramp, but it doesn’t provide fiat services.
- **Other Services:** Apart from spot, it provides OTC, futures, margin, options, and perpetual swaps, DeFi, lending, and mining services. It also has a SaaS platform and blockchain-based incubator for projects to go public through its token sale platform. It also has an **IEO platform**.
- **Insurance:** OKEx operates a futures, perpetual, options **insurance fund** with a total of about 7,000 BTC and six million USDT. Clawbacks will only occur if the insurance fund does not have enough funds to cover the system’s total margin call losses.
- **Supported Tokens:** While OKCoin lists seven tokens, OKEx lists hundreds of tokens for spot, margin, futures, perpetual swap, and options trading.
- **Native Token:** \$OKB is used to earn in DeFi, get trading fee discounts, vote for listings, and gain early access to OKEx’s platform tokens. OKEx has a commercial public blockchain and decentralized application.
- **Listing Process:** OKEx wants to filter for “bad” tokens and select tokens that would be most active. According to the company, it **doesn’t take a listing fee**. However, it may require funding for joint marketing campaigns.

OKCoin and OKEx were one entity until the government crackdown in 2017.

Recent controversy includes:

- **January 2017:** Along with Huobi, OKCoin **stopped** margin lending and introduced trading fees after the People’s Bank of China (PBoC) launched investigations.
- **February 2017:** Along with Huobi, OKCoin **halted withdrawals** of cryptocurrency but allowed withdrawals of fiat RMB (Chinese yuan/renminbi).
- **August 2017:** Huobi and OKCoin **invested** RMB 1 billion (\$150 million) of



client funds into wealth management products. These products could be high-yield and risky. The PBoC **warned** that there are no technical barriers for the misappropriate or even embezzlement of customer's digital assets by platform operators.

- **July 2018:** Unable to cover a trader's shortfall, OKEx **implemented** socialized losses, forcing futures traders to give up 18% of profits that week. The notional value of \$416 million attracted attention. OKEx injected 2,500 BTC (\$18 million at the time) to an insurance fund to minimize the impact to clients.
- **November 2018:** OKEx forced the **early settlement** on \$135 million of futures contracts on Bitcoin Cash, due to a hard fork. OKEx said it was to protect customers from high volatility and apologized for "the inconvenience it may cause."
- **March 2019:** OKEx was **criticized** for its involvement in wash trading. Many exchanges practised wash trading to artificially inflate volumes and rank higher on league tables. OKEx blamed the wash trading on clients who were gaming the fee schedule to trade at lower costs.
- **October 15, 2020:** OKEx **suspended** withdrawals for five weeks after its founder Mingxing Xu was in police custody and said to be cooperating with a government investigation. The company has **said** that he is not under criminal detention and has not given further information as it stated that the investigation is confidential.

Huobi

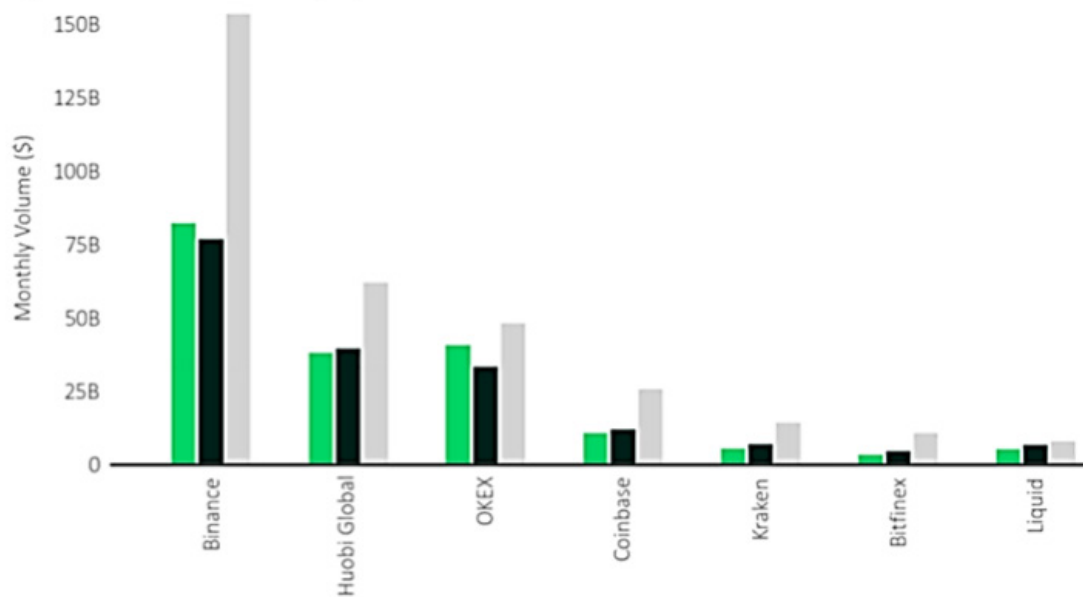
Huobi is one of the largest crypto conglomerates in the world, with a core focus on China and other Asian markets. Huobi means "cryptocurrency" in Chinese. Founded in 2013, Huobi has gone through a series of government crackdowns to become one of the largest and most successful crypto exchanges. Today, Huobi Global is the **second highest** in terms of spot volume (excluding OTC trading).

The parent company Huobi Group, co-founded by Leon Li and Jun Du in early 2013, quickly became China's largest exchange by end of the same year. Jun Du is



Huobi Second Highest Spot Volume

September to November 2020 (US\$)



Source: CryptoCompare

also the CEO of Node Capital and Jinse Finance, one of China's most established crypto media platforms.

Huobi benefited from the collapse of Mt. Gox, which saw up to **70% percent** of the world's bitcoin trading volume. After Mt. Gox collapsed, Huobi claimed to have a majority of global Bitcoin trading volume. It's still one of the most liquid in the world today.

Before the September 2017 China ban, Huobi only provided BTC-RMB trading. The ban forced Huobi to launch its peer-to-peer matching service in November 2017. It also launched an OTC desk, Huobi Global (formerly known as Huobi Pro). The China ban also encouraged it to expand globally. This led to regional offices in Singapore (November 2017), Japan (December 2017), Korea (March 2018), the US (July 2018), and Russia (August 2018). It also **acquired** BitTrade, a licensed Japan crypto exchange, in 2018 and changed the name to Huobi Japan.

In 2018, Huobi Group acquired Pantronics Holdings (1611 HK) (Hong Kong dollars) but did not complete a full backdoor listing of the global or China exchange as it is **disallowed** in Hong Kong.

HUOBI SNAPSHOT

- **Investors:** In November 2013, Huobi raised an angel round from Dai Zhikang and ZhenFund. Then it raised \$10 million in a Series A in April 2014 from Sequoia China.
- **Regulations:** Due to the tight regulations in China, the company is incorporated in the Republic of Seychelles. The government issued a “Blockchain Experiment District of the Hainan Free Trade Zone” license to Huobi China, after it moved its headquarters there in September 2018. Huobi US (HBUS), which **ceased US operations** in December 2019 citing regulatory concerns, has since collected money transmitter licenses in 43 states, but only **13 states allow USD-to-crypto** trading. It is also licensed in Japan (from its merger with BitTrade), Gibraltar, and Thailand.
- **Fiat Services:** Outside of China, Huobi supports AUD, GBP, and EUR through its partnership with Banxa. In the US, its wire transfer partner is Prime Trust.
- **Other Services:** Services in Huobi China are limited to P2P trading. It also has spot, derivatives, margin trading, hash market, a PoW pool, staking service, OTC, and a SaaS platform. In addition, Huobi has an array of wealth management tools, like asset custody, lending, and savings. According to the company, the bitcoin computing power of Huobi Mining Pool is the **third largest** in the world and the first among exchange mining pools. It also has an **IEO platform**.
- **Insurance:** For each digital asset contract, there is a corresponding insurance fund. Aggregated, Huobi’s insurance fund has about **4,000 BTC, 10.6 million** USDT, and smaller positions in several other tokens, which can be used to cover clawback margin call losses. Its Investor Protection Fund will compensate for a maximum **limit of two million HT** (Huobi Token) for the full year in 2020.
- **Supported Tokens:** About 200 tokens
- **Native Token:** \$HT is used for trading discounts, governance for projects to be listed, gas for Huobi Chain, and collateral for margin and future trading. There are also daily airdrops of Huobi Pool Tokens (\$HPT), which is a sub-token of \$HT, issued by subsidiary Huobi Pool, available for those who lock \$HT. Users with \$HPT are entitled to cashflows from Huobi Pool PoS which



accounts for **8% of global bitcoin mining**.

- **Listing Process:** Mature projects can apply to the Huobi Main Board while projects that have not started financing can apply to Huobi Next. Huobi may delist projects if they don't submit a weekly report for over two months or for any serious breach of conduct.
- **Investments:** Huobi Group has **invested** in over 60 companies in the blockchain industry.

Huobi is physically based in China, so it is subject to local regulations despite being registered overseas. Recent controversies include:

- **September 2014:** Huobi **said** that 920 BTC and 8,100 LTC (Litecoin) were wrongly deposited into 27 different accounts. The company returned the lost crypto and said it was due to employee error.
- **February 2017:** Along with OKCoin, Huobi **halted withdrawals** of cryptocurrency completely but said that withdrawals of the Chinese RMB would not be affected.
- **November 2014:** Huobi's futures trading platform BitVC **took 46% of traders' profits** from the week to cover the system's losses of over 3,000 BTC. Huobi said it gave a "reimbursement" to users who lost funds by giving credit for future trading fees.
- **August 2017:** Huobi and OKCoin **invested** RMB one billion (\$150 million) of client funds into wealth management products. These products could be high-yield and risky. The PBoC **warned** that there are no technical barriers for the misappropriate or even embezzlement of customers' digital assets by platform operators.
- **September 2017:** Along with OKCoin, Huobi said that it would halt trading services for China residents due to Chinese regulations. A day later, the company **said** it would halt RMB-based trading by the end of October. Executives were **barred** from leaving Beijing to cooperate with the government investigations on their platform.
- **November 2020:** Huobi's COO was **reportedly** under investigation by the China police. Some customers said their bank cards were frozen when attempting to purchase digital assets or withdraw funds from Huobi. Unfortunately, this is not an issue exclusive to Huobi.



Fenbushi Capital

Fenbushi Capital is one of the most well-known funds, as the first active blockchain-focused venture capital firm in China. Fenbushi was founded in Shanghai in 2015 with \$50 million in its first fund, seeded by Chinese auto-parts manufacturer Wanxiang Group. The fund was co-founded by Xiao Fong (Vice Chairman of Wanxiang Financial) and Bo Shen (finance veteran, co-founded the team behind BitShares). Vitalik Buterin was also one of the initial co-founders and continues to be an advisor to the fund. Wanxiang Group and Wanxiang Blockchain Labs are among the most influential builders of China's blockchain ecosystem, and Fenbushi's close partnership with Wanxiang further strengthens its network both in China and globally.

To date, Fenbushi has supported over 100 projects across six continents through its funds, investing across all layers of the tech stack from protocol to applications, and across various blockchains and use cases. Fenbushi's mission is to drive healthy and sustainable growth in the global Web 3.0 ecosystem and aims to be a long-term strategic partner to its portfolio projects. It actively seeks to build synergistic partnerships across its broad portfolio and leverages its deep roots in Asia to build a bridge between Asia and the global blockchain community. Its typical investment size is \$500,000 to \$1 million. However, that amount is smaller across all venture capital firms that target seed and pre-seed rounds.

Fenbushi Capital manages multiple funds with both equity and token investments, primarily focusing on early stage, long-term venture strategies. Fenbushi means "distributed" in Chinese.

Neo Global Capital Ventures (NGCV)

Founded in 2017 and formerly known as Neo Global Capital (NGC), this fund is best known for its deep ties with NEO, a popular token in the Chinese market. The co-founders of NEO pooled their tokens after the ICO to establish NGC as its venture arm to nurture the NEO ecosystem. For example, NGC invested in Ontology, which is co-founded by Da Hongfei, one of NEO's founders. However, as NEO became less active, NGC began to diversify its investments. A year later, the fund rebranded to NGCV as it became completely independent. According to the company, it now has team members in the US, China, and Singapore with an AUM



of more than \$100 million.

Since its first fund has a three year plus two year option term, it is winding down now. The returns from its first fund was ~500% in the initial three years. NGCV started raising its second fund in 2019, focused on crypto investments including infrastructure, adoption, CeFi, and DeFi in both token and equity ownership.

Ticket sizes usually range from \$100,000 to \$5 million. However, the trend is reducing now to the lower end of that range, as projects today are seeking less funding. Given that major infrastructure and Layer 1 projects have already raised capital, it's difficult to find projects that want to raise more than \$2 million today.

NGCV was reputed to be one of the most active funds in 2020. It's diversified with global reach and with 75% of deal flow originating outside China. Its investment thesis is varied, and it can invest in both tokens and equity deals, in both short term and long term investments. Due to the capital markets background of the founders, it can also hedge gains against bear markets to have dry powder when markets are bottoming.

Fintech Blockchain Group (FBG) Capital

FBG Capital is a digital asset management firm founded in 2015. FBG is one of the largest blockchain investors in China with additional employees in New York, Singapore, and South Korea. In 2017, it was rumored to be Pantera's core partner in China. The fund also incubates promising blockchain projects, invests in ICOs, and trades on an event-driven strategy. For ICOs, FBG looks closely at qualitative aspects, such as the founding team; monitors chat rooms; and talks to academics, engineers, investors, and community leaders to come to a conclusion.

It counts Sequoia Capital as one of its **blue-chip investors**. Notable investments include **FTX**, Tron, Decentraland, OmiseGO, and MakerDAO.

Dragonfly Capital

The fund seeks to bridge the gap between East and West in the crypto economy. In October 2018, Dragonfly Capital announced that it **raised** \$100 million in its



inaugural fund—among the highest in the industry. Strategic investors include OKEEx and mining giant Bitmain. The fund also reportedly attracted top US and China investors like Chris Dixon (Andreessen Horowitz), Cyan Banister (Founders Fund), Olaf Carlson-Wee (Polychain Capital), Neil Shen (Sequoia China), Eric Xu (Baidu), Zhang Tao (Meituan), Cai Wensheng (Meitu), and Annie Xu (Alibaba US).

It was founded by Alexander Pack, who was previously at Bain Capital Ventures focusing on crypto and fund investing, and Bo Feng, the founding partner of Ceyuan Ventures and a key investor in OKEEx. The fund targets crypto asset managers; protocols and applications; and infrastructure companies to link decentralized and centralized economies. The fund has already invested \$20 million in more than 20 startups and funds, including Oasis Labs and Basis.

Alexander Pack **announced** his departure in April 2020 due to a “difference in vision on the direction of the firm.”

IOSG Ventures

Founded in 2017, IOSG Ventures is a venture capital firm focused on Open Finance, Web 3.0, and cross-chain industry. It has over 60 investments and is actively involved in various developer and DAO communities. IOSG Ventures is a research-driven and community-engaging venture fund, focusing on the next wave of fintech innovation using blockchain. Its Blockchain Fund II will focus on Open Finance, PoW and PoS, and Web 3.0. Notable investments include UMA, 1inch, KEEP, Wootrade, dHedge, and Oasis Labs.

Fission Capital

Fission Capital is a blockchain, big data, and new media-focused fund founded in 2017. Combining traditional investment insights with blockchain technology, it aims to build the future of digital economy through organic marketing, community development, and advisory services. Fission Capital may bring in co-investors who can help with marketing networks in China to build a community. Its portfolio companies include BC Group (863 HK), Ontology, NEO, Near, Ethereum, Polkadot, Nucypher, and Binance Chain, among others.



LD Capital

LD Capital has a big war chest, focusing not only on blockchain investments but also securities and trading. Within blockchain, it's most focused on finance, games, content publishing, and the Internet of Things. According to the company, with just in-house capital, it has invested in more than 100 companies and has achieved more than 100x returns in projects like Qtum, VeChain, and EOS to manage nearly \$1 billion today. The team is spread over China, the US, Europe, Singapore, Japan and South Korea.

BiKi

BiKi launched in August 2018 during the bear market but thrived due to its active community outreach and growth. For example, other than close marketing alongside projects, it **targeted** specific Chinese districts that other exchanges did not cover to gain market share. Currently, 60% of users are Chinese with Korea and Russia as other large bases.

Since its launch, BiKi has onboarded 200 tokens and has focused on a high degree of pre-launch cooperation and early exclusivity with projects in order to generate awareness in Asia and Russia. BiKi also gained market share by offering 60% trading fee rebates for referrals while the highest at the time was 40%. Within three months, BiKi thrived despite the crypto bear market due to its public relations, community engagement, and referrals.

BIKI SNAPSHOT

- **Investors:** The company received personal funding from Du Jun (Huobi's co-founder) and Zhu Huai Yang (Genesis Capital), along with investments from institutions like FBG Capital, ChainUP (also founded by Du Jun), and others totalling \$10 million. (Du Jun also founded one of China's most prominent crypto media companies, Jise Finance.) This partnership helps promote affiliate companies and projects. Before founding the company, the CEO was previously the marketing lead at Huobi Global. BiKi uses ChainUP's white-label SaaS (a company also founded by Du Jun), although it has also independently developed its own trading functions.
- **Regulations:** BiKi was incorporated in Singapore in 2019. According to the company, it applied for registration in Singapore in June 2020.



- **Fiat Services:** BiKi integrates with Chinese payment services like Alipay and WeChat. It has a P2P OTC platform where BiKi will match orders, a process familiar to clients in China.
- **Other Services:** Other than spot trading, BiKi offers liquidity mining, leveraged tokens up to 3x, derivatives and futures trading up to 125x leverage, staking, IEOs, index investing, and fast loans.
- **Insurance:** The company has an internal **risk guarantee fund**, which reportedly sets aside 20% of monthly revenues. The amount is not disclosed.
- **Supported Tokens:** About 220
- **Native Token:** \$BIKI can be used to offset transaction fees by 25%, rebates, and OTC services depending on size of holdings. Actually, the exchange started with the name of BikiCoin.com with its native token in mind. According to the company, 100% of the platform fees is meant to be used in buybacks and burning with daily repurchases and quarterly burning.
- **Listing Process:** Apart from due diligence, BiKi prefers close collaborations with project teams to develop a community so BiKi can help with value-added services. The listing committee meets three times a week. Listing fees are negotiable.

Babel Finance

Babel Finance offers financial services, primarily in lending and borrowing, asset management, and prime services for serving individuals and institutional investors. The company **started** in August 2018 by lending stablecoins to crypto miners. In January 2020, Babel began to support loans collateralized by mining machines, which relieves liquidity pressure for miners. Miners connect to Babel's partner mining pool Spark Pool (for ETH) and F2Pool (for BTC). As of February 2020, it had **\$380 million** in loans.

The firm is incorporated in Hong Kong with operations in Beijing. It closed a pre-series A funding round with investments from Dragonfly Capital and Parallel Ventures (a crypto-focused spinoff of Chinese VC, FreesFund).



Matrixport

Matrixport is a Cayman Islands-registered liquidity provider launched by former Bitmain CEO Jihan Wu. Founded in 2019, the company is a spin-off from the mining giant Bitmain, which is headquartered in Beijing. According to the company, Bitmain was already **offering services** like OTC trading and custodian infrastructure. It expanded its services with Matrixport to include a token-to-token exchange (supporting six tokens), lending, and investment products involving derivatives.

Hong Kong

BC Technology Group (d/b/a OSL)

BC Technology Group operates under the brand "OSL" and is listed on the HK Stock Exchange as 863 HK (market capitalization of \$720 million). The founders were early in starting a crypto exchange and have a background in technology at investment banks. Unlike other exchanges, it only caters to professional or institutional investors, and crypto platforms. It is Asia's only listed, regulatory-compliant, Big-Four audited, and fully-insured exchange. This allows OSL to onboard institutions that want to trade digital assets, including STOs.

Its financial statement, audited by PwC, states that it has RMB 876 million (\$124 million) in crypto reserves, making it the third largest holding by a publicly listed company.

BC GROUP / OSL SNAPSHOT

- **Investors:** include asset manager Fidelity International (5.12%) and Jump Trading (<1%), one of the world's largest market makers
- **Regulations:** The platform was the first and only digital assets exchange to receive a license from the SFC. The Hong Kong government **said** in November 2020 that unregulated companies must cease operations without this license. It is also registered under the Monetary Authority of Singapore under the Payment Services Act.



- **Fiat Services:** BC Group has several international banking relationships for fiat onramp and offramp.
- **Other Services:** To professional investors, OSL provides comprehensive prime brokerage, exchange, and custody services. OSL's Prime Brokerage is one of Asia's largest and highest volume digital asset brokerages, offering institutional-grade OTC and spot trading, lending products, Intelligent Request for Quote (iRFQ) trading, bespoke token services, and secure wallets with multi-venue execution. To enterprises, it has a white-label SaaS that also allows banking-hours-only trading. The company **announced** it was the technology partner for DBS Bank's digital exchange. Other clients include Blockbonds, PDAX and Mine.
- **Insurance:** The platform has never lost client funds and maintains 100% hot wallet crime insurance. OSL Custody was the first in Asia to secure 100% insurance on hot wallet infrastructure.
- **Supported Tokens:** The company has a listing committee but is very conservative in listing tokens with only 10 supported at this time.
- **Listing Process:** Given its focus on institutional investors, the company focuses on the most liquid tokens. It does not take listing fees.
- **Auditor:** BC Technology Group is a publicly listed company. All of its business lines are audited by PwC.

FTX

FTX is one of the fastest moving exchanges, quickly creating a name for itself by adding new features at an unprecedented pace. It created innovative new products like basket trades, prediction markets, and fractionalized stock trading.

FTX has the backing of Alameda Research (both entities founded by Sam Bankman-Fried). Alameda is a ~\$100 million AUM quantitative crypto trading firm that is a key market maker on FTX. Within a year of launch, Alameda was already one of the largest liquidity providers and market makers in the space, trading up to \$1 billion a day. Early liquidity partners also include TUSD and USDC.

FTX's clients are typically more institutional than the average exchange, but it caters to all customers. There's an even split between customers in East Asia and the West.



Separately, FTX launched a decentralized exchange, Serum, which is independent from the FTX ecosystem.

FTX SNAPSHOT

- **Investors:** FTX **raised \$8 million** in August 2019 in its seed funding round, and is backed by investors like Proof of Capital, Consensus Lab, FBG Capital, and Galois Capital. In December 2019, Binance invested an undisclosed amount in FTX to accelerate its growth. In December 2020, Bankman-Fried said that FTX's latest valuation was \$3.5 billion, and its 2020 profit will be \$70 million. He also said that FTX has raised a total of \$120 million.
- **Regulations:** FTX bases its operations from Hong Kong but is owned by its Antigua and Barbuda-based parent company, FTX Trading Limited. FTX.US, its exchange for US residents, is registered as a money services business with FinCEN and is in the process of gaining money transmitter licenses. In the future, it will be looking to obtain licensing for prediction market contracts.
- **Fiat Services:** The company supports fiat services and has Australian partners for fiat onramp.
- **Other Services:** FTX is primarily a cryptocurrency derivatives exchange that offers futures, leveraged tokens, and OTC trading. FTX has a liquidation model to avoid socialized losses. It also has a universal margin wallet, aggregating the users' funds to avoid liquidation from isolated positions. The company has launched innovative new products and services, including its indexed futures or basket trades (e.g., MID, DEFI), leveraged tokens without having to margin trade, and fractionalized stock trading (e.g., Tesla). The equity product was launched in October 2020 with German-licensed investment firm CM-Equity and tokenization firm Digital Assets AG.
- **Insurance:** According to the company, its internal insurance fund is \$15-20 million accumulated from socialized gains during large market movements.
- **Supported Tokens:** About 80 tokens and baskets, and 20 stocks
- **Native Tokens:** Holders of \$FTT can receive lower trading fees and early access to new tokens. \$FTT can also be used as collateral for all futures. FTX does a weekly burn of a third of its trading revenue.



- **Listing Process:** Its standard listing is a futures listing. The listing committee prioritizes tokens based on trading interest and demand potential. FTX doesn't charge a listing fee.
- **Investments:** In 2019, FTX **acquired** Electionbettingodds.com in a bid to launch compelling new products requested by customers. It purchased Blockfolio for \$150 million. In addition, FTX has invested in trading firms like **Folkvang** and Genesis Block.

Genesis Block

Genesis Block began in 2012 as a bitcoin miner. While it currently runs over 40 commercial-scale mining farms throughout the Asia Pacific, its core business is a proprietary trading desk. It also has an events space for client community building and education.

As an investor, Genesis Block is also an advisor to projects like Luna, Mantra Dao, and Serum, and helps to provide "Sales as a Service" for project marketing. Genesis Block targets everyone as a customer with a HK \$100,000 (\$78,000) minimum and seeks to lower this by half in the future.

In December 2020, Genesis Block Ventures **purchased** OMG Network, which speeds up transactions and reduces fees on Ethereum by handling transactions off-chain.

GENESIS BLOCK SNAPSHOT

- **Investors:** Alameda Research / FTX is a key investor and also offers OTC support as a technology solutions provider and market maker.
- **Regulations:** Genesis Block is not regulated by the SFC, so it is possible it may look to expand outside of Hong Kong.
- **Fiat Services:** It is able to onboard clients through fiat with its feeder bank accounts.
- **Other Services:** It has four business segments: (1) a prop desk in both Hong Kong and Thailand that invests in various trading strategies and private

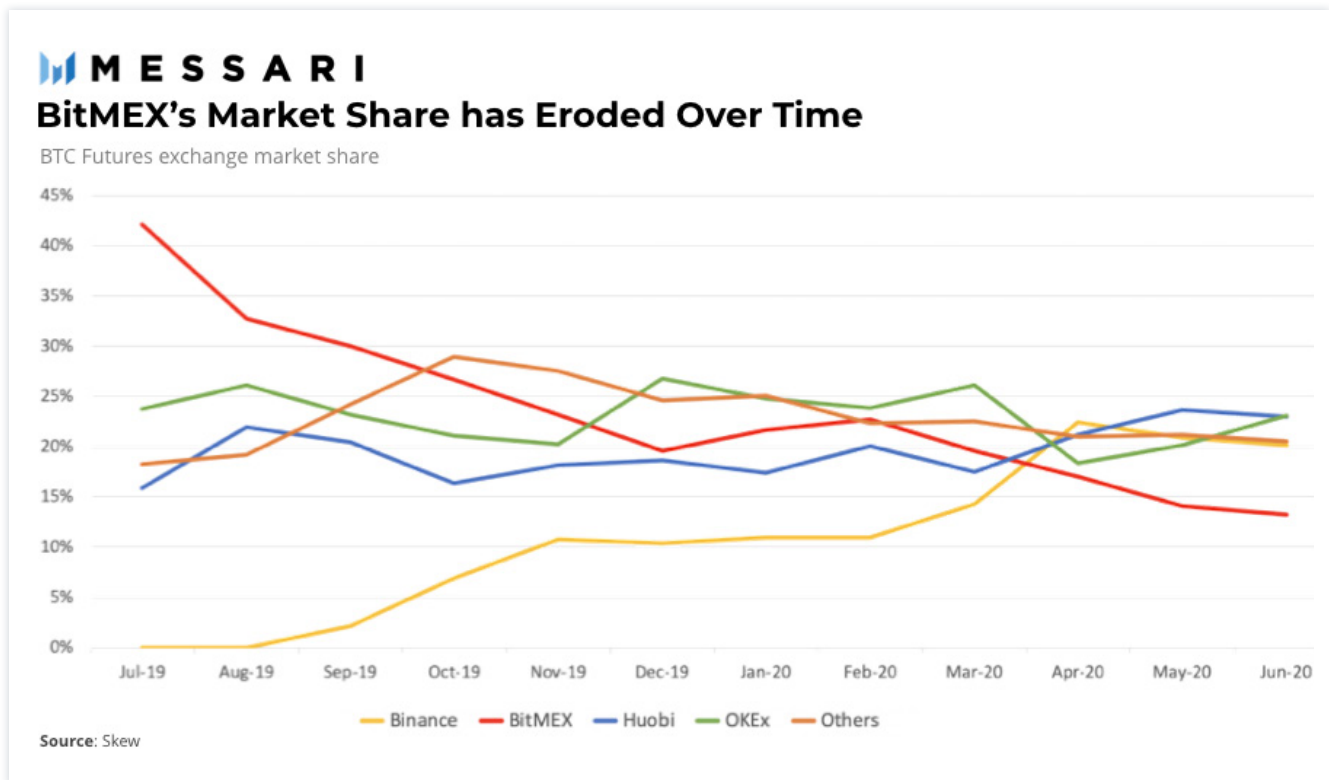


projects; (2) OTC trading in China and Hong Kong; (3) a technology solution for bitcoin ATMs; and (4) crypto education.

- **Supported Tokens:** 10 tokens. While it supports the major coins, the team can also transact in most other digital assets upon client request on its OTC platform.
- **Listing Process:** The process is manual, and evaluated on technology and financial aspects.

BitMEX

BitMEX is a P2P trading platform owned by parent entity HDR Global Trading. The company invented the XBTUSD perpetual swap and the auto-deleveraging engine. BitMEX dominated the perpetual swap market during the 2017 bull run and was the first to offer 100x leverage. BitMEX's engine runs 100 audits per second on customer



balances and history. Without the same mechanisms, many of BitMEX's competitors saw socialized losses. While its auto-deleveraging engine is secure, the trade-off has

been the inability to scale to meet demand during highly volatile periods. Over time, competition has increased and taken away from its market share.

According to the company, its one year volume is \$902.47 billion as of December 11, 2020. Despite operating one of the most liquid perps platforms, the founders have been passionate about building new financial products and also sought to introduce **bitcoin bonds** in 2019.

BITMEX SNAPSHOT

- **Investors:** According to court **filings**, HDR Global Trading is 31.67% owned by each of the three founders, with 5% owned by accelerator venture capital Sean O’Sullivan Ventures. However, according to **news reports**, there were several angel investors.
- **Regulations:** None. While it’s based in Hong Kong, the company is incorporated in the Seychelles.
- **Fiat Services:** None. BitMEX only accepts digital assets.
- **Other Services:** BitMEX offers up to 100x leverage on bitcoin and high leverage on Altcoin contracts, like 50x on ETH and 20x on XRP. All contracts are margined and settled in bitcoin.
- **Insurance:** BitMEX has a 37,000 BTC-denominated **insurance fund**, set aside from the accumulation of profits—though the wallet address is no longer listed. The fund would be used in case of unfilled liquidation orders. The company has never been hacked and famously stores 100% of holdings in cold storage, issuing withdrawals only once a day.
- **Supported Tokens:** BitMEX recently expanded its product offering to 13 tokens.
- **Listing Process:** Depending on demand, BitMEX selectively lists new tokens.

As one of the most liquid platforms, BitMEX is also one of the most closely scrutinized. Recent regulatory issues include the following:

- **September 2015:** BitMEX said it was withdrawing from the US; however, customers could register and trade with only an email address.



- **October 1, 2020:** The three founders and their first employee were **indicted** by the US Department of Justice for allegedly violating the Bank Secrecy Act. The US Commodity Futures Trading Commission also charged the owners for allegedly operating an illegal exchange, facilitating unregistered trading transactions, and violating rules. They have since stepped down from corporate duties and are contesting the charges. According to **Glassnode**, a day after the charges, more than 40,000 BTC was withdrawn from BitMEX.

Diginex

Diginex is the first crypto exchange listed on the US stock exchange NASDAQ on October 1, 2020 through a back-door listing via 8i Enterprises Acquisitions Corp. Its spot exchange Equos went live in July 2020, and its custody business began in November 2019. While relatively new compared to the other exchanges highlighted, Diginex hopes to build out a crypto ecosystem. Building the exchange and integrating its custody business to it is the main focus of the company now.

DIGINEX SNAPSHOT

- **Investors:** include wine retailer **Madison Group**. According to the company, it raised \$20 million in a convertible note from several institutions and family offices across Europe and Asia. Diginex completed its **business combination** transaction with 8i Enterprises Acquisition Corp, a British Virgin Islands company incorporated as a blank check company for the purpose of a special purpose acquisition company to create the first listed crypto exchange on NASDAQ. Its market capitalization is \$500 million and annualized revenues as of January 2020 was **\$685,000**.
- **Regulations:** Along with 107 companies, it operates under an exemption of the Payment Services Act by the Monetary Authority of Singapore. Diginex has an office in Singapore but is headquartered in Hong Kong.
- **Fiat Services:** Diginex has fiat channels with banks in Asia and USA.
- **Other Services:** Diginex is building four business segments in nascent stages: (1) a spot exchange; (2) custody business; (3) portfolio management solution business; and (4) securitization advisory business. In the future, it also hopes to build out its derivatives platform and margin trading business.
- **Insurance:** According to the company, it has an internal insurance fund (amount undisclosed).

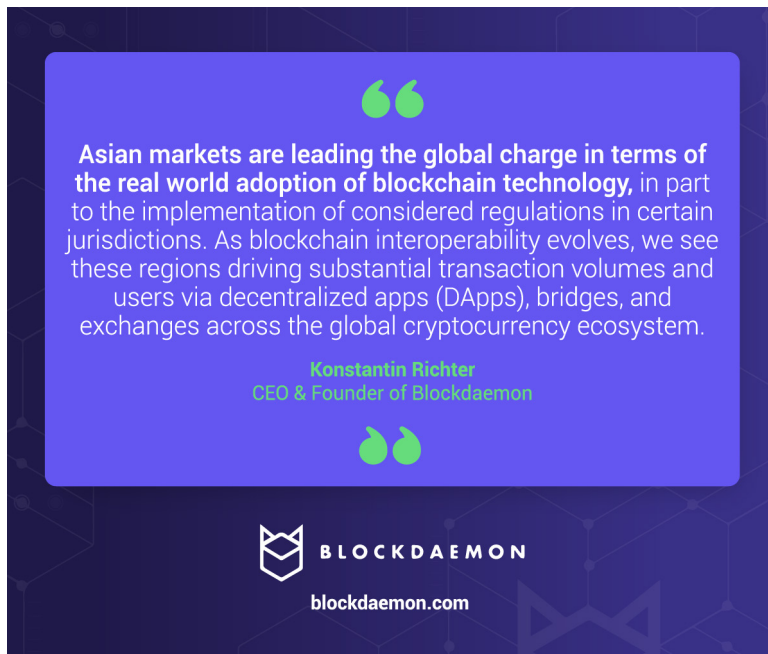


- **Listing Process:** Diginex has a listing committee with a set of criteria that is not yet published but is based on client demand. There is no listing fee.

Pulsar Trading

Pulsar is a high frequency and market making firm, and has been a liquidity provider in the digital asset space since 2014. It helps clients like token issuers, exchanges, and institutional investors with liquidity requirements. According to the

company, it's integrated with over fifty exchanges around the world, such as Huobi, OKEx, BitMEX, Kraken, and Bitfinex. It also has a presence in London.



Amber Group

Amber Group, founded in 2017, initially used algorithms to trade onshore Chinese stocks but pivoted to crypto arbitrage trading and market making within a few months. Shortly after, it started a market-neutral

quant fund and a treasury management program for ICO projects that had idle crypto. As Amber Group grew its coverage working with counterparties, including venture funds, token projects, and mining pools, the company also launched additional services, including asset management, and structured products. This also led to OTC services, in addition to facilitating the trading of illiquid tokens on an agency basis. Amber Group's main business today is liquidity provisioning for spot and derivatives markets and for token projects.

The company recently expanded its services to retail clients. It has an asset management product, Amber Earn, where customers can provide a bilateral loan in exchange for yield. The assets are used to fund active trading and margin trades in mostly market-neutral strategies.

Amber Group is based in Hong Kong but announced it has a money services business license from the US and Canada. In 2019, the company raised \$28 million in Series A funding led by Paradigm and Pantera, with participation from Polychain Capital, Fenbushi Capital, and Coinbase Ventures.

Hashkey

HashKey Digital Asset Group, founded in 2018, is an investor and blockchain research institution based in Hong Kong. It also has a digital asset management platform that allows users to store, stake, and trade crypto. Its exchange platform is not available for trading from December 2020 while it looks to transition to serve professional investors only (per new government announcements).

Its chairman Xiao Feng is a founder of Wanxiang Blockchain Labs (a frontier research institution focused on blockchain technology), Fenbushi Capital, and PlatON (a data sharing platform). As an early investor and founder of some of the largest ecosystems in the region, HashKey encourages healthy long term growth in the community.

HashKey Capital is an active investor, **especially** in Layer1 protocols and payments services spanning the entire landscape. It has invested in over 50 entities, including Abra, Terra, Polkadot, Blockfolio, and Messari.

Kenetic Capital

Founded in 2016, Kenetic was the first blockchain investment fund in Hong Kong, with an extensive history of supporting hundreds of projects in both investments and advisory. It has access to on-shore Asian deals and was an early pioneer in crypto community building. It started as a proprietary trading desk “Kenetic Trading” in 2017, though that business was spun out in 2019. Its new fund will focus on equity investments in blockchain enterprises due to cheaper valuations and to reduce volatility from pure token exposure.

The fund has invested in 150 crypto investments in Asia in both tokens and equity investments of companies and protocols. Notable investments include Polkadot, FTX, Blockdaemon, Abra, and Blockfi.



Spartan Group

Spartan Group started operations in January 2018. Given the founders are finance veterans, it has both an advisory side to the business and an asset management side. Its advisory business worked with leading crypto projects such as Origin Protocol, Blockstack, and Solana in its fundraising efforts. On the M&A (mergers and acquisitions) side, it advised Deribit on the sale of the founders' equity to a global consortium of investors. It was also a co-lead advisor on the acquisition of Blockfolio by FTX, one of the leading crypto derivatives exchanges.

Its asset management business launched in 2018 with two funds. **Fund 1** is a liquid hedge fund (with monthly subscriptions and quarterly redemptions) that uses a fundamental approach to identify investment opportunities in listed crypto assets. It also has a side pocket that can invest in select private deals. The investment horizon for this strategy ranges from weeks to 2-3 years. For its liquid portfolio, its investment universe spans 150-200 tokens. **Fund 2** is Spartan Group's venture fund, investing in early stage opportunities in the DeFi space. It has the ability to invest in equity or tokens. The fund life is five years (with a two year extension option) and targets 5.7x ROI over that timeframe. It was expected to launch on January 1, 2021. Both funds are Cayman-domiciled, and are open to institutional investors and accredited investors only. The Spartan team expects to launch a third fund in 2022, but details of the strategy are still being finalized.

Depending on the trade it's implementing, it may use certain DeFi protocols to trade or execute trades with brokers like Tagomi, FalconX and Genesis. The fund can also trade directly on liquid centralized exchanges, such as Binance, Coinbase, or FTX. Since April 2020, custody of the crypto assets have been entrusted to Coinbase Custody, one of the leading custodians in the crypto space. The firm also employs Triple Leo Consulting as a fund administrator and Cohen & Co. as auditors.



Japan

Bitflyer

Bitflyer is the most famous in Japan and has been the **most liquid** for four consecutive years. Established in 2014, the company counts some of Japan's largest conglomerates as its investors. As of August 2020, the company **reported** it had JPY 162 billion (\$1.6 billion) in assets, which is the largest in Japan. Bitflyer has also been the market leader in helping the community by disclosing security know-hows and exchange mechanisms.

The exchange is headquartered in Japan but provides services all over the globe; currently, it's the only company with licenses in the US, Europe, and Japan. However, Japanese clients can only access the Japanese entity. The US entity was launched in 2017, and its Luxembourg entity was launched in 2018.

Bitflyer targets both beginners and experienced traders. Initially, its customer base was between 30-40 years old, though lately it has trended towards users in their 20s due to its marketing efforts.

BITFLYER SNAPSHOT

- **Investors:** Mizuho, Mitsubishi UFJ, Sumitomo Mitsui Banking Corporation, and other crypto-focused investors, like Digital Currency Group, Dash Ventures, and SBI
- **Regulations:** Bitflyer is licensed in Japan, the US, and Europe. According to the company, it has nearly as many licenses as Coinbase and Gemini. In May 2018, Bitflyer was forced by the Japanese FSA to **cease** accepting new users while it improved its KYC and management processes; it resumed new registrations in 2019.
- **Fiat Services:** It provides fiat services. Notably, the European entity uses PayPal for fiat onramp, which is a first for any crypto exchange.
- **Other Services:** Bitflyer offers leverage products and foreign exchange trading. European residents can also access the onshore BTC-JPY trading pair. It also has a crowdfunding platform.
- **Insurance:** None as of this reporting, but it offered insurance in the past.



- **Supported Tokens:** only 11 supported
- **Listing Process:** There are two components to each listing. First, the Japan regulators must approve every listing. Depending on complexity, the listing process could take an indefinite amount of time. Separately, Bitflyer will apply for listing depending on the long term potential and quality of the project. Listing fees may apply on a case-by-case basis.

Coincheck

Coincheck was founded in 2012 and is one of the top three largest Japanese exchanges. It operates an exchange with 14 tokens, wallet services, and fiat services. It is also making a push into non-fungible tokens (NFTs) and announced in September 2020 that it is working with Enjin to develop an NFT for Minecraft. It also **partnered** with Dapper Labs (the developer of CryptoKitties) in the hopes to bring NFTs to a mainstream Japanese audience.

In **January 2018**, Coincheck was hacked and approximately 500 million \$NEM tokens (\$540 million) was stolen. The hack led to a new self-regulatory organization by two of Japan's crypto trade groups. The FSA ordered Coincheck to improve its security practices but allowed the company to operate. The company initially said that it may not be able to compensate all 260,00 users affected, but then **said** it would repay users using its own capital.

COINCHECK SNAPSHOT

- **Investors:** In April 2018, Coincheck was **acquired** by Monex Group for JPY 3.6 billion (\$33.6 million). Given the hack, Monex sought to rebuild Coincheck's system and reputation. Monex is Japan's third largest by customer accounts, has been in the securities business for 20 years, and looks to rebuild the trust in one of the largest crypto platforms.
- **Regulations:** Licensed in Japan in 2019, in a quick turnaround from its 2018 hack. Per regulations, Coincheck **discloses** financial statements.
- **Fiat Services:** Coincheck provides fiat services and also allows bill payment through crypto. In accordance with regulations, Coincheck also segregates company and customers assets.



- **Other Services:** Coincheck Lending provides interest accounts up to 5%. In August 2020, Coincheck launched an IEO platform for utility tokens. As of 2019, Coincheck had suspended its leveraged trading services.
- **Insurance:** Undisclosed, though the company compensated users using its own capital when it was hacked in 2018.
- **Supported Tokens:** 14 tokens (a high number compared to other domestic exchanges)
- **Listing Process:** Japanese listings are selective due to the regulatory burden.

Bitbank

Bitbank started in 2014 after the collapse of Mt. Gox, though the exchange went live in 2017. It's one of the top three exchanges in terms of trading volume, and committed to spot markets and alt coins. The exchange also has a good reputation as it has never been hacked.

While Bitbank doesn't have market makers on its platform, it encourages volume by providing maker fees to reward clients. It also tries to activate more institutional investors and market makers by focusing on improving its API and customer support.

BITBANK SNAPSHOT

- **Investors:** The founders own most of the company, though the largest shareholder is IT company Celes Inc.
- **Regulations:** Bitbank was the fourth exchange to get a license.
- **Fiat Services:** The company provides fiat services through two banks: SBI and GMO Auzura.
- **Other Services:** In addition to an exchange, the company also offers wallet and payment services with real-time fiat services seven days a week. Leveraged trading ceased in April 2019.
- **Insurance:** Undisclosed
- **Auditor:** Its auditor (as required by the FSA) is Deloitte, though financials are private. Deloitte has the reputation of being the most strict of auditors in Japan.
- **Supported Tokens:** It supports 13 tokens. Japanese exchanges typically don't list many coins, as they require regulators to approve new crypto listings and foreign exchange currencies. For instance, the FSA has not allowed EOS and



Kyber to be listed. EOS apparently has a high percentage of tokens used for gambling purposes.

- **Listing Process:** The company judges projects based on usage, business, safety, and the ability to communicate with the team. Usage is important as tokens of a certain nature, like gambling, is disallowed. However, the main bottleneck will still be approval from the FSA to get a token approved for listing.

Liquid by Quoine

Well-known across Asia since its start in 2013, Quoine started in a one-bedroom apartment in Saigon by former Credit Suisse CTO Mario Gomez Lazada. It wasn't until 2015 when the company officially set up in Singapore and Japan when Mike Kayamori (formerly of Softbank) joined Lazada as co-founder.

Back then, it was difficult to operate as an unregulated entity, so Quoine embraced licensing to get proper bank accounts to offer fiat services. It was one of the first companies in Japan to be registered by the FSA in September 2017 and the first exchange to operate with a license.

That same year, Quoine raised funds through an ICO in its native token \$QASH to build a platform for a single global order book, and to merge two of its businesses, Qryptos and Quoinex. Qryptos was its token-to-token business line, while Quoinex offered fiat onramp and offramp services. Together, they exist under the new name, Liquid. Now, the exchange is focused on fiat rails, better user experience, and security.

QUOINE SNAPSHOT

- **Investors:** Crypto conglomerate SBI Investment; venture capital firms JAFCO, B Dash Ventures, Mistletoe (founded by Taizo Son, the brother of Softbank CEO Masayoshi Son); publicly listed internet company Digital Garage; and publicly listed IT consultancy ULS Group
- **Regulations:** Licensed in Japan as a digital asset exchange operator and also grandfathered under the Payment Securities Act in Singapore
- **Fiat Services:** Liquid has onramp services with Japan and Taiwan banks. In Japan, Liquid produces client statements. It has asset segregation in cold wallets for crypto and uses a Trust Bank for fiat services.



- **Other Services:** Liquid has several trading products, including spot, CFD, and margin trading. Depending on the customer's location during the KYC process, the offerings vary. CFDs are most popular in Japan due to its tax treatment, but this product is unavailable to non-Japan residents. As a result, its margin trading is popular outside Japan. It also soft launched Liquid Infinity for perpetuals trading but plans to roll out more perp products in the future.
- **Insurance:** None. In Japan, 100% of client assets are maintained in cold wallets. Liquid uses multi-party computing (MPC) to custody its global clients' crypto assets. Instead of having one private key to sign transactions manually, MPC entitles Liquid to shard the private key to multiple pieces and use them across various cloud services in a rules-based approach to process withdrawals under certain conditions.
- **Supported Tokens:** Over 150 tokens are supported in its non-Japan site. Its Japanese arm supports only five currencies (BTC, ETH, BCH, QASH, XRP), and features access to multiple fiat trading pairs like BTC-USD and BTC-SGD by converting the foreign exchange for clients through its multi-market order technology.
- **Native Token:** \$QASH, which is used for paying trading fees
- **Listing Process:** Liquid's listing process is compliant with both Singapore and Japan regulators, and token issuers go through an extensive vetting and due diligence process. All aspects of potential new tokens are reviewed by Liquid's token listing committee prior to listing. Liquid has a due diligence questionnaire which requests some documents for KYC. After review by the token listing committee, Liquid may charge a listing fee.

SBI Group

SBI initially started in 1999 as "Softbank Investments," as a subsidiary of Softbank (though Softbank **divested** of SBI in 2006). SBI is listed with a market capitalization of \$6 billion and operates completely independently of Softbank, though it has kept the acronym. Sometimes referred to as "Strategic Business Innovator Group," SBI is a comprehensive fintech group and has several business lines, including a securities brokerage, crypto exchange, foreign exchange business, asset management business, and internet banking. It ranks third in the domestic



securities industry after Nomura and SMBC Nikko, and has the **largest market share** in the online securities sector (*right*). SBI also owns Morningstar Japan, an online securities company in Thailand, a general brokerage in Cambodia, and a bank in Russia.

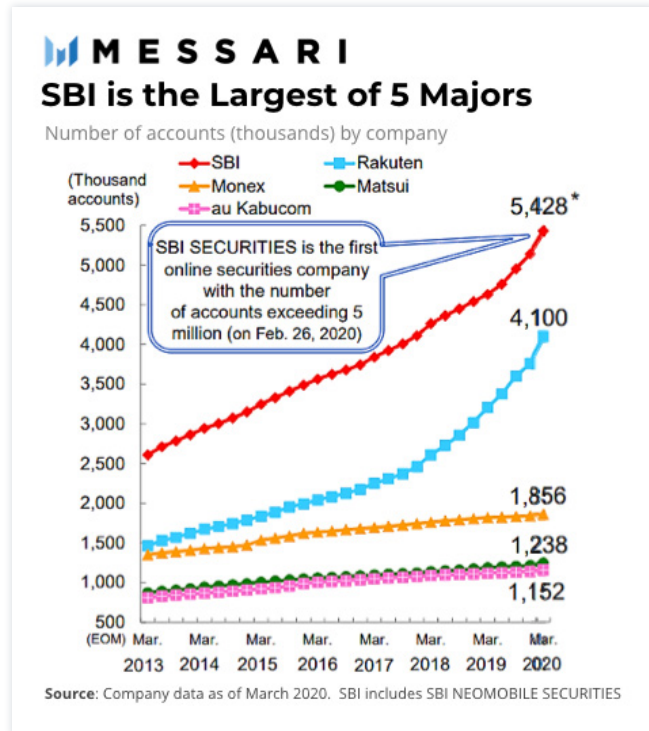
The company has two licensed exchanges in Japan, SBI Virtual Currencies Trade and the recently acquired TaoTao. It also **acquired** B2C2, the UK-based crypto prime broker. Its venture capital arm SBIVC has several equity

investments in crypto, including Kraken, Ripple, London-based B2C2, and token issuance platform Securitize. In 2017, SBI partnered with Ripple to launch the first commercially available remittance service using XRP. More recently, SBI is also setting up a **crypto fund** for retail investors comprising 50% in XRP. When the US SEC **sued** Ripple Labs Inc and two of its executives, SBI **reiterated** its support as a steadfast partner to Ripple.

The company is a crypto conglomerate looking towards the future of digital assets. Both Nomura Securities and SBI Securities also helped found the Japan Security Token Offering Association, a self-regulating body. They were later joined by giants Daiwa Securities and Rakuten Securities, among others.

SBI Virtual Currencies Trade (SBIVCT)

In July 2018, Japan became the first country to host a bank-owned crypto exchange when financial services giant SBI Group launched the SBI Virtual Currencies Trade (SBIVCT) platform. Currently, SBIVCT supports the trading of three tokens (BTC, ETH, XRP) against fiat JPY. It also has 24/7 fiat services through SBI's Sumishin Net Bank. Leverage is not supported in SBIVC, though it offers lending services up to 5 BTC at 1.0%.



TaoTao

TaoTao was founded in 2017 and was recently 100% **acquired** for an undisclosed amount by SBI Holding after negotiations with Binance collapsed. This acquisition marks SBI's second exchange in Japan, both licensed. TaoTao was previously 40% owned by Yahoo! Japan's YJFX. The company has insurance for hacks for up to JPY 1 million for users who have set up two-factor authentication. It currently supports five tokens.

GMO Coin

GMO Coin is owned by GMO Internet (\$3 billion market capitalization), an internet infrastructure business in media, financial services, mobile entertainment, and web hosting.

Following Coincheck's hack in 2018, the Japanese FSA **issued** a raft of business improvement orders to establish an effective system risk management system. GMO Coin is licensed, supports nine tokens, and offers spot trading, lending, and leveraged trading up to 4x. It also has fiat onramp and offramp services with several of the nation's largest banks.

Bitpoint

Bitpoint started in 2016 and is owned by Remixpoint Inc. It is a license exchange, supporting six crypto currencies with fiat services, lending, and leveraged trading. The company has a relatively small trade volume compared to the big three (Bitflyer, Coincheck, Bitbank).

Notably, in **July 2019**, Bitpoint suspended all services after losing JPY 3.5 billion (\$32 million) in a hack that involved Ripple, dropping Remixpoint shares -19% to its daily lower limit that day. Bitpoint said that all 50,000 users who lose their assets would receive full refunds. Operations resumed on August 6, 2019.

DMM Bitcoin

Formerly known as Tokyo Bitcoin Exchange (TBX), DMM Bitcoin was transferred to DMM FX Holdings in December 2017 and began operations under the new



brand in January 2018. **DMM** is one of Japan's largest internet and e-commerce conglomerates with 27 million members and an adult entertainment business. Its subsidiary DMM Securities was the world's **second largest** foreign exchange company in 2015 by trading volume and, at time of this reporting, boasts the **most accounts**.

The exchange is relatively rich in altcoins and supports a dozen tokens with up to 5x leverage. It's well known for its low fees and a variety of leveraged products.

Rakuten Wallet

Rakuten is Japan's largest e-commerce company with a market capitalization of \$16 billion. The company is often called the "Amazon of Japan," and also operates Japan's biggest internet bank and largest credit card company by transaction value.

It entered the crypto exchange space by **acquiring** Everybody's Bitcoin for JPY 265 million (\$2.4 million) in 2018, and formally launched in 2019. The exchange rebranded to "Rakuten Wallet" after the acquisition. Rakuten Wallet is licensed, and offers margin trading, fiat services, and real-time onramp and offramp for clients who have linked Rakuten Bank accounts. Services also are connected to Rakuten Securities and Rakuten Bank.

LVC (BITMAX)

LVC Corporation, which operates exchanges BITMAX (Japan) and BITBOX (Singapore), is LINE Corporation's subsidiary focused on blockchain-related businesses. Shareholders include Nomura Holdings and LINE, the largest messaging app in Japan and Thailand with 85 million users. The company also built the LINE Blockchain and \$LINK tokens.

It is licensed in Japan **since** September 2019. BITMAX is available on the Wallet tab in the LINE app and supports six major currencies with fiat services. In August 2020, LINE **launched** a wallet for users to manage their digital assets, and a blockchain platform where developers can issue their own tokens and run decentralized applications.



B Dash Ventures & B Cryptos

In 2017, leading technology and gaming venture capital firm B Dash Ventures (founded in 2011) created B Cryptos, Japan's first major crypto fund to invest directly into ICOs and other digital assets. B Dash Ventures had previously made early bets in the blockchain space by backing major companies like Liquid and BitFlyer.

The B Cryptos Fund has a seven-year duration with the ability for a payout or capital reinvestment. Its AUM is less than \$20 million, and limited partners include three Japanese listed companies, as well as founders of notable tech companies.

The firm's name, B Dash, alludes to the move in Super Mario Brothers to make characters run faster. Gaming is a strength of the fund, so B Cryptos has been looking at non-fungible tokens since 2018.

B CRYPTOS SNAPSHOT

- **License:** B Cryptos is the first digital assets-focused fund registered with the Japanese FSA under a traditional asset management license as there is no asset management license exclusively for digital assets.
- **Fund Stats:** Previously, 60% of assets were invested in private token sales, but now 80% has exposure to liquid digital assets through spot and derivatives positions. The rest is allocated to token projects.

Notable investments include two of Japan's largest exchanges, Blockstack and The Sandbox, for which B Cryptos provides support in Japan. The fund also consults businesses looking to explore Japan and has a white-label solution for supporting token listings in Japan.



South Korea

Bithumb

Bithumb is the largest exchange in South Korea and with the most brand recognition. Established in 2014, Bithumb is a comprehensive platform that offers fiat support, fiat foreign exchange, token issuance, crypto custody, lending, and DeFi staking services.

According to the company, it has KRW 20 billion (\$18 million) in capital funds, 10x the capital required for a virtual asset exchange, and has eight million registered users. Customers' assets are also stored in a segregated account, and a 100% cash reserve is maintained.

BITHUMB SNAPSHOT

- **Investors:** Vidente **owns** 10% while Omnitel owns 8% of the company. In October 2018, plastic surgery group BK Global Consortium topped up its ownership of BTC Holding Co. (Bithumb's largest investor) and **intended to buy** a majority share for KRW 400 billion (\$352 million), though it **could not pay** the entire amount. In January 2021, Nexon (a South Korean gaming company) reported **signed a MOU** to acquire Bithumb for KRW 500 billion (\$458 million). However, a week later, Nexon **denied** reports that it plans to acquire Bithumb.
- **Regulations:** Bithumb is expected to be amongst the first to receive a license in Korea.
- **Fiat Services:** Available for onramp and offramp with banking partner Nonghyup Bank
- **Other Services:** Other than trading, it also provides staking, lending against crypto or KRW, interest yielding, and OTC services
- **Insurance:** Bithumb has comprehensive cyber insurance coverage up to KRW 6 billion (\$5.5 million). The exchange is insured under the "new cyber comprehensive insurance" and "personal information leakage liability insurance" offered by Hyundai Insurance, which protects funds from cyber crimes and personal information hacks.



- **Supported Tokens:** Bithumb Korea has 13 tokens tradeable against fiat KRW. Bithumb Global has about 200 tokens.
- **Native Token:** Bithumb Global, which operates out of Singapore, launched \$BT (Bithumb Coin), which works as a medium of exchange for the ecosystem with the ability to vote in chain governance. Half of the exchange's revenue will be used to burn 50 percent of BT's token supply over time.
- **Listing Process:** The exchange has an application that's reviewed through a transparent and impartial review by an independent committee. The listing team may look for security audit reports, legal opinions, tokenomics and existing community reach.

Despite its prominence, the company was mired in legal and security issues:

- **September 2020:** Bithumb was **raided** by the Seoul Metropolitan Police Agency's Intelligent Crime Investigation Unit related to suspicion of investment fraud. It was accused of pre-selling native BXA tokens without listing the token.
- **March 2019:** Bithumb was hacked for \$19 million in EOS and XRP tokens; the company believed it was an **inside job**.
- **June 2018:** \$32 million was stolen in a **hack**.
- **January 2018:** Bithumb was **raided** by the government for alleged tax evasion, and though found not guilty, the company had to **pay KRW 30 billion (\$28 million)** in back taxes.

Coinone

Coinone launched in 2015 and has around **10% of the total domestic market** (15% of the regulated market). It was the **third exchange** to go live in Korea. Volumes started off low due to its early start when only young students were interested, but the 2017 bull market changed everything. As demand grew, Coinone purchased a games server company iFunFactory to recreate its matching trading engine.

Of the top three exchanges, Coinone is the only one never to be hacked. Coinone is also the first to list major DeFi coins, such as Compound and Synthetics, among domestic exchanges. It aims to be the bridge between CeFi and DeFi with its Plus



brand that allows for access to DeFi without needing to leave the website. It allows for staking on protocols like Tezos and Cosmos, soft staking yielding daily rewards, and a staking for a predefined lock up period that channels to DeFi platforms like Compound. In June 2020, Coinone was also the first to list \$KLAY issued by Kakao's KakaoTalk chat app, which has an active monthly user base of 50 million people. This helped to attract even more clients to the platform.

COINONE SNAPSHOT

- **Investors:** Kakao Ventures (an early-stage VC with an AUM of \$200 million). Parent company and tech giant Kakao Corp. owns KakaoTalk, the most-used messaging app in Korea.
- **Regulations:** Coinone is expected to be amongst the first to receive a license in Korea.
- **Fiat Services:** Available with official banking partner Nonghyup Bank
- **Other Services:** Currently, it offers trading with up to 4x leverage. In addition, the company recently announced the opening of Coinone Blocks, an offline platform and a network of ATMs that allows users another method to store cryptocurrency. It also offers SaaS to other exchanges (names undisclosed)
- **Insurance:** It is the first Korean cryptocurrency exchange to get cyber-liability insurance in 2017.
- **Supported Tokens:** In 2017, the platform only listed 10 tokens in a bid to reduce clients to risk from scams or unproven projects. Currently, it services over 100 tokens with over half newly listed, partly due to a push this year to be less conservative in coin screening as more legitimate projects are listed. Coinone was also the first to list ETH and IOTA.
- **Listing Process:** The company has an independent task force for its listing process, which looks at the business plan, projections, and smart contract audits before listing on its growth platform. Listing fees are negotiable.

Legal issues with regulators are somewhat common in Korea. In **January 2018**, the National Tax Service conducted on-site investigations on Coinone, and the Korean police alleged the company was providing illegal gambling services to investors. This was due to margin trading on the platform in 2017, which is a breach of Korea's Capital Markets Act. Coinone has disputed those allegations, saying it was not illegal, but it, along with other official exchanges, stopped the aforementioned margin trading



services. After more than two years, the prosecutor's office has not made a declaration as it has not ascertained regulations around crypto margin trading.

Separately, in July 2018, Coinone filed a KRW 60 billion (\$53 million) lawsuit against Yello Mobile, which was formerly the largest shareholder of Coinone's parent Dayli Financial Group (DFG). DFG has since been purchased by private equity investors and is independent from Yello Mobile. A **representative of DFG said** that Yello Mobile took advantage of Coinone as its source of funding after becoming a major shareholder. Coinone won and is now seeking **payment for its KRW 27 billion (\$24 million)** loan as Yello Mobile faces an over-leveraged balance sheet.

Upbit

Backed indirectly by Kakao Corp., Upbit launched in 2017 with American partner Bittrex. Kakao's support is important, as the company also runs Stockplus (formerly KakaoStock), the most popular stock brokerage application in South Korea.

Upbit is a reputable crypto exchange and also has a relatively clean history. Its early partnership with Bittrex offered a unique edge in providing nearly 200 coins with fiat pairings. The company has since ceased its orderbook sharing partnership with Bittrex. According to the company, it has three million clients and 300,000 active users.

UPBIT SNAPSHOT

- **Investors:** Kakao Corp is one of the largest technology conglomerates, and owns the most active messaging application in Korea. Kakao invested in fintech firm Dunamu (the parent company of Upbit) in 2015, prior to Upbit's launch in 2017. Thus, the investment was not specifically targeting crypto.
- **Regulations:** Expected to be amongst the first to receive a license in Korea
- **Fiat Services:** Available with banking partner KBank. Currently, the majority of its income is from fiat KRW-based trading pairs.
- **Other Services:** Upbit also offers other solutions under the brand DXM Corp. DXM is a subsidiary of Dunamu and offers decentralized deposit and borrow, custodian services, and staking on behalf of Upbit. DXM is separate from Upbit, so that the group can introduce new products quickly to strengthen Upbit's leadership position.



- **Insurance:** None disclosed
- **Supported Tokens:** 180 tokens, tradeable against fiat KRW. It also has more markets against \$BTC and \$USDT.
- **Listing Process:** Upbit considers several factors like the usage, supply, tokenomics, listings on other exchanges, and incorporation information.

Upbit has also had issues recently:

- **May 2018:** Its main office was raided as part of a fraud probe about possible mishandling of investor funds. In a related issue, in **December 2018**, two senior Upbit officials and one employee were indicted for allegedly making fake orders and manipulating its data processing system. Dunamu / Upbit employees were cleared of all charges on January 31, 2020 by the Seoul Southern District Court.
- **November 2019:** Upbit **lost** 342,000 ETH (\$49 million) from a hack of its hot wallet. As of January 2020, all 342,000 ETH were replaced with Dunamu and Upbit's internal funds.

Korbit

Korbit is the first crypto exchange in Korea, founded in 2013 with funding from venture capitalists like SoftBank Ventures Korea, Pantera Capital, Tim Draper, and the country's largest telecom company SK Telecom. It is ranked fifth in terms of volume in Korea. In 2017, NXC (holding company of the largest gaming company in Korea, Nexon) bought out the venture investors and acquired 65% of the company, valuing Korbit at \$120 million.

Given the ties to gaming with Nexon Co Ltd (\$24 billion market capitalization), our team thinks Korbit may be well-positioned to generate synergies with the various Nexon Group affiliates in the future, including (but not limited to) within the NFT marketplace.

KORBIT SNAPSHOT

- **Investors:** 85% is owned by NXC, while the remaining is owned by the founder Tony Lyu and other individual shareholders. NXC also **invested** \$400 million in Bitstamp (a European exchange) and Tagomi, a crypto brokerage fronted by Peter Thiel. (In January 2021, NXC allegedly made a bid to acquire Bithumb.)



- **Regulations:** Korbit is widely expected to be one of the first batch of exchanges to win a license as they are firmly on track to meet the three requirements set by the South Korea National Assembly. It already has an information security management system certification and KYC checks for fiat services with client segregated banking facilities.
- **Fiat Services:** Available through banking partner Shinhan Bank
- **Insurance:** Korbit does not have insurance on its exchange at this time. The company also relies on BitGo to custody some of its tokens.
- **Supported Tokens:** Due to its conservative and prudent brand equity, it chose to list the fewest number of tokens among the top four exchanges, listing just over 20 tokens.
- **Listing Process:** Korbit has a listing committee which operates probably the most stringent listing procedure in Korea, benchmarked against the top-tier crypto exchanges around the world. It doesn't accept listing fees.

Global Online Professional Assets Exchange (GOPAX)

Founded in 2017, GOPAX was launched by Steammi Inc., a blockchain services company. Steammi started as a B2B crypto-payment service in 2015 and also has a custody solution DASK. The company has the backing of prominent investors like Fenbushi Capital, Digital Currency Group, and Korean commercial bank Shinhan Bank. Following its launch, GOPAX also formed a partnership with Stellar in December 2017. In October 2018, the company was also an initial launch partner for Blockstream's Liquid Network.

GOPAX is rumored to be more relaxed with KYC processes and also offers other products to entice more customers. For instance, it lists privacy tokens like Zcash and also offers leveraged trading. The other Korean exchanges that prioritize getting a license have largely stopped supporting privacy tokens after regulatory disapproval. It also stopped offering leveraged trading solutions in 2017, after Korean police alleged Coinone was providing illegal gambling services by offering margin trading.



GOPAX SNAPSHOT

- **Investors:** Steami Inc. has raised from Fenbushi Capital, Digital Currency Group, Shinhan Bank, VC and accelerator Bluepoint Partners, seed investor Strong Ventures, and Ryukyung PSG Asset Management. It is well positioned with a fourth ranking in terms of trading volume and has the ability to attract investor capital.
- **Regulations:** While not expected to be among the first to be licensed, it may look to do this in the future. GOPAX was one of the seven exchanges reported to have passed a four-month security audit performed by the Korean government, alongside Bithumb, Upbit, Coinone, Korbit, Hanbitco, and Huobi Korea.
- **Fiat Services:** GOPAX offers fiat onramp through feeder banks. Outside Korea, it does not support fiat currencies.
- **Other Services:** It has 3x leveraged bull and bear tokens available.
- **Insurance:** Undisclosed
- **Supported Tokens:** About 60 supported, including privacy tokens
- **Listing Process:** GOPAX has a strict listing policy and wants to attract the most active coins. It said that many exchanges received \$80,000-160,000 for listing in the 2017 boom while it had **no listing fees**. However, it may charge listing fees in the future as a source of earnings.

Probit

Probit was launched in Korea in 2017 but is registered in Seychelles. Its popularity lies in supporting 500 tokens, as Probit wishes to list as many tokens as possible. Its target customers are retail clients as it doesn't support corporate accounts.

Probit is also making a push toward Europe. Apart from offering customer support in several languages, users can easily download their entire trade data to make it easier to file tax returns.

PROBIT SNAPSHOT

- **Investors:** Nexus One Capital, a crypto-fund, invested 500 ETH in November 2018.
- **Regulations:** While Probit is not expected to be among the first to attain a license, it is currently focused on removing the barriers to licensing. It has



delisted privacy coins like ZCash, ZCoin, and Dash and will not list securities or gambling-related tokens.

- **Fiat Services:** It has fiat onramp services. The company has found that banks are less willing to offer services to crypto companies than other technology companies. It is still in the process of getting fiat onramp for European clients.
- **Other Services:** It also offers IEO services.
- **Insurance:** Funds are self-insured using Probit Safe Funds and its own balance sheet. A portion of revenues is used to buy \$PROB tokens, which are used as its insurance fund. It places 95% of assets in cold storage.
- **Native Token:** \$PROB is used to reduce transaction fees, participate in stake mining, and get discounts on subscriptions.
- **Auditing:** Korean companies with a total asset value of KRW 12 billion (\$11 million) are required to be audited. In 2020, Probit became eligible under this requirement and have recently started the auditing process.
- **Tokens Supported:** 500 tokens with 900 trading pairs
- **Listing Process:** Probit is a gateway to a new set of clients for many tokens that want to launch in Asia. After careful due diligence, a listing fee may be accompanied with marketing. Probit prides itself in not just tech integration but massive promotion of projects on social media, including its Telegram channels available in ten languages. According to the company, it supports 70-80 blockchain types, so the listing fees are generally the same. However, new blockchains that haven't been onboarded yet will have a higher fee to compensate for the time and difficulty involved in the process.

Hashed

In 2015, three Hashed founders gathered to form an investment syndicate while they had other jobs as engineers or entrepreneurs. This was the start of Hashed, which officially became a fund in 2017. According to the company, AUM hit a high of **\$250 million** in the recent bull market, making it one of the largest crypto funds in the world. Currently, Hashed is raising its first LP fund, which was due to close in December 2020 (at the time of this reporting). It also has offices in San Francisco.



Its portfolio includes blockchain platforms, financial infrastructure, games, applications, and infrastructure companies. Notable investments include Terra, Chai, Klaytn (blockchain arm of the most dominant messenger app in Korea, Kakao Talk), and LINK (blockchain arm of the most dominant messenger app, LINE, in Japan and Thailand). It has also co-hosted Korea Blockchain Week for the past three years and advised the Korean government on crypto regulations, especially with respect to taxation and custody.

Hashed believes that mass adoption of blockchain networks will happen faster in Asia than the rest of the world.



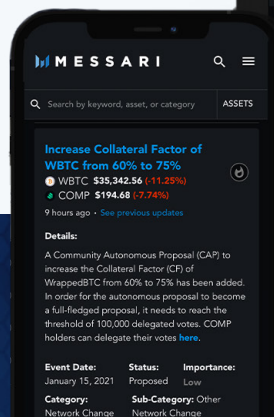
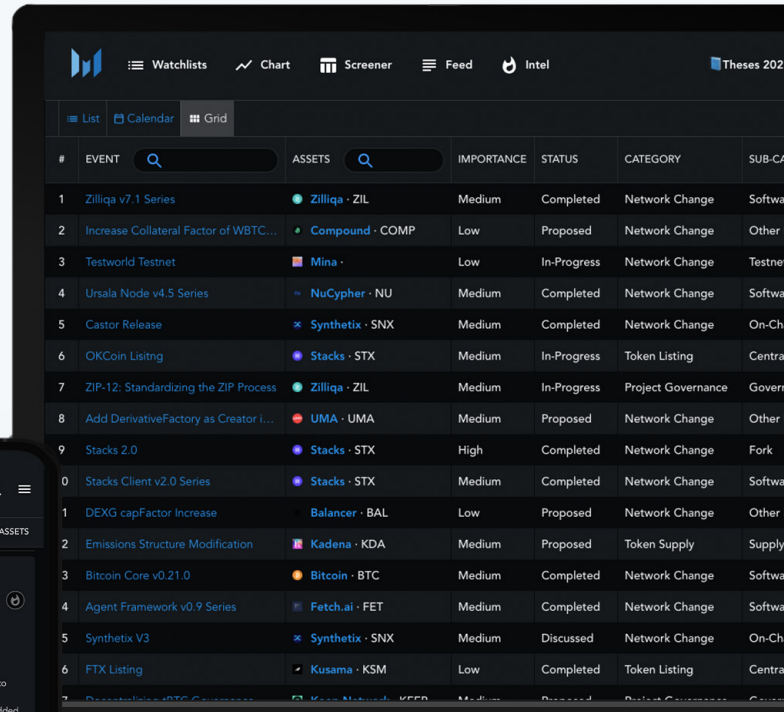
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Singapore

KuCoin

KuCoin is an exchange based in Singapore and launched in August 2017. According to the company, it has offices in Southeast Asia and China. Since its launch, KuCoin experienced significant growth and quickly became one of the most popular altcoin exchanges due to the availability of many tokens and its promotional activities.

On September 25, 2020, all of the tokens in KuCoin's hot wallet were stolen in a [hack](#) across a variety of tokens including an estimated 1,008 BTC, and \$153 million of ETH and ERC-20 tokens, among several others. KuCoin [said](#) it detected the hack after observing "some large withdrawals" from its hot wallets. According to the CEO Johnny Lyu, the exchange has recovered \$204 million (as of October 1, 2020), and suspects have been found with police involvement. The company [said](#) that user funds will be reimbursed as the lost amount will be covered by its internal insurance fund.

KUCCOIN SNAPSHOT

- **Investors:** In November 2018, Kucoin announced a \$20 million funding from IDG Capital (an investment firm headquartered in China) and venture fund Matrix Partners.
- **Regulations:** Not licensed
- **Fiat Services:** Kucoin doesn't have banking partners for fiat onramp but accepts credit cards, and uses other payment merchants.
- **Other Services:** Services include spot trading with up to 10x leverage, futures trading up to 100x leverage, staking, an API for customers to develop a programmatic trading strategy, and a SaaS platform. It also has an [IEO platform](#).
- **Insurance:** According to the company, it has an internal insurance fund of an undisclosed amount.
- **Supported Tokens:** About 150
- **Native Token:** \$KCS holders can receive daily dividends amounting to 50% of the trading fees, trading fee discounts, faster customer support, and other perks. At least 10% of the exchange's net profits are used to buyback \$KCS every quarter.



- **Listing Process:** Similar to many exchanges, tokens can register to undergo Kucoin's listing process, and fees are negotiable.

Three Arrows Capital

Three Arrows is a regulated hedge fund founded in 2012. It made its start in FX trading for emerging markets, particularly non-deliverable currencies. Currently, it focuses on crypto markets with a macro trader mentality for its proprietary trading and bottoms-up approach in its venture capital investing. As a firm, it also runs market-neutral strategies and operates one of the largest borrow desks in the digital assets space.

Investments include Blockfi, Deribit, and several other tokens. In a recent US SEC filing, the firm **disclosed** that it has 6.1% of Grayscale's GBTC holdings, representing **36,969 bitcoin**. According to DeFiance Capital, Three Arrows has also allocated capital to the third party manager focused on DeFi. Three Arrows says it doesn't have outside investors, and it's not raising capital, though it may choose to do so in the future. The company is a big believer in a decentralized future.

DeFiance Capital

DeFiance Capital is a DeFi-focused cryptoasset fund that combines fundamental research with an activist investment approach. The fund suits high net worth individuals with a high risk tolerance for the volatility of unhedged DeFi exposure. On a fundamental level, it looks at tokenomics, value capture and accrual, catalysts, valuations, the team, execution track



“
What will grow even faster in 2021 than the investor interest in cryptocurrencies seen in headlines in 2020 is the demand for enterprise grade node infrastructure. Certifiably secure and scalable network adaptors are a critical component to establishing and maintaining institutional participation in the markets. Security, custody, regulatory compliance, liquidity and meaningful decentralization all rely on the premier types of performant node infrastructure that Blockdaemon provides.
”

Konstantin Richter
CEO & Founder of Blockdaemon

 **BLOCKDAEMON**
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record, technical architecture, and community involvement. It also behaves as advisors on tokenomics, governance, platform liquidity provision, and building the narrative.

Liquid or semi-liquid assets comprise 75% of its allocation, while stablecoins-based DeFi liquidity provision or arbitrage takes another 20%. The remaining 5% is allocated to illiquid investments in equity stakes of projects. It needs the ability to exit illiquid positions in two years. Since its July 2018 inception, the company said it has generated 8,000% in returns as of May 2020.

DeFiance Capital was early on names like Synthetix and Aave.

Signum Capital

Signum Capital exclusively invests in blockchain-enabled companies and focuses on the pre-sale of token generation events, ICOs, and equity investments. It also helps portfolio companies with community engagement for their main ICO sales, advisory, strategic partnership, and post-ICO M&A. Notable investments include Vietnam's VCC Exchange, options trading platform Sparrow, Ziliqa, Kyber, Ren, and Oasis Labs.

QCP Capital

QCP Capital is predominantly a fund and market maker. The firm manages proprietary investment, trading based on quantitative methods, arbitrage, and derivatives. It also runs an OTC desk and provides market making solutions. QCP has a strategic focus on Southeast Asia but also operates in the UK, Japan, and Australia. Notable investments include options exchange Deribit, Indonesian exchange Tokocrypto, Kyber Network, and Algorand.



Bitmax

launched in August 2018, Bitmax is a retail-focused exchange incorporated in Singapore, though they also have offices in China.

BITMAX SNAPSHOT

- **Investors:** include Bitmain, FBG Capital, Matrix Partners China, and Danhua Capital
- **Regulations:** BitMax, along with 107 other companies, was granted an exemption from holding a license under the Payment Services Act of Singapore
- **Fiat Services:** Bitmax partners with Prime Trust for onramp and offramp services
- **Other Services:** The exchange launched several unique investment products, including staking, yield farming, and lending. In 2019, BitMax launched its cross-asset collateral margin trading and introduced Volatility Cards (Turtle or Bunny) for investors to bet on volatility during a certain time period of minutes to a day. In March and April 2020, BitMax launched its BTC-USDT perpetual futures contract and its staking services.
- **Insurance:** None. In November 2020, BitMax's Amazon Web Services' system outage resulted in a 48-hour shutdown. Account balances were not impacted.
- **Supported Tokens:** Currently, approximately 200 tokens are listed.
- **Native Token:** Bitmax distributes 80% of revenue fees to \$BTMX holders with a proportionate daily rewards pool. BTMX is also needed to participate in new listings. There is also a BTMX Investment Multiple Card, purchasable to receive a multiple of airdrops in the event there is an airdrop in a new listing.
- **Listing Process:** Beyond the typical due diligence, Bitmax looks for projects that will work closely with the exchange to generate community engagement and promote a successful listing. Bitmax also helps with IEOs. Listing fees are negotiable. Often when projects list on the platform, BitMax will receive an allotment of tokens for secondary market liquidity, staking rewards, and community engagement like contests and prizes.



Philippines

Coins.ph

Coins.ph has the highest brand recall for crypto purchases. It is predominantly an e-wallet company offering payments solutions but also provides an accessible fiat onramp service to its 10 million clients. Founded in 2013, the company offers access to banking, payment services, local and international remittances, mobile payments, bill payments, game credits, and online shopping.

COINS.PH SNAPSHOT

- **Investors:** The company is substantially **owned** by Gojek, Indonesia's ride-hailing company, which serves 40 million active users. Gojek reportedly made a \$72 million investment in Coins.ph in 2019. Prior to that, Coins.ph raised \$10 million from two investments, counting **Naspers**, Beenext, Digital Currency Group, and Pantera Capital among its backers.
- **Regulations:** Coins.ph holds both virtual currency and electronic money issuer licenses from the central bank, Bangko Sentral ng Pilipinas (BSP).
- **Fiat Services:** Coins.ph has fiat onramp and offramp not only for crypto but also for bills payments and e-wallet services. Apart from ties with all the major banks, it has one of the country's largest cash distribution networks with 33,000 local partners and 500,000 international partners. The company does not require clients to have a bank account, as there is a large unbanked population in the Philippines.
- **Other Services:** The company offers several fiat services such as bill payments, ewallet services, fiat top-up in coinvenience stores and remittances.
- **Insurance:** It has an insured third-party custody solution, and it will use its internal funds
- **Supported Tokens:** BTC, ETH, BCH, and XRP
- **Listing Process:** The tokens listed have been there since 2017. The company is looking to list tokens that are useful to clients.



PDAX

PDAX started in 2017 to solve the problem of expensive remittance services. It had liquidity pools at both the origin and destination locations of remittance customers, and then eventually developed an orderbook exchange.

Its retail clients are mostly the young, mass affluent, working professions that have experience in equities investing. However, 80-85% of exchange volumes facilitate institutional remittance services like Money Gram, which has a global partnership with Ripple. The aggregate volume for XRP-PHP is high, though most of its volume comes from BTC.

PDAX was one of the main lobbyists for more crypto regulations in the Philippines. The government has been open to fintech progress, culminating in government bond [issuance on Ethereum](#). The government is expected to have follow-on issuances of bonds.

PDAX SNAPSHOT

- **Investors:** Its largest investor is a VC called Beenext Ventures, followed by Bitmex, Consensys, CMT Digital, and Ripple. Bitmex provides easy access to dealer relationships and a deeper order book, and Ripple is driving the global remittance space locally. Union Bank, Philippines bank, is also an investor.
- **Regulations:** PDAX is licensed.
- **Fiat Services:** PDAX has banking relationships with five banks, who are also its investors.
- **Other Services:** Exchanges in the Philippines mostly offer spot trading with crypto-to-fiat players, with few offering advanced products such as leverage, options or derivatives as the international competition is tight for that segment.
- **Insurance:** It has an insured third-party custody solution by OSL of Hong Kong. PDAX is audited by Grant Thornton.
- **Supported Tokens:** Six tokens
- **Listing Process:** The token listing process isn't advertised or formalized. There are discussions with some token issuers, and they're open for token listings so long as the BSP is open to the listing and it complies with the draft framework by the Philippines SEC that no securities should be listed.



Thailand

Bitkub

Founded in February 2018, Bitkub is the largest local exchange that is licensed by the SEC Thailand and the Finance Ministry. It has 35 coins listed as it has both cryptocurrency and digital token licenses. Its retail clients have mostly invested in equities, and it is diversifying its portfolio to trade a new asset class.

BITKUB SNAPSHOT

- **Investors:** In 2018, it raised with **valuation of THB 525 million** (\$17 million) from DTAC Accelerate (DTAC is the third-largest GSM mobile phone provider in Thailand) and SEAx, among others.
- **Regulations:** The exchange is licensed by the SEC Thailand and Finance Ministry for both “cryptocurrencies” and “digital tokens.” According to the company, it has a registered capital of THB 80 million (\$2.7 million).
- **Fiat Services:** Clients can conveniently make transfers with QR codes or payment gateways. Bitkub hopes to launch “crypto as a payment” soon and is exploring remittance services. It’s legal to pay for goods and services in digital assets in Thailand.
- **Other Services:** It provides a THB trading pair for all digital assets and will support token-to-token trading in the future.
- **Insurance:** According to the company, its third party custodian service has insurance.
- **Supported Tokens:** According to the company, it has 35 coins listed and a daily trading volume of \$10-20 million, supported by liquidity providers.
- **Listing Process:** The SEC Thailand has restrictions on listing. Approval from the SEC requires the white paper, information on the founders, the tokenomics, and other relevant information. Listing fees are undisclosed and negotiable.



Zipmex

Zipmex, an emerging exchange founded in 2018, is headquartered in Singapore but has a license to operate in Thailand. It offers clients a variety of crypto services including interest-bearing accounts.

ZIPMEX SNAPSHOT

- **Investors:** Zipmex received **\$3 million** in seed capital from Singapore-based Infinity Blockchain Holdings in September 2019 and also raised **\$6 million** from Jump Capital in January 2021. (Jump Capital has also invested in BitGo, OSL, and TradingView. Its parent company, Jump Trading, is one of the largest market makers in the world and **powers Robinhood's** crypto trades.)
- **Regulations:** The exchange is licensed by the SEC Thailand and Finance Ministry. It can hold both cryptocurrencies and digital tokens.
- **Fiat Services:** It has fiat onboarding and offboarding, through mobile banking or bank transfers. Zipmex uses SC Bank, one of Thailand's largest banks.
- **Other Services:** It offers earnings accounts on USDT and other tokens.
- **Insurance:** Zipmex has a \$100 million policy covering digital assets held in cold wallets through BitGo.
- **Supported Tokens:** It supports 11 tokens against fiat THB. It also has a native platform token, \$ZMT, to get trading discounts, lower lending rates on borrowing and higher rates on interest earnings accounts.
- **Listing Process:** Projects can apply to list on Zipmex. However, tokens need to be approved by regulators before listing.

Coin.co.th

Coins.co.th is a blockchain-enabled platform that allows clients, even those without bank accounts, to access financial services. It is a subsidiary of Coins.ph (Philippines). Clients have access to a mobile wallet to trade bitcoin.

COIN.CO.TH SNAPSHOT

- **Investors:** The company (and its parent company Coins.ph) is substantially **owned** by Gojek, Indonesia's ride-hailing company, which serves 40 million active users.



- **Regulations:** Coins.co.th has a digital asset broker license and is the only company with a crypto dealer **license by the SEC Thailand**, which means it's able to quote prices instead of only offering an order book. It can also trade its own book, like a prop desk or traditional dealer in stock exchanges.
- **Fiat Services:** Coins.co.th has fiat onramp and offramp with banking ties to five large Thailand banks. It also accept mobile money transfers from three local mobile money operators. Clients are not required to have a bank account.
- **Insurance:** It has an insured third-party custody solution, and it will use its internal funds
- **Supported Tokens:** BTC only
- **Listing Process:** Only tokens whitelisted by the regulators can be listed. It is currently looking at the possibility of onboarding other crypto currencies, but its digital asset dealer and broker licenses only cover cryptocurrencies (e.g., BTC, ETH) and not digital tokens (e.g., ERC-20 tokens).



Indonesia

Indodax

Founded in 2013, Indodax started as an online community forum under the name bitcoin.co.id. The exchange evolved due to increasing demand for trading services, and in March 2018, the company changed its name to Indodax. According to the company, it has over two million accounts registered.

INDODAX SNAPSHOT

- **Investors:** Indodax **raised** an undisclosed amount from East Ventures, a leading venture capital firm in Indonesia.
- **Regulations:** Indodax is registered with the Indonesian Commodity Futures Trading Regulatory Agency (BAPPEBTI), though none of the nine exchanges that have registered have been awarded a license.
- **Fiat Services:** Indodax has fiat onramp and offramp services with a few banks in Indonesia.
- **Other Services:** It offers spot trading services across two markets, against fiat IDR (which is most popular) and USDT.
- **Insurance:** Undisclosed
- **Supported Tokens:** 105 tokens, including privacy coins
- **Listing Process:** Indodax will perform due diligence on a token if it is ranked in the top 500 under CoinMarketCap. BAPPEBTI needs to approve the listing and requires token projects to have a clear business plan and roadmap. The top 100 projects are typically the ones listed by Indodax. Listing fees are negotiable.



Malaysia

Luno

While Luno was founded in 2013 in Cape Town (South Africa) and currently headquartered in London (the UK), the exchange is one of three exchanges **approved** to operate in Malaysia. Luno started its Singapore office in 2015 and then quickly set up its branch office in Kuala Lumpur. **According** to the company, it is the largest exchange in Malaysia and South Africa.

While only recently regulated, the exchange has been in Malaysia since 2015. By 2017, it grew to be the largest exchange in the country. However, due to regulatory uncertainty, banking partners froze its accounts in December 2017. Fortunately, within a couple of months, those banks agreed to allow withdrawals so that Luno could pay out customers' MYR deposits. Now, with a fully-approved status, Luno is able to offer fiat services again through AmBank, Malaysia's sixth largest bank.

Similar to other approved exchanges in Malaysia, all trading activity on Luno Malaysia entity is done between Malaysian residents. Malaysian regulations do not allow local exchanges to combine order books with their international operations. Luno finds that retail interest is growing but not near the hype of 2017.

LUNO SNAPSHOT

- **Investors:** As an early investor in Luno's 2014 seed round, DCG **acquired** the company in September 2020. Financial terms of the deal were not disclosed. Early backers also include Naspers Group and Balderton Capital.
- **Regulations:** Luno was granted approval by Securities Commission Malaysia in October 2019 and is also a reporting institution to the central bank, Bank Negara Malaysia. Within the first 10 days of relaunching in late October, Luno **stated** it saw an average volume of RM 0.25 million (\$60,000). Luno is still considering whether or not it wants to apply for an IEO approval from Malaysian regulators.
- **Fiat Services:** Luno has fiat onramp services via payment processors.
- **Insurance:** Currently unavailable to them, but the company may explore this in the future
- **Supported Tokens:** The Securities Commission Malaysia must approve of new listings. Currently, only BTC, ETH, LTC, and XRP have been approved for trading in Malaysia.



Tokenize Exchange

Tokenize started operations in Singapore in January 2018. Within the next seven months, it expanded coverage to Vietnam, Malaysia, and Thailand to focus on the Southeast Asia market. In April 2020, Tokenize Technology obtained approval from the Securities Commission Malaysia to operate a digital asset exchange. Despite the license, adoption in Malaysia is still lagging volumes in other regions.



TOKENIZE SNAPSHOT

- **Regulations:** Licensed
- **Fiat Services:** Banking services are still difficult to obtain in Malaysia, but Tokenize is able to have banking services due to its license. It also provides segregated banking for clients' assets, which is typically out of reach for even the best crypto enterprises.
- **Other Services:** Spot trading is its core business. Outside of Malaysia, it has an IEO platform and offers products with lending and borrowing features.
- **Insurance:** Tokenize works with BitGo to get up to a \$100 million cold wallet insurance.
- **Custodians:** BitGo, Universal Trustee
- **Supported Tokens:** Four tokens (BTC, ETH, LTC, XRP) tradeable against fiat MYR
- **Listing Process:** Each token needs to be whitelisted by regulators. In 2019, Tokenize hosted a few IEOs in a launchpad program but ceased in 2020 in preparation for the license.

Vietnam

- An estimated 98% of P2P trades are done manually and privately, through Telegram or Zalo (the local messaging app).
- Capital controls means the crypto spot market operates somewhat in isolation.
- Market is retail driven, with little algorithmic market making. When bitcoin prices are volatile, the Vietnam market lags by a couple of days.

BitcoinVN

BitcoinVN is Vietnam's first exchange, launched in 2013. In its early days in 2014, BitcoinVN offered brokerage services, even though liquidity was approximately \$10,000 a day as customers were new to Bitcoin; now, BitcoinVN has one of the deepest liquidity pools in Vietnam. The liquidity depth without moving the market price is about \$2-3 million daily. It offers an online trading platform for retail clients, a remittance service, and bitcoin ATMs, but its core business is OTC trading (for clients trading more than \$10,000).

Remittances are also a significant part of the business with nearly five million **Vietnamese living abroad**. In 2019, overseas Vietnamese **sent \$17 billion** in remittances inbound. Most of BitcoinVN's customers here are digital nomads.

The company is most known by its support and education of the crypto space. It is also an active supporter of the **local Bitcoin community in Saigon**, which itself operates self-funded lightning nodes (and has converted a variety of merchants in **Saigon to accept Lightning payments**).

BITCOINVN SNAPSHOT

- **Regulations:** No licenses available in Vietnam. Similar to foreign currencies and gold, crypto can't be used for payments.
- **Fiat Services:** Fiat onramp / offramp is available through several banks. As per the culture, many Vietnamese still prefer to use cash.
- **Other Services:** OTC trading, remittance services, and bitcoin ATMs



- **Insurance:** None for now
- **Supported Tokens:** Nine tokens are supported. Liquidity is mostly focused on USDT, BTC, ETH. OTC services are mostly demanded for BTC.
- **Listing Process:** BitcoinVN is not focused on listing many tokens, as liquidity is concentrated to the major tokens. It lists based on market demand, and there are no listing fees.



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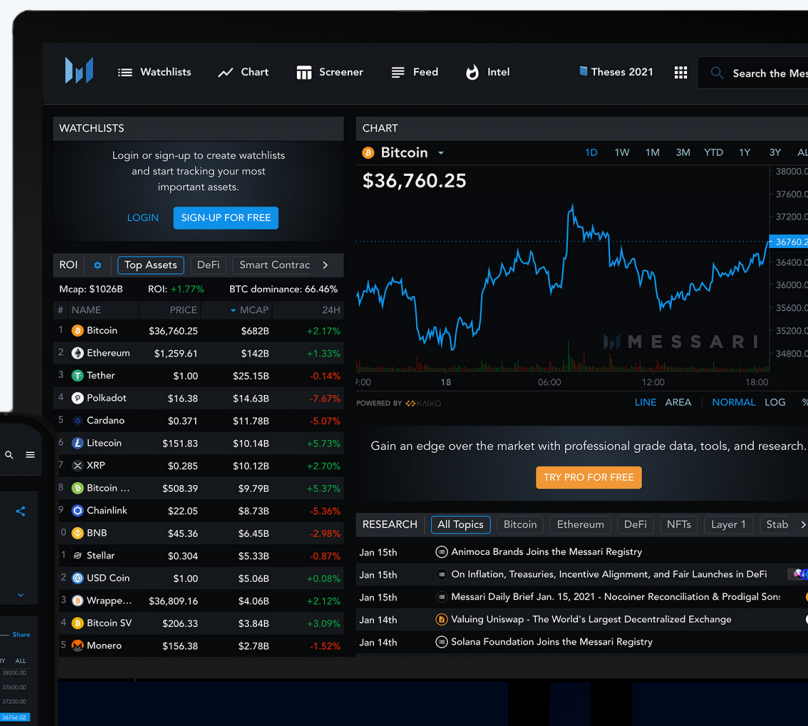
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India

CoinDCX

CoinDCX launched in April 2018, only for the Reserve Bank of India (RBI) to ban banking services to crypto companies four days later. The founders, who are former arbitrage traders, sought to bring liquidity onshore and provide a service to the country. CoinDCX continues to source liquidity from Binance, Huobi, and OKEx.

Despite the banking ban, the company continued to operate, innovating new products to survive. When the Supreme Court of India overturned the RBI circular in March 2020, the exchange could finally do business openly and expand. According to the company, it saw a 10x growth in clients after the new ruling and 25% month-on-month growth in new users in October 2020.

COINDCX SNAPSHOT

- **Investors:** Coinbase, Bain Capital, Polychain Capital, and other angel investors. Bitmex's parent HDR Group is also an investor, and the exchange is in the process of integrating Bitmex's futures liquidity. Coinbase helps the exchange with security and compliance.
- **Regulations:** There are no available licenses for Indian entities.
- **Fiat Services:** CoinDCX has banking relationships and offers instant fiat onramp / offramp services with three top-ten banks. The company has KYC and AML processes. KYC typically takes minutes, but will be manually processed and investigated if there is a red flag.
- **Other Services:** Unlike most of its competitors, CoinDCX offers margin trading with up to 6x leverage, lending, borrowing, and futures with up to 20x leverage. It also offers lending and borrowing services, and savings products. CoinDCX also has a #trycrypto campaign, making it affordable to buy bitcoin with just INR 10 (\$ 0.14) and educate the mass market. From the user's perspective, it's an instant fiat deposit and a single-click purchase.
- **Insurance:** According to the company, it has an internal insurance fund of an undisclosed amount. It uses BitGo's services.
- **Supported Tokens:** The exchange has a dozen tokens tradeable against INR.



For token-to-token trading, CoinDCX sources liquidity from Binance so it is able to offer many trading pairs.

Bitbns

Bitbns was founded on Christmas day in 2017, during the height of the bull market. To get through the crypto winter, Bitbns had a lean team of just eight people and added margin trading as a new business line in 2018. To get user adoption, it focused on services it could offer, like a Chrome plugin for arbitrage opportunities between Bitbns and other exchanges, and offering bitcoin at a discount with the use of its native \$BNS token.

BITBNS SNAPSHOT

- **Investors:** The company is fundraising now and has seen the attitude of investors warm due to regulatory clarity.
- **Fiat Services:** Available fiat onramp / offramp services
- **Other Services:** BitBNS has a product called bitdroplet.com to allow easy dollar cost averaging into BTC and ETH, and to promote mass market adoption. In 2019, it announced a **partnership** with OKEx India to implement technical know-how, especially with P2P exchange, and marketing collaborations.
- **Insurance:** None for now
- **Supported Tokens:** More than 80 tokens
- **Native Token:** \$BNS, which is used to offset trading fees and can be used to buy BTC at a discount. Clients can also pay for ecommerce with a Chrome Plugin (e.g., BNS holders can get a 4% cashback on Amazon).
- **Listing Process:** The due diligence process is rigorous as Bitbns wants to curate the offering of projects for clients. It has a negotiable listing fee, ranging from 3-5 BTC. Typically, it costs less (and is easier) to integrate ERC-20 tokens, while new blockchains that require more work to onboard are more expensive. A marketing budget to hit activation in number of users, and other key performance indicators are typically part of the process.



WazirX

WazirX launched in 2017 as a mobile-first exchange. Catering to a younger, retail demographic where 70% of its audience is under 30 years old, WazirX claims to have the highest number of crypto-related app downloads in India.

Soon after its launch, the RBI issued a banking ban. In response, WazirX launched a P2P automated matching engine for spot trades. For fiat INR trades, the platform was helpful for those who wanted a fiat onramp solution, as members could confirm they received the money in legacy banking channels. With KYC processes in place, WazirX could provide some ability for locals to trust the counterparty. A day after the banking ban was overturned, WazirX brought back fiat onramp services which made the onboarding experience easier for no-coiners.

WAZIRX SNAPSHOT

- **Investors:** WazirX has bootstrapped from the beginning, until Binance acquired it in November 2019. Binance helped the company with scaling infrastructure and security features, along with liquidity. Although Binance has its own India operations, WazirX continues to operate as an independent brand with good local reach and fiat services.
- **Fiat Services:** According to the company, it has two or three banking partners for fiat services to allow for onramp and offramp. As regulations become more clear, it is being contacted by more banks. In its P2P platform involving fiat INR and USDT, the exchange holds funds in escrow for safekeeping until transactions are confirmed by customers.
- **Other Services:** In September 2020, it launched a staking feature to allow users to earn interest. The company also soft-launched a smart token fund where customers can allocate funds to portfolio managers for a commission. In the future, it may launch a decentralized exchange, and margin trading and derivatives products, but is first focused on building out products on INR.
- **Insurance:** None for now



- **Supported Tokens:** The exchange lists 150 tokens listed for token-to-token trades. Against the Indian rupee, it lists 18 tokens.
- **Native Token:** \$WRX's main utility is paying trading fees and claiming airdrops. WazirX also recently introduced WRx in trading markets.
- **Listing Process:** Projects can apply to list. The company doesn't charge listing fees but encourages projects to have a budget for WazirX's marketing, trading competitions, and other promotions to generate awareness and adoption.

ZebPay

ZebPay is one of India's largest exchanges. While the company was founded in 2014, it halted fiat services in India after the central bank's 2018 ruling to stop banking services to crypto enterprises. After moving its business abroad to Singapore and Australia, it has recently resumed operations in India.

ZEBPAY SNAPSHOT

- **Investors:** Last year in 2019, Ayon Capital (a family office) purchased the company. (According to Ayon Capital, the fund has \$1 billion in AUM and also has investments in Coinbase, Digital Currency Group, and several tokens.) While the management team is largely unchanged after the acquisition, it has added more KYC and security measures to upgrade the exchange. In the future, it has plans to make its quarterly board meeting semi-public and to potentially mutualize ownership so members can own the company.
- **Fiat Services:** Banking onramp and offramp services are available.
- **Other Services:** While Zebpay has an OTC business, ~90% of its business is in retail like the other Indian exchanges.
- **Insurance:** None, but it uses BitGo as custodians. According to the company, getting insurance in India is difficult due to unclear regulations.
- **Supported Tokens:** 10 tokens
- **Listing Process:** It has a strict internal process, but tokens need to be ranked in the top 100 and project ownership needs to be decentralized. Security tokens cannot be listed as they are not regulated under the Securities and Exchange Board of India. There are no listing fees.



About Messari

Messari is the industry's leading market intelligence company focused on the digital asset ecosystem.

Our **tools** and **research** solutions provide customers with actionable insights to confidently make decisions in the fast-moving cryptoasset space. Since our inception in 2017, we've built strong relationships with the industry's top thinkers, investors, and builders from today's most promising projects. Learn more at messari.io

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