FROM CRYPTO TO CBDCS: ASIA'S BLUEPRINT FOR DIGITAL FINANCE

Announcer

Please welcome the panel on “From Crypto to CBDCs: Asia's Blueprint for Digital Finance,” moderated by Angelina Kwan, CEO, Stratford Finance.

Angelina Kwan

Good afternoon, ladies and gentlemen, is everybody okay? Everybody need a shot of coffee? Something stronger, something—

Jaime Leverton

I think that's next.

Angelina Kwan

Yes, that is next we're going to have dinner and we're going to have a party. That’s what I've been told. Well, my name is Angelina Kwan, and I'm the moderator today, and I have the honor and pleasure of after a quick intro, I will introduce our amazing speakers, and just to set the scheme from crypto to CBDCs, and CBDCs don't sound so interesting anymore. It's all stable coin. So I probably would correct that one, but Asia's blueprint for digital finance, and basically, Asia is emerging as a global lever leader in tech driven finance. I think this is definitely the case. And I was just saying to our panelists that Hong Kong and Singapore have been ranked very highly in being crypto friendly, and we are serving as a testing ground for tokenized securities, stable coins and CBDCs and financial institutions are shifting definitely from speculative crypto to building robust systems for settlement, custody and capital markets. So you're really seeing a merger of TradFi with crypto, and it's very, very exciting. And what you're seeing also regulators such as the MAS HKMA SFC are pioneering frameworks that basically are shaping global standards. And as digital finance scales advanced RegTech, cybersecurity and ethical considerations from AI governance to data privacy and automation are really, really becoming critical. So our session today, we have the most amazing panel here, explores how Asia should be harnessing its innovation to enhance market efficiency, investor protection, sustainable growth, and also the region's ability to balance rapid innovation with responsible oversight, and this would really determine the influence of Asia on the future of global finance and set the pace for digital transformation worldwide. So I think this is a very important panel, and your views I'm glad will be taped for us to at least think about. So our speakers today. To my immediate left is Eric Anziani. He's the president and chief operating officer of Crypto.com a very venerable exchange, and we're glad is based in Asia. Next to him is Mr. Luke Boland, who's the executive director, head of FinTech for ASEAN, South East, South Asia for GCNA at Standard Chartered Bank.

Luke Boland

Just a bit of a mouthful, yes? We need to work on that one.

Angelina Kwan

Melvin Deng is the CEO of QCP, a very big organization, and we'll be hearing more about that. So thank you, Melvin. Mr. Tom Lee, chairman of the board, BitMine Immersion Technologies, and is the co founder of—and head of research and chief investment officer of Fundstrat. And we'll be hearing a lot more about the new and innovative areas, about that area. And last but not least, Jaime Leverton, the CEO of ReserveOne. Yes, so I have introduced all of you. So if you don't mind, I'll start with the panel questions, if that's okay, and setting the backdrop for this panel, traditional finance and digital assets technology are really converging to create a new way of trading. So we're seeing this with DATs (Digital Asset Treasuries), which Tom will be talking a bit more about, and the regulatory changes with stablecoins. And let me start this discussion by asking the first question to Melvin from QCP, Melvin, your company is a leader that delivers institutional grade digital asset trading and investment solutions across the globe. You're based in Singapore, and you have felt that Asia has an opportunity to seize the narrative. What recommendations would you give law and policy makers and regulators to realize this new normal where Asia is open for business. So it's not just Caroline Pham saying to everybody that US is open, but we are open in Asia, open for business. And—how could Asia seize this narrative, and what recommendations would you give to the policy makers to seize this?

Melvin Deng

Thanks for the question at QCP. We've been here in Singapore since 2017 and I think when, when we started with the original intention of seeing that this is going to be a regulated environment, it was quite the journey—it was very innovative in the early days, and we had a bit of a pullback with FTX, and now we're seeing what the US is trying to do and bring back that innovation. I think, being Asians, we tend to be a bit more conservative, and the regulators tend to be like that. I've seen the trend change in the last nine to 12 months, where we are hearing about top regulators trying to build muscle and knowledge and understanding of this. What I would say to every regulator that's thinking about—bringing about this innovation, is to start encouraging public-private conversations, allow the private sector to shape the economy, to shape the regulations, and bring about that piece of innovation.

Now that takes a bit of a risk appetite. And I think being Asian, you know that propensity to avoid potential failures—Hong Kong and Singapore have all been scarred in their own individual ways, but it is actually very important to take that forward step and allow for some innovation to take place. So that's one allow public-private entry into the regulatory framework. Second thing is really try to bring about the convergence of both worlds. I think too often, Asian regulators have kept both worlds separate, but if you see what the US has done, and as well as the Middle East, they're trying to converge both markets and bring them into what they deem as same risk, same rules. I think this is the second piece that needs to happen. The last piece was really about the depth of understanding of blockchain—I think the technology has improved so much that we have actually gotten more clarity of how things work, the risks that reside and really learning from the private sector, the lessons learned and try to bake it into the next phase of what we think. But on the whole, innovation in Asia actually is one of the highest across the globe—that's where I think regulators should take on that culture and bring it forward.

Angelina Kwan

I cannot agree more with what you said in terms of especially on the private-public side, and I can say on behalf of probably the Hong Kong government. We would love all of you to come and speak to our regulators in Hong Kong. And I'm sure MAS would love to do the actual same thing. Would anybody like to add any points to that question?

Jaime Leverton

I think so I have the benefit of sitting on kind of both sides of the border in North America. My company ReserveOne is headquartered in New York. I'm Canadian. I've been in the crypto space in Canada since 2017, and in Canada, we really had a massive ecosystem of innovation. Ethereum was born in Canada. We had some of the first publicly traded companies, including my last one, Hut-8, went public in Canada in '17 '18, really, before you started to see public companies in the US. And unfortunately, Canada kind of went risk off with respect to the sector. And as a result of that, we saw most of the talent and the associated economy leave. A lot of those gains came to Asia and went to the Middle East and now to the US. And I would just really strongly caution Asia not to make the same mistake. I think consistency is critical. Absolutely, the dialog with the private sector—I think would have maybe prevented some of the missteps we've seen in Canada. Unfortunately, Canada right now views stablecoins as commodities, which is really just counter to what we're seeing from a rest of world's perspective—a cautionary tale coming out of out of me, based on my Canadian roots in this area.

Angelina Kwan

Well, I think that's why Milken is so important. And putting a plug in for Milken, it's, it's truly a place where you've seen government officials also, as well as all of you, your expertise is very, very important. In Hong Kong, we have a couple of institutions like Web3 Harbor, which we formed to make Hong Kong a Web3 harbor and other organizations. And Singapore also has the same so we'd love to invite you all to come and speak.

Jaime Leverton

Happy to do it.

Angelina Kwan

Eric, Crypto.com was actually born in Asia, and it was actually born in Hong Kong, and it is now expanded globally, and I've seen the Crypto.com Stadium, which is amazing, and we are so happy that you are back in Hong Kong, and now that you're back, what is Crypto.com seeing with Asia, and what was it about the markets that served as the right foundation for your businesses, because you were already very strong before you went to the United States and globally expanded. What was Asia helping you with and then, what advice would you give regulators and policymakers on how to further strengthen Asia as the place to be and as a global leader in tech driven finance.

Eric Anziani

That's a great question—sometimes people don't know Crypto.com has Asian roots in Hong Kong and now is globally headquartered in Singapore, it was sometimes seen as an American company. We have great presence and great branding over there.

Eric Anziani

I think for us—our first product was launched in Singapore, it was the crypto account product enable you to spend your digital assets in the real world, and it was really a testament to our philosophy and where we found a match with Asia at the time was really setting the foundation right as a business to build trust and something that can be sustained over decades. That foundation for us was about compliance and security, and it was not that popular or market standard at the time, when we started in 2016. As an example, we were very young startup, we decided to do a PxC audit, Big Four audits on our AML and KYC process and implement all recommendation before launching our product, and that's really the culture of the company—setting the foundation right, in an environment where you have clarity on the regulation, and then going big aggressive to grow. The cost of doing that compared to our peers at the time was 10x friction on customers to bring them on board and do first transaction apply for a card, 10x more expensive than our peers, but we felt that was the right move to build a long term business. In Singapore in particular, there was one of the markets like Hong Kong, had a kind of pioneering framework for digital assets. So what we like is when the framework is fit for purpose, so it's adapted to the nature of digital assets, their uniqueness, and also it was pragmatic, because it was quite early in the space. It was not so comprehensive. It was focused on AML and technology risk, which at the time makes sense. So we really benefited.

Angelina Kwan

Asian, Asian—

Jaime Leverton

What year was that?

Eric Anziani

18

Angelina Kwan

They were definitely one of the forerunners at the time.

Eric Anziani

So we really benefit from that clarity and the pragmatic approach to the regulation. And today, the card is actually the leader globally, and we're in all continents. We also become the issuer of the card, so we're principal member of Visa and MasterCard, and we issue the cards globally as well. So it's been quite, quite a journey, and it proves also that it's possible to do things the right way and still get leadership. To your question around what advice to give regulator? I think Melvin and Jaime covered that very nicely. I think the dialog between private and public sphere is critical. I have to say, in both jurisdiction, Singapore and Hong Kong, that dialog exists. There's consultation, there's bilateral conversation, there's here in Singapore, great industry association like the SFA and others, where—we can have that dialog. So I think it's there. We can do better. But there's a there's a base, and it's very important, because our space is evolving so fast, and we need to maintain that dialog so we can achieve the goal of the regulator at the same time take care of the industry so it can grow and innovate. The last thing I would say, which we haven't covered yet, is not being scared of retail adoption. For a country to become a leader and a hub, you need to have use cases, and you need to have retail adoption. Of course, you need to put the right guardrails. You need to make sure vulnerable people are protected. But without that, founders, entrepreneurs will not come because they're very hard to test your technology. And I know there's a few scars in many parts of Asia, especially in 2022 but I do feel to win as a country, you need to not only do the institutional part, but have some form of retail adoption.

Angelina Kwan

Well, I have to tell you, even HKEX now has the Bitcoin ETP, so it hit 25 billion turnover. And KRX is also looking at adopting, but their regulator is a bit slow, so you're seeing it. So please come back and do more with retail. I think it's important too. So that's very important. Thank you, and thank you for those points. Jaime, from transforming a sleepy bitcoin mining company into a powerhouse. What are some of the lessons that you have learned this is at Hut-8, just—to make that clear.

Jaime Leverton

Build from scratch this time. It's a nice change.

Angelina Kwan

It's much better. Okay. What are the lessons that you learned from the experience, and how will you apply it to your new endeavor, to launch your new digital asset treasury ReserveOne this year. It's very exciting that you're going to also launch this. What can Asia do more to attract more—digital asset treasury companies. What can we do to attract more companies to its exchanges? And what are some of the similarities that you have encountered doing both projects. I don't know if you were in Asia before?

Jaime Leverton

I've always had investors from Asia and the Middle East. I think it's—a really important region that's always—had an appetite for the space since, since I've been in the public markets in crypto which is back to 2020. Look, one of the lessons learned—as Canadian company that eventually redomiciled to the US—we don't have regulatory clarity right now in Canada, we don't have support for our innovation economy around this ecosystem. And so when it when it came to starting ReserveOne, it really only made sense for us to start—the company in the US, to have direct access, out of the gate, to US capital markets. And we've seen just a vast improvement in clarity coming out of—the change in leadership at a federal level, and then a ton of change we've seen at a regulatory level, within the US as well. I think running a public company in this space is certainly not for the faint of heart. There have been a lot of lessons I've learned over the past number of years, being in this chair, and—I think it's governance is very, very important. I think it's easy to run fast, or want to run fast and to kind of have foot faults. If you're not really focused on governance, we're doing the same thing, kind of starting with a Big Four auditor, which honestly wasn't even possible when I first got into this space. The Big Four would not take on publicly traded crypto companies, so it's great that they're there. It is a little bit more complexity out of the gate, obviously, as Eric alluded to, but I think critically important to build the right foundation and put that kind of governance forward approach into the business as you as you build it, and having the benefit of clarity from regulators is really a key foundational element for companies, public companies like ours, to be able to do that. And so—just encouraging that that clarity from Asian regulators, if you want to attract people to build here—having that clarity so they can set up the right foundation without—fear of what could change, or what could happen, or how interpretations may evolve, I think is critically important.

Angelina Kwan

No, I think all of those points are really, really important. I think though, the regulators here are a bit more conservative, because, of course, they have a very big remit to protect retail investors. And I think once they get used to digital assets, and we'll talk more about that with Tom, digital assets—treasuries will be very interesting to them.

Jaime Leverton

It's an important category for retail investors that offers a level of protection that's easier for government and regulators to work with, versus some of the the other more traditional, hardcore crypto options that have created challenges in the past.

Angelina Kwan

So we will discuss this more. Definitely. Melvin, did you want?

Melvin Deng

Yes, I wanted to add on this point because at QCP, we've been working with a lot of digital asset treasury firms and helping them to think about—structuring in terms of invest and how to generate the returns for—their shareholders. And I think one of the things that many countries are worried about when it comes to digital assets is capital flight. But if you put a digital asset treasury into those markets, they're going to stay. I think the biggest issue that we've seen so far in Asia is that there hasn't been enough effort put into the governance and ensuring the longevity. I think that remains the thing that needs to be there—Tom and Jaime are probably going to run master classes on how to how to get that going. But if that can be solved—it really gets us to a place where governments are going to be happy, investors are going to be happy, and we have a perfect match here.

Angelina Kwan

I think that's absolutely true. And I was talking to a company about this just recently, and I was saying, look, you're brand new. They don't know who you are. You don't have a long time in Hong Kong, and you better at least establish some rapport, do some good things for the community and so on so forth, and start this communication process so it's getting used to it. And that's the thing that I think you're talking about that's very important. So that'll be another area that I'd love to get information on—from Tom on, how he did it, and we should discuss this a bit more. I think we can do a panel on just this one by itself.

Jaime Leverton

It's true.

Angelina Kwan

Luke, you have come from one of the most traditional banks that is really transforming itself and the markets with its new products and services, and you've got some really cool people working with you too. So regulators such as the MAS and HKMA, and even in Malaysia, Bank Negara, are pioneering frameworks that may shape global standards and therefore, as digital finance scales and advanced RegTech, cybersecurity, ethical considerations, AI governance, the whole the whole gamut data, privacy and automation are becoming critical. What is your view as to how Asia should harness innovation to enhance market efficiency, investor protection, and sustainable growth? And how is—Standard Chartered Bank—seeing the region's ability to balance rapid innovation with responsible oversight. And how can Asia better set the pace? Because you're obviously domiciled in the UK.

Luke Boland

We are, yes, we touch probably more regulators than any other. I mean—everything that we do starts with what do our customers want, right? And whether that be a traditional corporate or a firm sitting on the panel today, what is the regulatory environment that we can do that in? And sometimes those regulations in one market differ to another, and how do we adapt to that being in so many markets across Asia, Africa and the Middle East, we're pretty used to that part. So if we look at taking it back to—Singapore and around 2019 and the development of the Payment Services Act, and then the demand in our space within FinTech, to look at supporting clients with—what used to be quite a boring thing, a bank account and payments suddenly became one of the most demanded products that we had for some of our firms. Now, at that time, we didn't have a process as such, or a framework to onboard those clients, but fortunately, as a bank of ourselves, as you said, being in Singapore, being in Hong Kong and Dubai, we were able to develop that framework under a regulation to be able to support that growing demand of a client space. And I think as a bank, we feel pretty fortunate in that position, and from there as—ASEAN and other markets—come up the curve and for different reasons—you referenced Malaysia as well, we're very excited to be in in these markets, and to really be able to be a part of the ecosystem. Because, you know, some of the other things that we've done as a bank, like the launch of Zodia markets, Zodia custody, which is part of our ventures arm—

Luke Boland

That is how we've learned how to be part of the ecosystem as well. Because it's—all very well and good to sit back and observe and read the regulations, but if you're not playing within the or working within the regulations, if you're not developing within the regulations, it's very hard to truly understand an ecosystem. So we sort of started on that front around—obviously offering services from outside the bank, banking firms within the digital asset space, and now that's progressing, as you said, to the products and services that we will offer to our wider clients. I like to say to date, I do boring things for interesting people. One day we will do interesting things for interesting people, and, even better, interesting things for boring people. So we've launched our custody within the bank for Bitcoin, Ethereum and stablecoins right now, obviously the technology on the reasoning, and the foundation for that is, as the market improves, from an RWA perspective as well, we've launched trading out of the UK. One known fact is we're probably the oldest crypto exchange going around. We had to regulate register with the FCA. Now—we haven't been doing it the longest, but technically Standard Chartered Bank—is a registered exchange. And one of the challenges in that process, when we go through that is—getting asked—who's your Bitcoin MLRO? I say, well, we don't have one—We have a risk function. And one of the things obviously adapting is not—putting it in a box and putting it in the innovation center. It's working across the bank from a product perspective, risk frameworks, compliance, to ensure that all is ready for what is a further developing part of the financial ecosystem that we very much believe. So if I look at—Singapore and Hong Kong, what I've definitely found is that—there's definitely been very progressive, very open for conversations and adapting, and then worked with banks, worked with the industry to do so—there was parts of the Payment Service Act that didn't really match—parts of safeguarding, and it was adapted and changed, and we were able to work—with our clients to meet that requirement. Obviously, we're very much keen to see and working hard with what's happening in Hong Kong, whether it be around stablecoins, definitely the adoption there around the changes to licenses for more traditional broker-dealers to enter the space. I mean, we do get the question, which is better Hong Kong, Singapore or Dubai? I don't think there is any—

Luke Boland

That one we'll have another panel on. Everyone has adapted and approached it in the right way. And yes—in some cases, it may feel like retail in Singapore is easier than institutional in Hong Kong, or it's very prescriptive in Dubai in terms of the options of—ADGM or VARA and then—we will still face into the central bank. So I think all definitely have strengths and all are learning from each other. I mean, certainly, as there's the changes that are happening in other markets, such as the US—and you can see that there's a—groundswell like—stablcoins were just invented. This is stuff that's been happening in Asia and regulations that have been in Asia for some time. So look, we definitely really feel that the way we've built and approached this is really trying to be part of the ecosystem—not to be afraid if now our traditional clients, like commodity traders—start to ask us, so how do we use stablecoins? How can you help us? And that's—what we're really trying to lean into.

Angelina Kwan

That one's really cool—

Eric Anziani

Which one?

Angelina Kwan

Yes, which one?

Angelina Kwan

That's very cool. And I think the stablecoin area will be a huge growth area, and people are looking at you to go get that license too.

Luke Boland

We're trying. We're there. We're nearly there.

Angelina Kwan

And also they have a tie up with Animoca. Did you say anything about that?

Luke Boland

Yeah, so look, I mean, it's obviously out in sort of public so we have a tie up with Animoca brands and HKT in the development of a Hong Kong dollar peg stablecoin.

Angelina Kwan

That's very cutting edge for Animoca to be with a very solid old fashioned bank, and for an old fashioned bank to be with Animoca.

Luke Boland

No, I think it's—formed a team and representatives from both sides and bringing different important ideas and connectivity around the region, the use cases that are possible. And again—for us, it's a great way to learn—Is that where we stop with stablecoins or other ways we give our clients access? I mean, we do certainly believe that there will be the growth of non-US dollar stablecoins. There's certainly provision of more stablecoins from a dollar perspective. But I think—for it to really harness and to really grow, it's bringing that sort of local currency exchange we're looking at, you know, on-chain FX and other things to really support the payments or remittance part, as well as settlement.

Angelina Kwan

And I have to tell you, all the regulators are very, very interested in what they're doing, because they truly are a crossover, which has been very unusual for us in Hong Kong. So thank you for that. No, thank you. Tom, we have a lot of questions for you. You were the first one, definitely, pretty much the first one to create a digital asset treasury and have opened a whole new line of business that has seen exponential growth in this space. How are you positioning yourself to capture the growth of DATs? And where do you think things are headed for next year? And what do you think the next stage of growth will be for DATs? And I might as well ask you, where are you going to pick in Asia to set up your next one?

Tom Lee

We're studying that now.

Angelina Kwan

I'll put in a plug for Hong Kong—others will put in a plug—for Singapore and Malaysia—we'll start bidding.

Tom Lee

Yeah. So for those who may not be familiar with BitMine, it is a company whose primary treasury asset is Ethereum. And the company was essentially created on July 8 as this company pivoted to Ethereum. Today, BitMine is the largest holder of Ethereum in the world. It holds about 2.7 million Ethereum tokens, which is worth about 12 billion, almost 13 billion—USD, and is about two and a half percent of the supply of Ethereum. The company's goal is to get to about 5 percent of the Ethereum supply. And the reason, I think a DAT like BitMine exists is that it is helping bridge a lot of divides that are taking place. The first is Wall Street, and even banks aren't really familiar with the innovation that comes from blockchain and working on a platform like Ethereum. So by holding so much Ethereum, we're helping the financial industry understand what kind of payment rails can actually be built, and we are working very closely with—cognizant of the need to work with regulators. So BitMine has spent time with the Treasury Department to make sure everything we do is OFAC compliant, because Ethereum is a yield bearing token, so we can actually generate yield. To give you perspective, BitMine is now the 518th largest company in America based on market cap, and it's the 800th most profitable company America based on pretax net income, looking at staking yield as GAAP revenue. So I think we have an important role to play in helping Wall Street move on to the blockchain. It's a big deal, by the way, because, like, if you look at Tether, which is a really innovative stablecoin you guys all talk about—it's essentially a bank. It's valued at $500 billion today, it's the second most valuable bank in the world, after JP Morgan. But unlike JP Morgan, which has 313,000 employees, which means it's $2.8 million of market cap per employee, Tether has 150; it's valued at $3.3 billion per employee. That is the massive productivity that comes from building a financial services company on the blockchain. But that's not where BitMine's job stops. We are also working really closely with the Ethereum ecosystem, including the Ethereum Foundation, because they want to make overtures to future-proof Ethereum to what I believe is a super cycle. I think one of the things that Fundstrat focuses on are things that matter 10 to 15 years from now, and Ethereum may be the base for the future financial system. So whether it's upgrades or privacy or characteristics that matter to Wall Street, we're helping merge that dialog with both developers and the foundations. And because of the amount of tokens we hold, we're essentially what I call a king maker, because with nearly 13 billion of ETH, we can be a liquidity provider, we can fund a project, we can help launch a stable coin or an exchange or a DeFi project, and we've become the de facto standard because of our size, so it's an important role. But Angelina is correct. I think that there's an opportunity to create these really important vehicles in other countries. And I do think Asia should be a place of innovation, because that's where Ethereum is so widely held, and that's why conferences like Token 2049, happen here, because that's where a lot of the builders are actually are.

Angelina Kwan

It's interesting—for me in particular and for Tom's business, because Ethereum actually paid for the license that I got for HashKey. Because Dr Xiao, who was my boss at the time, actually invested in Ethereum when it was five cents or 50 cents, and that paid for my salary and our licenses to get HashKey as the second licensed firm. So can I just ask a follow on question? If you don't mind, to Tom, so once you listed this company, then you now need to run it, so you'll be finding new businesses like trading, like investing into other platforms using Ethereum and or other coins. Is that correct? What will be the gamut of your businesses for your digital asset trading?

Tom Lee

Yes—phase one of a Treasury DAT should be to accumulate a sufficient level of the coin to actually—have a positive effect on the ecosystem. What I consider the power law, and I think that the max for BitMine would be 10 percent of ETH. That's—a long way from now, because that's 12 million tokens, and we have 2.7 million today, but I think today, because we're the largest holder of Ethereum in the world, and also the largest trader, because last week, for instance, we bought a billion dollars worth of Ethereum. That means that we have to really be cognizant of the impact we have so BitMine is allocating 1 percent of its balance sheet, which is about $130 million, for what we call moonshots. And that's investing in products that help Ethereum. It could be an ERC 20 token or an EVM compatible project. The first investment was in a company called Eightco which is using a treasury strategy of Worldcoin. Now, if you're not familiar with Worldcoin, it is a project that was founded by Sam Altman at the same time he created OpenAI. He actually created two projects at the same time to bookend. One, of course, is an LLM that we all know for—Chat GPT—

Angelina Kwan

Large language model for everybody—

Tom Lee

Sorry for the jargon. I'm trying to limit the jargon. But at the same time, he realized agentic AI is a threat to humanity. So he created Worldcoin, which is a proof of human zero-knowledge proof. So using blockchain technology and using an iris scan, which is the second most useful way to measure identity, the first being DNA, they take a image of your retina, but without storing any of the biometric, it turns it into a number, but now they can prove you're human. It's the most successful project to do proof of human, and so BitMine invested $20 million into that treasury company, and that's currently worth over 130 million. So it's been a, you know, a successful investment, but it's, of course, an important project. In fact, a16Z, who's a well known venture capital firm in California—wrote a white paper about 11 uses of AI and crypto—where only crypto can solve something for AI, one of them was proof of humanity. So I think Worldcoin is really one of the pillars of safety and preserving humanity against AI.

Angelina Kwan

That sounds extremely exciting, and I know that Jaime is about to launch her digital asset treasury. Also, do you want to talk a little bit more about it? Or was that okay?

Jaime Leverton

Absolutely. Yeah. So we announced our business combination agreement and the the raise of our initial pipe, which was $750 million, one day before Tom did the BitMine Immersion, it was a very active summer in this space. Ours—is unique in that we're the only diversified digital asset treasury company. So we are inspired by what we've seen from the federal government. Our intention is to hold 80 percent of our digital assets in Bitcoin, and then 20 percent in a mix of tokens that are also going to be held by the digital asset stockpile. And so for us—we use our own weighting methodology. Ethereum will be our second largest position at about 10 percent and then we'll have Solana, XRP and ADA as well. We will also be active as far as running yield generation strategies on the digital assets to help cover the overhead of the business. I think—that that's an important requirement for these digital asset treasury companies. They need to think about how they can fund and sustain—the costs and complexity of being a public company. And then, similar to Tom, we also have the structure to invest in—private investments, or venture investments, up to 10 percent of our AUM, which I think over time becomes becomes important for the retail investor. It becomes important to generate, hopefully outsized returns for shareholders. And I think—these unique structures, are going to be important as the space matures.

Melvin Deng

Listening to Tom and Jaime—and what Luke's been sharing as well, we've always had this problem in this sector, specifically the incumbents staying where they are and the innovators staying where they are. And this is really coming to the seminal moment where we are seeing innovation working together with incumbents, bringing—we tried back in early days when, you know FTX was going around, they were trying to convince the incumbents to go to the blockchain. But today, we've done the reverse, and the point is this—I think both of them have gotten the point that it is all about education. And that is the point that—we said about regulators. We talked about the industry. And in a way, you think that, well, we're just putting it into stocks, but that itself is the innovation.

Jaime Leverton

What you can access.

Angelina Kwan

But what you've just said then taking that forward, both for Luke and both for Eric, because you want to deal with retail investors, you could actually move into traditional finance and trade their shares and Standard Chartered Bank, of course, already offers securities trading and securities dealing.

Luke Boland

It—is what Tom said. It's—in the analogies of this space, the bridge between TradFi and DeFi is one I like. Stablecoin sandwich, not so much. But—as it works you're right, it has gone away from—seeing anyone can do this on their own, right? So as a bank, yes, we offer particular services, and we are developing more services that would be deemed a crypto native like, but you know, for our trading, for a liquidity provider sounds like I need to go to Tom, for our desk in the UK, for ETH, right, in terms of other aspects around—how do we promote institutional adoption? You know, if you're a regular corporate treasurer sitting there going, I want to allocate some of my investments into digital assets. I want to accept stablecoins. Previously, it's, it's always been very hard to do that, because you'd have to go somewhere to maybe obtain the liquidity. Somewhere to custody it? Do you hold it? So there's all of those bits that I think the industry is changing where—that can be done in one venue or one place, which is making sort of that adoption happen. And as I said, we'd like to try and be somewhere in that bridge between the DeFi and the or the native crypto world, into the TradFi world, where you can see more institutional adoption for treasury activity or investment, but also—utilizing things like stable coins from a payment perspective.

Eric Anziani

Maybe quickly, just on your point—we actually, late last year, launched stock trading on our platform in the US—broker dealer, and we offer all the DATs that are available to our customers, we actually venture also in the DAT space. I would say, as Luke said, it's good to be part of the ecosystem. So we announced a launch of a $6.4 billion DAT with the Trump Media Group and Yorkville just a few weeks ago, which is closing early next year. So a really big venture, and working also to participate in that space more directly.

Angelina Kwan

Wow. Then can I open another question to all of you? Then for those of you who are putting in DATs, you're going into traditional exchanges now and listing your products, would you consider tokenizing a stock and instead allow digital asset exchanges to actually trade tokenized versions of the same stock. Is that a little bit crazy here?

Jaime Leverton

No, I think it's probably on all of our wish lists.

Angelina Kwan

Oh, okay, so it's something that, so then you really, then you can trade on his exchange, yeah, but you can also trade through the retail section of it.

Tom Lee

Yes. So BitMine is listed on the NYSE, and it's important for us, because it's a prestigious exchange, and there's a very limited number of issuers that the NYC actually lists, and we have a very good relationship. We've talked to many companies about tokenizing BitMine onto an exchange, because there are many vendors that can work with a transfer agent and then allow the shares to exist on a tokenized exchange. The reason we haven't moved forward is that—the future is better for tokenizing equities. And a thought that I've been sharing with a lot of the crypto community is that when we tokenize stocks, it can be super innovative, and the SEC is proposing to actually allow all stocks to exist on exchanges. It's not just trading 24/7, 24 hours a day, seven days a week. It's actually a chance to really deconstruct a company. And I think the first company that should actually trade tokenized properly. I mean, there's—already tokenized equities, but what I envision is like Nvidia, and then instead of you buying just the ticker Nvidia, you buy a factor bet on Nvidia. So—just like when the treasuries created strips and tigers, where they deconstructed the bond into two components, you can deconstruct Nvidia into its revenue from China, its margins from a Blackwell chip, and then when you combine it with betting markets, you can make a factor bet. So you go, Oh, well, the Fed won't cut. I want to hedge that piece of Nvidia. That's the innovation that I think is going to come with tokenizing. So I don't know if BitMine is the best use case for that future. So what I'm trying to encourage the DeFi community is to really build products towards—we know Polymarket has transformed our understanding of even elections—Polymarket is a betting market—They called 50 of 50 states correctly. Nobody else called the election correctly. And at Fundstrat, we used Polymarket throughout that fall to actually say the market was betting on a Trump win. And it was a surprise to TradFi, because most people ignored Polymarket, thinking it was just a fringe trader. But of course, it was actually the wisdom of the crowd.

Tom Lee

So Melvin, are those things that QCP can do with all this trading?

Melvin Deng

I was just gonna just add on to what Tom's comment was, is that that was a very good call. Why digital assets are perfect collateral. So if you put it into a stock, and then you tokenize the stock, you're actually going against the concept. So he's absolutely right that it is the equities that need to be tokenized. And that is where I believe again, if we get regulators in on this topic, because currently, most tokenized securities are actually derivatives, not the perfect collateral. And so we're talking and for us, when we look at market structures, and when trading all these markets, when you do not have a perfect collateral, there is a credit spread, and that is not being priced in. And that's what we enjoy, right? We enjoy this kind of market structures. But what we're saying is, when we talk about public, private, innovators, incumbents, these are the things we're solving for and what Tom put out there in terms of bringing poly markets together and everything that actually creates the utopia, because capital, capital now is fluid, and you can be specific about the risk you want to hedge, and that increases the velocity of money across the world.

Angelina Kwan

This is one of the reasons why I have been talking to every regulator that will listen to me, is we really need to have digital asset derivatives and the ability to actually trade in a regulated market for digital asset derivatives. And it'd be great if we could actually get that across many, many regulators. And this is something I've been pushing for Asia Pacific. So I think your products, what you trade, your products from what you were talking about, stripping out all of these would be—really good hedging, as well as new opportunities for people to be able to offset and protect themselves too, but also giving people the opportunity, so something—maybe ReserveOne could do, since you're going into new areas of business.

Jaime Leverton

I'm looking at Eric and Melvin for this one.

Eric Anziani

We actually got some good news this week from the US—but we secured a margin DCM and DCO, as well as FCM out of the CFTC, which is something we've been working on for years that allows those derivatives for retail and institutions and also build some very unique, interesting products, also on prediction market, and we talked about Polymarket, but we actually one of the three platforms in the US that is allowed to do prediction market, and we were the—first to start with sports prediction, that category, and now we've expanded to more traditional, financials, announcement, earnings, results prediction as well. It's very complicated to do, but there's only three players in the US that can do it. We're one of those.

Angelina Kwan

Wow, congratulations. May I ask one more question to both Jaime and Tom on digital asset DATs, if it's okay, at what point are there too many DATs?

Jaime Leverton

That's a very hot topic right now.

Angelina Kwan

And at what point do we go, Oh, it's another one. Or will you, I know Tom and you are both really super smart, and I know you're going to keep innovating, but at what point do we go, Hmm, or how will this all morph? And to all of you, where do you make one prediction of where the market's going to be in terms of new products, services or something for your specific company,

Eric Anziani

We'll have to list it on the prediction market, and we'll see the wisdom of the truth.

Angelina Kwan

So maybe the first question, how many DATs can there be,

Jaime Leverton

How many banks can there be in the US? I think there's over 1000 banks in the US—This is the beginning of a new category. It's really early days. I think it's impossible to say where it ultimately ends up. I think as like Tom and I have talked about not all digital asset treasury companies are created equally, similar to my history in the in the mining space, there are over 35 publicly traded Bitcoin mining companies, and they're all a little bit different. There's room for all. I think in every new market—ultimately, there's a big burst of energy—there's a consolidation phase that will eventually take place, and then you'll see—bigger winners and more maturity, and the space will evolve. But—I think there's lots of room. I think this is very much kind of inning one for—this category. And I think it will ultimately be a large and important category for that bridge we've been talking about.

Angelina Kwan

Well, certainly from market capitalization and through my work with HKEX, the larger the capitalization, the more voice you have so—but Tom, what do you think?

Tom Lee

Well, I think it depends on what we define as success for a digital asset treasury. A DAT should outperform the token, and it should trade at least at the same way an ETF trades, which means it should trade at the value of its holdings. And the reason you can trade above it is because you're growing the Ethereum held per share. So BitMine, for instance, on July 8, had $4 worth of Ethereum per share, but through its capital markets function, has increased it to over $42 per share. So in just 10 weeks, raised it by 10 times. So outperforming an Ethereum ETF, because an ETF had the same amount of ETH in the same 10 weeks, there's 70 Ethereum treasuries today—in the United States, 70 listed Ethereum treasuries, which I think is a lot, especially considering that BitMine trades about $2.6 billion of trading volume a day. It's the 26th most traded stock in America. MicroStrategy, which is the largest Bitcoin treasury. But between MicroStrategy and BitMine, because we have about the same trading volume, we're accounting for 87 percent of all daily trading for a DAT. So—if we think institutional capital matters, you need to get to a certain market cap size and a certain trading volume, because an institution can't buy a stock unless it has at least $25 million a day trading, and we're at 2.6 billion. So we're one of the largest, most widely held, Cathie Wood's ARC—we are her 10th largest holding—and she doesn't own MicroStrategy. She bought us because she views us as a digital infrastructure business, really bridging what's happening with ETH and TradFi, and I so I think if Jaime's right there, there can be multiple treasuries, but they have to find the alchemy of having sufficient liquidity to attract capital to raise money. Otherwise—a lot of these should convert to an ETF.

Angelina Kwan

Which means you could take it apart and take out the ETH if you wanted to, and so on so forth.

Tom Lee

Yeah, because the ones trading below net asset value are subtracting from shareholder value.

Angelina Kwan

So we're down to about five minutes. Can I just ask you all, what is one great thing that you want to do this coming year, and what is either you can choose a prediction or what is something that you would love to do with your company this year, and same for each one of you, if you can think about that. And I'll start with Eric first.

Eric Anziani

I'll go briefly on two, three, and then do on one. I think the derivatives space is going to be incredible. We have the tools, and we're going to focus on that. Prediction is the second one, super big. We're just starting, and it's getting massive traction.

Angelina Kwan

To launch the services for this, or you've already launched.

Eric Anziani

We have fully collateralized services already available. Now we have margin. So we're going to be building very interesting products with leverage in it, and in the third one we haven't talked about, which a bit surprises me, is AI. Sorry to bring it into this panel—and it's more on the retail side, we see the rise of AI agents as companions in your financial growth and journey and your commerce journey being a very critical element leveraging the blockchain infrastructure for payment transfer between AI to AI, AI to individuals and as a new relay of growth and utility for the infrastructure. So that for us is something we're working on. We have a lot of initiatives, more on the infrastructure level, to enable that. And with partners and stablecoin, I think it's going to be a great, great thing to build.

Angelina Kwan

We're looking forward. And are you going to list?

Eric Anziani

That's a great question. We're definitely getting ready for it.

Angelina Kwan

Okay? So we can look forward to it, and investors here, so and yourself,

Luke Boland

Yeah, so I think we touched on from a stablecoin perspective, I think if you look at it at the moment—if we take it's an F1 car that you can drive on a cobblestone fill. Paying for the gas and ETH, right? But in terms of—getting that out on a racetrack, how can stablecoins truly be a payment tool that is better fit for purpose? For that is something that—I'm really excited to—be a part of, as the bank, with what we're doing in this space, working with issuers, working with corporates, working with crypto natives, working with TradFi, because I think not just from payments, but unlocking from the capital markets the settlement—24/7, not that I want to work 24/7, but you know, I think that the value that will bring from many markets, whether they're, you know, emerging or established, is really key.

Angelina Kwan

Well, wishing you for the following year that you get the stablecoin license. So, fingers crossed, yes, fingers crossed, and maybe a little insider information that their share price might even better for those investors here.

Luke Boland

It did go up when we launched our trading desk, not sure if it's directly correlated, but maybe it did.

Angelina Kwan

Oh, good. And Jaime, yes, what is your prediction?

Jaime Leverton

And I hate doing predictions.

Angelina Kwan

Or your new service that you're gonna launch.

Jaime Leverton

Well, I need to get, I need to get our transaction closed and trading under under the new ticker. So if that could be done by the end of this year, that would be, that would be a big win and very exciting for us.

Angelina Kwan

I'm sure it will. And I'm sure there's a will, there's a way, and for yourself, Melvin, in terms of QCP, you've heard all these investors. You've got so many trading opportunities and new systems and things that you're offering. What is your plan, or what is your prediction for this coming year?

Melvin Deng

I plan to be the boring client of Luke's, using his interesting products.

Tom Lee

I was wondering what a boring client was

Luke Boland

But definitely not Melvin.

Melvin Deng

We're working with NASDAQ recently, and we've been working very hard on inventing a new way to look at risk collectively, and that is what I'm very excited about, because that's going to change the way we look at trading, the way we look at risk transfer. And I hope to bring that and convince regulators that there is a new way to innovate. And back to the story, it's incumbents, innovators, making the change.

Angelina Kwan

Well, I am sure the regulators would love to sit down with you to talk about it. I know the SFC definitely would, as well as HKEX, in terms of their whole risk team, would be really happy to think about that, especially with all of these new products. And the impact of DATs to HKEX, or SGX will be very important. So I think some of your expert, all of your expertise, will be very important. Tom, you get the last word. What is your prediction for this year? Are you going to do another one with a different coin? Or are you going to do—

Tom Lee

Yeah, I thought some others are stay tuned, but I do think what I would like to see, and I believe there's going to be progress, is, what are better use cases for crypto? You know why you use the blockchain? I actually have a device here. It's called You Critters from that runs on Ethereum, but it's a tomagochi game, but it measures air quality. And Vitalik explained this to me, see, when you're indoors, 420 is the best level of CO two. That's the baseline. Do we want to know what it is right now? Yes, I will share with you, because anything above 600 means we're breathing so much of other people's air that it impairs decision making. So he told me, Don't make any important decisions. If this number is over 600 it's currently 1211, and I have a crisis report. It says threat, carbon dioxide, peak severity, extreme. It's been 22 minutes where it's been extreme.

Eric Anziani

I hope that we will survive it.

Tom Lee

It runs on Ethereum, so now it's recording all my locations and the air quality. So everyone who carries this, we get a picture of air quality anywhere. So that's a use case. But again, it's kind of gamified, because it's fun.

Angelina Kwan

So forget my whoop. When can we get one of these? I think everybody wants one in here. Can we put together a order list?

Tom Lee

Yeah, and I gotta tell you, I'm checking this constantly now, and I found it goes up a lot when you're in a car. Oh, it's gone to 2500 whenever you're in one of these Ubers,

Angelina Kwan

Or try the Metro when you get on the Metro and see how it goes.

Jaime Leverton 1:09:49

Yeah, I don't need a new reason to go outside.

Tom Lee

And it's not like you can hold your breath, right?

Jaime Leverton

That's that sounds terrifying. Yeah.

Angelina Kwan

So unfortunately, I'm seeing three zeros here, but can the audience sort of agree with me that I think this is like the most interesting panel, and these speakers are amazing, and we wish them so much luck, so much great vibes and everything in all your endeavors this year, from launching exchanges to new products to a new DAT to new NASDAQ things, and definitely for your company to grow even bigger, and hopefully we can still afford the share. So round of applause for our amazing panel, and we look forward to next year seeing you here at Milken. Same time, same place, same time, same place, same people. Ian, if you're here, can I be the moderator, please? So thank you very much. A round of applause. Thank you. And I guess we'll have dinner together now, so that'll be great. Thank you.

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