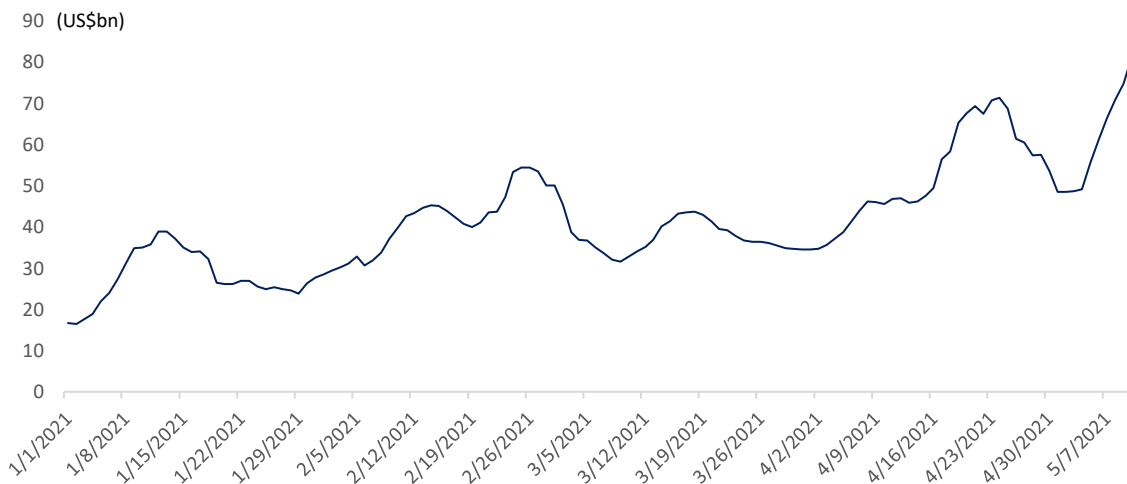




## Highlight of this issue – Redefining money: Rebellious cryptocurrencies under regulatory ambiguity

Figure 1: Daily on-exchange trading value (7DMA) maintained an upward trend



Source: The Block Crypto, AMTD Research

**With US dollar's global dominance weakening, cryptocurrencies are gaining global popularity.** The hyperinflation, capital controls or sanctions in Argentina, Iran and other developing countries have boosted crypto boom there. Some governments felt their monetary discretion threatened by the supranational currencies, thus are tightening regulations over the crypto market. Some governments, on the contrary, remain ambiguous as the crypto market is too good to miss – The total market capitalization of global cryptocurrencies have more than tripled in 2021.

### Regulatory stances remain the biggest uncertainty for the crypto market

**US regulators showed ambiguous and fast-changing attitude over crypto market.** Crypto advocate Gary Gensler's appointment as the Chairman of SEC was seen as a positive sign for cryptocurrencies – After turning off bitcoin ETF proposals for several times, on Apr 28, the SEC delayed its verdict on VanEck Bitcoin ETF approval until this June. On May 11, the SEC issued a staff statement to warn investors of bitcoin risk, hinting that the regulators may think the bitcoin market is too volatile to support an ETF.

**AMTD Research**  
Michelle Li  
+852 3163-3383  
Michelle.Li@amtdgroup.com

**AMTD Research**  
Roy Wu  
+852 3163-3242  
Roy.Wu@amtdgroup.com

**Some countries are softening stances, while the other governments are considering the most stringent policies over crypto.** Chinese regulators called bitcoin and stablecoin as investment alternatives on 18 April during Boao Forum for Asia, which may imply a subtle tone shift towards crypto. Meanwhile, India, following Turkey, is proposing a crypto ban. The central bank of Nigeria, one of cryptocurrencies' most important market, reiterated its ban on institutional-facilitated crypto transactions in March 2021. Crypto exchanges including OKEx Korea, Binance Korea, Daybit and Coinplug failed to survive the strict requirements and have exited South Korea. Regulatory uncertainty remains the biggest issue for crypto industry.

**The Covid-19 pandemic incurred uncontrolled money supply and hyperinflation in some countries, resulting in a rising demand for decentralized currency.** The value of fiat currency is defined by state credit and its stability relies on the strength of the underlying economy or the state defense force. Some governments are advocates of Modern Monetary Theory (MMT) or Monetary Populism, and posing greater inflation risks – to domestic or global economy. The global financial crisis and the followed quantitative easing as well as the soaring debt level have been weakening US dollar's global dominance.

**Cryptocurrencies bring value determination back to the old supply-demand model.** Cryptocurrencies exist on a distributed and decentralized ledger which is accessible to anyone around the world. The value of cryptocurrency is driven by market consensus. Compared to state-backed currency (including CBDCs), cryptocurrencies are more similar to gold, but still differ: gold is precious metal in the real world, while cryptocurrencies are purely virtual.

**Fiat currency devaluation in some emerging markets further drive demands for cryptocurrencies.** Argentina, Iran, Nigeria and other countries under monetary instability and hyperinflation are experiencing crypto craze. Statista's 2020 online survey revealed that 32% of Nigerians used or owned cryptocurrencies, the highest among the 74 countries surveyed, while according to its National Bureau of Statistics, Nigeria's annual inflation reached an over four-year high in March 2021 to 18.17%. Cryptocurrencies are thus viewed as a potential threat to state-issued legal tender.

Country/Region	Date	Regulations	Details
US	Jan-21	Crypto Anti-Money Laundering (AML)/Combating the Financing of Terrorism (CFT) laws	Banks and money service businesses to report the names and addresses of both the customer and every counterparty related to the transaction for cryptocurrency transactions above \$10,000 to FinCEN 15 days from the date on which a reportable transaction occurs
	Nov-20	IRS cryptocurrency tax guidance (Form 1040)	The IRS asked filers on their 2020 income tax return whether they received, sold, sent, exchanged or otherwise acquired any financial interest in virtual currency
	Oct-20	CFTC Guidance on Handling of Virtual Currency by Futures Commission Merchants (FCMs) Supports Further Maturation of Digital Asset Class	The advisory provides guidance to FCMs on how to hold and report certain deposited virtual currency from customers in connection with physically-delivered futures contracts or swaps
China	May-21	Regulations on Preventing and Handling Illegal Fundraising	The commission has added illegal fundraising in the name of blockchain and cryptocurrencies as a new form of illegal fundraising
Hong Kong SAR	Nov-20	A consultation paper on AMLO	The VASP licence becomes mandatory for any person seeking to carry out business in proposed regulated activities involving virtual assets
South Korea	Apr-21	An updated regulatory framework for overseas crypto remittances	Prevent retail clients from sending more than \$50,000 to other nations unless they're able to explain and verify the actual purpose of the transfers
	Mar-21	Act on Reporting and Using Specified Financial Transaction Information	Every digital currency user should link his exchange account to his bank account for real-name verification. This requires all exchanges to have a relationship with a banking partner
Singapore	Jan-21	Payment Services Act (Amendment)	Any entity that facilitates the transmission, exchange or storage of cryptocurrencies will now have to be licensed even if the moneys do not flow through Singapore
EU	Sep-20	Commission Proposal of the Markets in Crypto-Assets Regulation (MiCA)	Crypto-assets that qualify as financial instruments are already subject to the MiFID and crypto-assets that constitute e-money under the existing EMD definition fall within EMD and the PSD2
	Planning to implement comprehensive cryptocurrency regulations by 2024		
UK	Jul-20	Cryptoasset promotions Consultation	Require persons conducting certain 'controlled activities' (such as dealing in, advising on, arranging and managing relevant cryptoassets) to become FCA authorised
Russia	Apr-21	Additional measures on cryptocurrency-to-fiat conversion involving banks	The Risfinmotoring will track the utilization of proceeds from cryptocurrency after the conversation to fiat
	Jan-21	Crypto tax bill	Individuals or companies working with "digital assets" will have to pay corporate income tax or personal income tax on their earnings and submit details of their transactions if these are worth over USD 8,000 over the course of a tax year
India	Mar-21	Potential crypto ban	India will seek to prohibit all private cryptocurrencies in India. RBI first issued an order in April 2018 to cut ties with all individuals or businesses dealing in digital currencies like Bitcoins within three months but allowed banks to handle crypto transactions from exchanges and traders later
Japan	May-20	The amendments to the Payment Services Act (PSA) and the Financial Instruments and Exchange Act (FIEA)	Crypto asset-related custodial activities are subject to licensing; Crypto asset margin trading and other crypto asset derivative transactions become subject to Japanese regulations on derivative transactions generally
Turkey	Apr-21	Cryptocurrency payments ban	Ban on the use of crypto for payments, and cryptocurrency trading platforms are added to the list of firms covered by AML and terrorism financing regulations

## News of the week

10 May 2021

Payment

Repay

### Repay to buy BillingTree at US\$503mn in cash and stocks

Vertically-integrated payment solutions provider Repay will acquire BillingTree at US\$503mn, including US\$275mn in cash and US\$228mn in newly issued stocks. The acquisition will improve Repay's scale and client diversity. BillingTree provides omnichannel integrated payment solutions for healthcare, credit unions and accounts receivable management companies. (Source: [Repay](#))

---

7 May 2021

Cryptocurrency

Nuvei/Simplex

### Payment firm Nuvei to buy crypto firm Simplex at US\$250mn

Canadian payments firm Nuvei would buy crypto firm Simplex at US\$250mn. Simplex provides fiat-cryptocurrency gateway connecting market participants including exchanges, brokers, wallet and liquidity providers. Simplex' infrastructure enables users to buy and sell crypto with credit and debit cards, while its proprietary fraud and risk management tools ensure a zero-chargeback guarantee to customers. The acquisition will also provide Nuvei with an electronic money institution (EMI) license to offer IBAN accounts to end users and corporations, and offers future banking and card issuing capabilities. (Source: [Pymnts](#))

---

7 May 2021

Remittance

Remitly

### Remitly preparing an IPO at a US\$5bn valuation

Digital remittance processor Remitly is planning an NYSE IPO at a US\$5bn valuation in 2H21. Remitly raised US\$85mn at a US\$1.5bn valuation in a funding round in July 2020. Its annualized volume reached over US\$6bn, connecting the west and mid-to low-income countries in Africa, Asia, Central Europe and South America. Last February, Remitly announced plans to launch a banking service, called Passbook, aimed at the 44 million first generation adult immigrants in the US. (Source: [Reuters](#))

---

6 May 2021

Open banking

Plaid/Railsbank

### Railsbank and Plaid announced new partnership

Banking-as-a-service platform Railsbank and open banking provider Plaid built a new partnership. Railsbank customers in the UK will have access to Plaid's Payment Initiation API to accept instant bank payments directly within their app or website. The partnership came in less than two weeks after Plaid and Paysend announced their collaboration to speed up digital transfers. (Source: [Crowdfund Insider](#))

---

5 May 2021

Digital bank

Chime

### Chime to stop using "bank" in its name

US digital bank Chime has agreed to stop using the word "bank" in its URL and elsewhere as requested by regulators. Chime offers a fee-free, user-friendly banking app, which provides an accompanying debit card and auto-savings account. However, Chime is not licensed to operate as a bank in California or anywhere else, and instead works with partners that are licensed. Chime raised US\$485mn in its Series F funding round in September 2020 at a valuation of US\$14.5bn. (Source: [TechCrunch](#))

---

5 May 2021

Cryptocurrency

Bitso

### Crypto exchange Bitso raised US\$250mn at a US\$2.2bn valuation

Latin America's largest cryptocurrency platform, Bitso, hit a US\$2.2bn valuation with a US\$250mn Series C funding round. The round was led by Tiger Global and Coatue. Bitso offers a crypto trading app for retail investors as well as a professional-grade platform. Bitso claims more than two million users, with a strong presence in its home market Mexico as well as Argentina. It has opened in Brazil and is planning to move into Colombia over the next few months. Bitso is building a crypto derivatives platform and interest-bearing accounts for crypto. (Source: [Reuters](#))

---

4 May 2021

Payment

Boost

### Boost raised US\$22mn to digitize B2B payments

B2B payments player Boost has raised US\$22mn in a Series C funding round led by Invictus Growth Partners. Boost is said to be the only FinTech acquirer focusing exclusively on the B2B market. The Boost Intercept STP platform automates the entire onboarding, credit card transaction and reconciliation process for buyers and suppliers. Meanwhile, the Dynamic Boost platform provides flexible pricing constructs via proprietary interchange rates, while also enforcing any acceptance rules established among the trading partners. (Source: [Pymnts](#))

---

3 May 2021

Investment

Wealthsimple

### Wealthsimple raised CAD750mn

Canadian FinTech Wealthsimple hit a CAD5bn valuation in a CAD750mn funding round led by Meritech and Greylock. Wealthsimple more than doubled its valuation from its last funding round in October. Wealthsimple began life as an online investment manager and trading app, but has moved into crypto last year, and recently rolled out a P2P money transfer service. The new funding will be used to continue building out the product suite and to hire staff. (Source: [TechCrunch](#))

---

3 May 2021

Payment

Flywire

### Payments firm Flywire made its IPO paperwork public

Payments firm Flywire made its paperwork for a U.S. listing public. Flywire recorded US\$44.99mn in revenue for the three months ended March 31, up 38% YoY. However, it posted net loss of US\$8.65mn compared with a profit of US\$3.7mn a year ago. Flywire's total payment volume reached US\$7.5bn in 2020, and client retention rate was 97%. Flywire intends to list on Nasdaq under the symbol "FLYW". Goldman Sachs, JP Morgan, Citigroup and BofA Securities are the underwriters. (Source: [Reuters](#))

---

2 May 2021

Cryptocurrency

Revolut

### Revolut launched public beta for bitcoin withdrawals

Revolut launched public beta of BTC withdrawals to allow customers to transfer their bitcoin holdings to wallets outside its ecosystem. Revolut will give exclusive access to UK Metal premium customers to add three external addresses and withdraw up to £500 a day and £1,000 a month. The company plans to roll crypto withdrawals out to other paid plans and markets soon. Revolut added 11 new cryptocurrency tokens to the app in Apr 2021, bringing the total number of coins available for customers to trade to 20. (Source: [Yahoo](#))

---

---

## IMPORTANT DISCLOSURES

---

### Analyst Certification

We, Michelle Li and Roy Wu, hereby certify that (i) all of the views expressed in this research report reflect accurately our personal views about the subject companies and their securities; and (ii) no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed by us in this research report, nor is it tied to any specific investment banking transactions performed by AMTD Global Markets Limited.

---

### AMTD Global Markets Limited

**Address:** 23/F - 25/F, Nexxus Building, 41 Connaught Road Central, Hong Kong  
**Tel:** (852) 3163-3288 **Fax:** (852) 3163-3289

---

## GENERAL DISCLOSURES

---

The research report is prepared by AMTD Global Markets Limited and is distributed to its selected clients.

This research report provides general information only and is not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal. It does not (i) constitute a personal advice or recommendation, including but not limited to accounting, legal or tax advice, or investment recommendations; or (ii) take into account any specific clients' particular needs, investment objectives and financial situation. AMTD does not act as an adviser and it accepts no fiduciary responsibility or liability for any financial or other consequences. This research report should not be taken in substitution for judgment to be exercised by clients. Clients should consider if any information, advice or recommendation in this research report is suitable for their particular circumstances and seek legal or professional advice, if appropriate.

This research report is based on information from sources that we considered reliable. We do not warrant its completeness or accuracy except with respect to any disclosures relative to AMTD and/or its affiliates. The value or price of investments referred to in this research report and the return from them may fluctuate. Past performance is not reliable indicator to future performance. Future returns are not guaranteed and a loss of original capital may occur.

The facts, estimates, opinions, forecasts and any other information contained in the research report are as of the date hereof and are subject to change without prior notification. AMTD has no obligation to update, modify or amend any part of this research report or to otherwise notify a recipient thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. AMTD, its group companies, or any of its or their directors or employees ("AMTD Group") do not represent or warrant, expressly or impliedly, that the information contained in the research report is correct, accurate or complete and it should not be relied upon. AMTD Group will accept no responsibilities or liabilities whatsoever for any use of or reliance upon the research report and its contents.

This research report may contain information from third parties, such as credit ratings from credit ratings agencies. The reproduction and redistribution of the third party content in any form by any mean is forbidden except with prior written consent from the relevant third party. Third party content providers do not guarantee the timeliness, completeness, accuracy or availability of any information. They are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability of fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes, and should not be relied on as investment advice.

To the extent allowed by relevant and applicable law and/or regulation: (i) AMTD, and/or its directors and employees may deal as principal or agent, or buy or sell, or have long or short positions in, the securities or other instruments based thereon, of issuers or securities mentioned herein; (ii) AMTD may take part or make investment in financing transactions with, or provide other services to or solicit business from issuer(s) of the securities mentioned in the research report; (iii) AMTD may make a market in the securities in respect of the issuer mentioned in the research report; (iv) AMTD may have served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this research report or may be providing, or have provided within the previous 12 months, other investment banking services, or investment services in relation to the investment concerned or a related investment.

AMTD controls information flow and manages conflicts of interest through its compliance policies and procedures (such as, Chinese Wall maintenance and staff dealing monitoring).

**The research report is strictly confidential to the recipient. No part of this research report may be reproduced or redistributed in any form by any mean to any other person without the prior written consent of AMTD Global Markets Limited.**

---