



CONFERENCE REPORT

Hong Kong Web3 Festival 2024

BULLISH INSIGHTS TEAM

April 6-8, 2024



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Summary

Day 1

Day 1 of the conference featured keynote speeches focusing on the development and regulation of the Web3 ecosystem in Hong Kong. The Honourable Michael Wong Wai-lun, Deputy Financial Secretary of Hong Kong, opened with an acknowledgment of the success of the previous year's event and the high international participation rate. He emphasized Hong Kong's commitment to nurturing the Web3 space through comprehensive regulations, mentioning a licensing regime for virtual asset activities and potential law amendments for over-the-counter transactions. Wong also highlighted initiatives to foster the Web3 ecosystem, such as funding for Cyberport and the formation of a task force led by the Financial Secretary.

Following, Legislative Council Member Duncan Chiu discussed the evolving perception of Bitcoin as a store of value and the potential for a Bitcoin spot ETF in Hong Kong. He touched on the importance of regulatory frameworks to instill trust in the market, the need for technological innovation, and the convergence of traditional financial institutions with the tech sector in the Web3 domain. Chiu also stressed the rapid adoption of Web3 in Hong Kong and advocated for licensing custodians to protect customer assets, signaling the government's proactive

approach towards tokenized solutions and the creation of a stable and mature Web3 market. The panel discussion on Crypto Asset Investment the conversation centered on finding the right balance between safety and convenience in the crypto ecosystem. The panelists discussed the evolution from security-focused strategies, such as hard wallets in bank vaults, to a more integrated approach that combines secure storage with user-friendly experiences and community engagement. The importance of regulated products like Bitcoin spot ETFs was highlighted as a means to attract traditional investors and facilitate wider adoption of cryptocurrencies. The current market cycle was characterized as more regulated than previous ones, with institutional interest growing and retail investors becoming more sophisticated in managing private keys. Innovations in multi-party computation wallets and Bitcoin Layer 2 staking projects were noted as trends signaling a potentially healthier market cycle.

At the "Stablecoins in Asia" panel, experts discussed stablecoins' expanding role as an alternative to traditional banking in unstable currency regions and their growing use in low-value, frequent transactions. They emphasized the potential for stablecoins in streamlining cross-border payments and the need for regulatory clarity to foster wider adoption. The

panel highlighted the importance of stablecoin stability and expressed optimism about future growth, including the anticipation of new roles for non-dollar stablecoins and the launch of a regulated stablecoin in Hong Kong.

Day 2

On Day 2 of the conference, Lily Liu from the Solana Foundation highlighted Solana's unique capabilities, such as decentralized physical infrastructure networks, and introduced PayFi, a concept aimed at transforming payments and liquidity in DeFi. She emphasized Solana's performance and cost-effectiveness as key drivers for its potential in payment solutions and broader financial applications.

Meanwhile, Haseeb from Dragonfly Capital delved into the challenges of integrating AI with blockchain, discussing the need for decentralized inference and the methods for verifying machine learning outputs in a decentralized context. He noted the possibilities of Zero-Knowledge Machine Learning, cryptoeconomics, and optimistic challenge-response games for ensuring accurate and trustworthy AI computations on the blockchain.

Smokey, Co-founder of Berachain, delivered a keynote speech on Berachain's journey from a community of NFT bear holders to a Layer 1 blockchain with Ethereum Virtual Machine compatibility. The platform uses two tokens: BGT for governance and staking, which can only be earned by providing liquidity, and Bera as a gas

token. Berachain has grown to support over 200 ecosystem projects and has facilitated more than 50 TGEs.

Patrick Mccorry from the Arbitrum Foundation gave a keynote speech emphasizing the importance of transaction assurance and introduced Arbitrum's solutions for low-cost transactions secured by Ethereum. He discussed Arbitrum One and Nova, their community governance, and highlighted their role in the ecosystem. Mccorry also unveiled BOLD and Stylus, initiatives for fraud-proof systems and developer-friendly smart contract environments, and mentioned the expansion of the Arbitrum Orbit Chain supported by rollup-as-a-service providers.

Day 3

In Day 3's session Oleg Illarionov discussed TonKeeper's success in attracting over 1 million users by simplifying cryptocurrency transactions and enhancing security, and TonAPI's growth among developers, highlighting the "Recharge Battery" feature and the separate signer for transaction security.

TON's 2024 Roadmap & Asian Expansion: Dr. Awesome Doge presented TON's 2024 roadmap, focusing on network performance through slashing optimization and role separation for validators, and the growth of the TON developer community in Asia, with significant contributions from English and Mandarin-speaking developers.



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APRIL 6, 2024

Day 1

Hong Kong Web3 Festival 2024

Keynote speech

SPEAKER

The Honourable Michael Wong Wai-lun | GBS, JP, Deputy Financial Secretary of the Hong Kong Special Administrative Region

I want to extend my appreciation to Wanxiang and HashKey Group for hosting this event once again. I understand last year was a huge success, and we are excited to see the return of the festival to Hong Kong this year. I was chatting with Duncan earlier, and he mentioned he was feeling the heat from the stage lights, but really it's because we are overdressed. I can count fewer than five of us wearing a tie this year. I will aim to do better. We can learn, and we will improve for next year.

Duncan informed me that 80% of participants are from outside of Hong Kong. We need to actively and constructively participate in meaningful discussions about Web3 projects.

The development of the Web3 ecosystem in Hong Kong is thriving, particularly on virtual asset platforms. Many countries with Web3-related

businesses have established their companies here. The Hong Kong government places a strong emphasis on the need to both promote development and ensure there is adequate regulation. In virtual assets, we believe that a comprehensive and clear regulatory system will sustain development. We have established a licensing regime through a regulatory exercise with the legislators here in Hong Kong. They are significant supporters of Web3 development.

Any person engaging in virtual asset activities is required to obtain a license from the Securities and Futures Commission. There are licenses for offerings to retail investors as well. The government, along with financial regulators and law enforcement, is doing our best to keep up with the sector's rapid growth. We are looking to amend the law for over-the-counter (OTC) transactions; this is currently under consultation.

The Financial Secretary is leading the task force to promote Web3 development. This task force is exploring issues and identifying development opportunities and regulatory needs in Hong Kong.

Trading of virtual assets in Hong Kong will require a license, including over-the-counter services, regardless of whether they operate through a physical outlet or other platforms.

We have improved our rules around Exchange-Traded Funds (ETFs) in Hong Kong, making us pioneers in the world. In 2022, we issued our policy statement on virtual assets in Hong Kong, setting out clear commitments to this sector. The Financial Secretary is leading the task force to promote Web3 development. This task force

is exploring issues and identifying development opportunities and regulatory needs in Hong Kong. We provided funding to Cyberport as well. The leaders are here this morning to spur our Web3 ecosystem development. Last year, Cyberport attracted over 29,000 participants in a series of promotion and education schemes.

Moving forward, we will continue to engage and promote the development of Hong Kong's Web3 ecosystem. Web3 is revolutionary and will create new opportunities for all of us. 🏆



Keynote

SPEAKER

Duncan Chiu | Legislative Council Member (Technology & Innovation Constituency)

Every year, we have this big discussion about what to wear. Last year, I asked Xiaofeng for advice, and we decided on suits because we are government officials, but we felt out of place. Maybe next year, with Michael's instruction, we can have a change in dress code and look more like the rest of you. I was at five dinners last night, and generally, the mood among those working on Web3 is good. Why? I think everyone knows about Bitcoin by now. Since 2020, Bitcoin has outperformed almost every asset class, except for Nvidia. It's around \$68,000 today when I checked, and its market capitalization is \$1.3 trillion USD. People think its rise is due to the Bitcoin spot ETF being approved. If you go back to look at the charts, it's when the price of Bitcoin really took off. The spot ETF has attracted over \$60 billion USD in investments. Hopefully, we'll have that in Hong Kong soon to kickstart Bitcoin trading here too.

Most people now think of Bitcoin as a store of value, moving away from earlier discussions about what Bitcoin is. Many compare Bitcoin to gold. People had difficulty raising funds during the crypto winter, after the ICO boom, when thousands of tokens were wiped out. Those who were following the wave have seen some corrections, which also applies to other technologies we see. Events like Luna/Terra and

FTX, with sanctions on Tornado Cash, were some key events in the crypto market. Initially, people were saying the government should not interfere, but now in Hong Kong, people are saying they want a license and government intervention, which marks a change in mentality.

Satoshi Nakamoto's vision for Bitcoin was as electronic cash, not specifically as a store of value. Yet, as the technology evolves, so does everyone's perception. If people think gold has value, then it does; if they say it's just a rock, then it's just a rock. We should push for technological breakthroughs, as that is what will change people's perceptions. We need a common understanding of what these technologies represent for mass market adoption and to replace other assets. Aligning global perspectives is the next step in what we need to do.

This adoption of Web3 in Hong Kong is happening at lightspeed, less than 18 months since the Financial Secretary announced

In the Web3 ecosystem, there are many companies. Now, at events in Hong Kong, there is a mix with half being traditional financial institutions, which will bring self-regulating, trustworthy products and converge with technological people. It's not just about buying and selling crypto, but this convergence is necessary for what needs to happen. Interaction between fiat, non-fiat, and other asset classes is important. We are getting data on-chain, getting more assets on-chain. This is how to create circulation and provide use cases for crypto, not just speculation.

Providing tokenized solutions for real-world assets will encourage circular interaction. This is how you build an ecosystem. It's not healthy to

have people come in when the Bitcoin price is up and leave after it dips. We need to create the perception that this is an investable area. This adoption of Web3 in Hong Kong is happening at lightspeed, less than 18 months since the Financial Secretary announced support for it. There is also a paper on virtual assets and over-the-counter trading. For my part, I have been advocating for the government to license custodians to help protect customer assets. The government is trying new projects, like tokenized green bonds. We need a stable, evolving market for Web3, not just people who speculate. We need people to work on the technology, especially here in Hong Kong. We hope there will be more cases like tokenized green bonds and data, etc. 🏹

Fireside chat

SPEAKERS

Cathie Wood | Chief Executive Officer and Chief Investment Officer, ARK Invest (Online)

Deng Chao | CEO, HashKey Capital (Moderator)

In your Big Ideas report, could you share what the macro impact is on Web3?

We have featured Bitcoin regularly in our Big Ideas report. One of the reasons is that Bitcoin essentially started the internet financial system – a system that developers in the early 1990s did not put in place because they never anticipated commerce and financial services taking place on the internet. They only considered information exchange. Now, developers are implementing

a financial layer that should have been in place from the beginning. Because of generative AI, which is the latest innovation revolution since the advent of the telephone, electricity, and the internal combustion engine, the work week has decreased as technology has increased productivity, giving people more leisure time. From our research, online time relative to waking hours increased from 30% in 2010 to 40% in 2020. From a macro perspective, Bitcoin is not only a risk-on asset that does well in bull markets, but it is also a risk-off asset. For



instance, when our regional banks imploded, Bitcoin's value rose by 40%. Individuals in many countries around the world view Bitcoin as an insurance policy against the devaluation of their own currencies.

How do you see AI integrating with blockchain technologies?

We conducted a monthly Bitcoin brainstorm. The second installment was about the convergence of Bitcoin and AI. In that podcast, you will learn that while all of us in the developed world understand services like Uber and Airbnb – and I'm sure many in Asia do as well – emerging markets like Africa are now being turbocharged, redefining the division of labor into micro-tasks. We think that will happen on one level. We also see blockchain technology and gaming, which is increasingly powered by AI. Our venture fund has invested in Mythical Games on the Polkadot network, and if you know anything about gaming, you'll know it was one of the earliest uses of AI. Initially, we thought GPU and parallel computing were amazing, but now the GPU is the cornerstone of the AI movement. I attended a famous conference where we saw a lot of people from the gaming world and the crypto

world trying to collaborate. We learned that you have to start with the creators, not so much the crypto part of the equation. The blockchain technology can be hidden from the end user.

What are the driving factors behind the remarkable growth of spot Bitcoin ETFs?

Europe has had spot Bitcoin ETFs for almost five years, but they never took off like they did in the United States. There was a lot of regulatory drama in the US, with the SEC pushing back on anything crypto and defining it as a security. However, Bitcoin moved away from this idea of being a security. From a regulatory perspective, the SEC approved 11 ETFs simultaneously, which has never happened before. All of us put our best marketing efforts forward and educated investors about what it was all about. A light bulb went off in the US, and we approached it as a new asset class that institutions and individuals should be interested in because it is not correlated with other assets. There are not many assets like that, which caught a lot of attention. People began to look at it and realized that if it's a new asset class, the low correlations in your portfolio mean you can increase your returns per

Our 2030 bull case price target for Bitcoin is \$1.5 million compared to \$66,000 right now. We looked at institutions, and if they allocated 2% to Bitcoin using the Sharpe ratio from last year, then 19% of their portfolio would have been in Bitcoin.

unit of risk. Many investors here said, "Okay, I'm going to increase my returns per unit of risk."

What is your message to the Asian Web3 community and the regulators?

We are very impressed with what the Hong Kong Monetary Authority has done in providing a comprehensive regulatory framework. For exchanges and institutions, from a custody perspective, regulatory clarity is crucial in allowing the proliferation of the technology, perhaps faster in Hong Kong than in the US. If you encourage innovation in Hong Kong, you will encourage entrepreneurs to tap into a global opportunity. For institutions, in our country, BlackRock was already tokenizing money market funds. In Hong Kong, the tokenization of most assets will happen very quickly. It is a global game. There is regulatory arbitrage, but the results are global. It is encouraging to hear how seriously the standards to safeguard the activities are being taken. The aim is to foster a healthy, stable environment that encourages

technological innovation while also protecting investors. In the US, with regulatory uncertainty, I have seen the movement of our talent to areas where regulators are treating them better. Taking advantage of this regulatory arbitrage is important.

Where is the Bitcoin price going?

Our 2030 bull case price target for Bitcoin is \$1.5 million compared to \$66,000 right now. We looked at institutions, and if they allocated 2% to Bitcoin using the Sharpe ratio from last year, then 19% of their portfolio would have been in Bitcoin. That would have added \$2.3 million to that \$1.5 million dollar estimate, and that was after a great year. This year is starting even better. If I have to give you one number, it would be \$1.5 million. The green light from the SEC by approving the spot Bitcoin ETFs has driven this figure. The principles of modern portfolio theory suggest a 5% allocation into Bitcoin. We think institutions will be heading in that direction. 🚀

Keynote speech

SPEAKER

Joseph H. L. Chan | JP, Under Secretary for Financial Services and the Treasury, Financial Services and the Treasury Bureau, The Government of the Hong Kong Special Administrative Region

As a leading financial center

in Asia, Hong Kong is an ideal place for Web3 expansion and presence. Hong Kong is the largest cross-border wealth center. In capital markets, we topped bond issuance. In risk management, we are also at the top. We are the largest offshore Renminbi provider in the world. Most financial institutions have established their presence in Hong Kong; Web3 projects can access potential business opportunities here. Innovations in electronic payments, among others, are pursued in the fintech sector. Hong Kong is always ready to be a pioneer. We were one of the first jurisdictions in the world to offer a virtual asset license. We also issued our own NFT a few years ago to display our openness.

We just completed our stablecoin consultation a few months ago. When we come up with new regulation, we go through soft consultation, formal consultation, and bill readings from a legislative process. Our philosophy is clear: we believe in encouraging financial innovation while providing clear and certain financial regulation. Our government was the first to issue tokenized green bonds in the world. At present, Hong Kong is home to over 200 Web3 companies, and many more have expressed interest in coming to Hong Kong because of our clear, strong commitment to the growth of this sector. I would like to thank all leaders for their innovative ideas in the Web3 sector, and I look forward to seeing your achievements. ✨

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Panel Discussion: The Future of Virtual Assets in Asia: Trends, Innovations and Regulations

SPEAKERS

Genki Oda | Chairman, Japan Virtual and Crypto assets Exchange Association

David Lee | Chairman, Global Fintech Institute

Yang Jinyan | Secretary, Hong Kong Digital Asset Association

Duncan Chiu | Legislative Council Member (Technology & Innovation Constituency) (Moderator)

Japan allows venture capital investment funds to hold cryptocurrency. Can you share the scene in Japan?

Genki

Japan is a good place for cryptocurrency business. In 2017, Japan became the first country to regulate cryptocurrency. Japanese cryptocurrency exchanges manage customer assets in cold wallets. People thought it was impossible, but we made it possible; there has been no hacking in Japan since 2020.

Can you share what the Web3 scene in Singapore is like?

David

From a Singapore perspective, I see Singapore playing a role in building the digital infrastructure. Generative AI is an emphasis, where blockchain has taken a bit of a back seat. Regulation, I think, is designed to promote enterprises to build digital infrastructure across borders. The base layer technology is important, where the trust

system is where the government cannot provide. Liquidity in the base layer is important.

How about Hong Kong's scene?

Yang

I want to thank Hong Kong's government. After the government supported Web3 a few years ago, it has given confidence in the sector. From an exchange perspective, we can see from last year to now, exchanges are a big focus globally. Challenges for Hong Kong is banking, opening up this sector for the Web3 industry. Singapore seems to be friendlier to the industry and better than Hong Kong's banking openness. Liquidity is

I see Singapore playing a role in building the digital infrastructure. Generative AI is an emphasis, where blockchain has taken a bit of a back seat.

very important, but in Hong Kong, the exchange liquidity could be a problem if it is affected by the policies we create.

Will the government be more open in Japan for the cryptocurrency sector?

Genki

Banking in Japan was very difficult too; it took over 5 years, I think. It takes a long time in Japan, the same in Singapore too, I think. Two years ago, the Japanese government decided to make cryptocurrency a goal. From this year in Japan, we want to issue new stablecoins. Through wholesalers, stablecoins can be distributed in Japan.

David

I look at the whole industry as one. The Hong Kong government and regulators have done a good job. Retail participation in cryptocurrency is very difficult to regulate. In Asia, we have the largest number of cryptocurrency users—260 million users with only a 6–7% penetration rate. From Singapore's perspective, we need to understand not just from regulators but also the community. We need to go beyond exchanges and gaming. We need to focus on the consumer market; I think Singapore is trying to build a cross-border payment solution with underlying technology as Web3. Use cases to demonstrate will make it easier for policymakers to support this sector.

Going forward, what do you look forward to?

Genki

Many new words in this cryptocurrency market, but I think what's important is creating clear value for customers.

David

I think, going forward, we need to move to mass adoption. Tokenization of real-world assets. There are financial instruments to tokenize, but I am more bullish on decentralized physical infrastructure networks. Can you use it? Yes, you can use it, then at the same time, no concern about security is what we want. We use it and we don't know we are using it. These are the important points to integrate into daily life without knowing it. If the electric vehicle world gets into Web3, then that would also be powerful.

Yang

I don't have sufficient confidence in real-world assets because there are two barriers. The first is around liquidity, and the second is around matching regulation and policies with it. The United States already had securitized token offerings in 2019, but not much innovation or adoption has been seen. 🏹

Panel Discussion: Crypto Asset Investment: Balancing Safety with Convenience

SPEAKERS

Lily Z. King | COO, Cobo

Trung Banh | Co-Founder & Chief Product Officer, HOLDSTATION

Michael Lau | Senior Vice President & Global Head of Sales, Bullish

Michael Chen | Head, HashKey Wealth (Moderator)

What are the latest ideas of balancing convenience and safety?

Lily

Before spot ETFs, centralized exchanges were the best way to access crypto because of the easy access. If investors are looking for only security, then the best way is to store it in a hard

wallet and in a bank vault. Our customer base we observe is different. Crypto is known for the next generation internet, so the distribution of tokens is important to attract users and form communities. This is driving investors to get past just a safe box for securing their assets. The right solution would be to combine both the experiences.



Trung

I agree, centralized finance (CeFi) and decentralized finance (DeFi) need to come together. Centralized exchanges need to start with something easy, then you move on and learn about different investment strategies. Focus on account abstraction where your keys are stored separately is what is the future.

Michael

My clients before I joined this space were institutional investors. Pension funds, sovereign wealth funds, and large asset managers. We thought if digital assets were going to grow then we would need to help in their adoption journey. Part of it is this balance. We built the Bullish exchange based on two pillars. The first pillar was really great proprietary technology; we hired the best engineers to build a platform that was feature rich and easy to access. But we knew that was not enough, so the second pillar was that we wanted people to understand we are a counterparty they can trust. It was going to take something they felt familiar with. For example, be regulated, do KYC/AML. We went to get a big four auditor like Deloitte. We also made sure we hired people who were seasoned professionals from capital markets. The idea of building a trustworthy counterparty takes many facets. This is part of the journey to have people keep their assets in a secure way but also understand who they are doing business with where they can verify from a third party.

Why bother with ETFs if we have access to spot Bitcoin?

Trung

We see lots of inflows since the approval of the spot ETF, particularly from retail. Now it is more on the value creation side, not a focus on the unregulated activities. I expect with regulation more companies will start adopting crypto and have it as an official asset for these countries. China, Russia, and the US have their fair share of Bitcoin.

Lily

The actual tokens to back the issuance of spot ETFs are in a custody wallet. The ETF itself needs to be supported by the token itself. We have to realize ETF issuers want to make a business to make it easier for investors to conveniently access a form of digital asset. Some investors want to set allocation and sit on it, while others are looking for arbitrage opportunities. Portfolio companies incentivize on-chain portfolio companies with the native tokens.

Michael

This time around the mass adoption will take more of a traditional format. It will take something they are familiar with. Like BlackRock, people are familiar with the name and will buy the ETF. There is an element of that which is good for the industry. I don't necessarily think it is a cannibalization of what we are all working on, but actually grows the ecosystem. There is a product market fit and the "job to be done" for Bitcoin spot ETF's - it helps people on the sidelines looking for a way in, but not familiar enough to go direct, to will be able to use their brokerage account or have a name they trust

to get the exposure they are looking for. There is an element of finding the right fit. It goes back to first principles – if you want to be an infrastructure provider you are going to need to be able to keep assets safe. Proper management of financial services and I think that's what we are seeing now.

Is this cycle different from the previous cycle?

Michael

Somebody said to me a few weeks ago that the difference between this bull run and the last bull run is that this one is a regulated bull run. I think this is a continued conversation of what we said about ETFs; ETFs are a regulated product. There is a world where it is about meme coins and culture, but there is also another form of momentum which is in the regulated space. Invention is not the same as innovation. Invention is something that is just novel. Innovation is something that is novel and actually creates commercial value. I think what has happened in the last few years is that the excess money was taken out, venture capital firms stopped allocating, and a lot of people were forced to take a novel invention and

Somebody said to me a few weeks ago that the difference between this bull run and the last bull run is that this one is a regulated bull run.

Invention is not the same as innovation. Invention is something that is just novel. Innovation is something that is novel and actually creates commercial value.

actually create commercial use-cases. This time it feels like there is a little more of that around. People who are trying to build around utility beyond just hype. We hope to see more of this innovation moving forward.

Trung

Yes, this cycle is a regulated one with BlackRock and Fidelity coming into this space. Back in 2017, there were huge fluctuations in the price of Bitcoin, but it won't happen today because there is more structure in place now. The key thing is pension funds have not come in yet. I think with those allocators in mind, the asset class will become stronger. Volatility will reduce, and there will be more opportunities. Innovations in artificial intelligence will potentially also outperform in the market.

Lily

We are already seeing new trends. One on the retail side is that we observe retail investors are much more mature and sensitive about their private keys. Wallet infrastructure is being built to cater to retail demand. Multi-party computation wallet adoption is also trending on the retail side. On the institutional side, there are narratives around Bitcoin Layer 2 staking projects. Family

offices and traditional finance are interacting with these protocols directly as an early adopter. Both trends promise a much healthier cycle this time.

What is something people are not paying attention to that is worth watching out for?

Michael

I do think we are just at the beginning. Even though we are already at an all-time high's, we haven't heard that retail participation has come into full force as last time. Also, interest rates were near zero last time versus this time around. And the adoption of ETFs is just getting started, so there is a lot of headroom for more growth.

Trung

Long-term, I think there will be more regulation, and the market will be more structured. I am bullish on real-world assets and artificial intelligence projects.

Lily

The ETF itself is so far the strongest narrative for this cycle, probably because it promises the potential for mass adoption. Decentralized finance protocols interacting with real-world assets is also something to look at. 🚀



Panel Discussion: Stablecoins in Asia

SPEAKERS

Rita Liu | Chief Executive Officer, RD Technologies

Raagulan Pathy | Vice President, Asia Pacific, Circle

Paul Kremsky | Global Head of Business Development, Cumberland

Jordan Dunne | Head of DeFi, TON Wallet in Telegram

Charlie Chen | Vice President, Asia Pacific, Archblock (Moderator)

Are there any use cases you are seeing for stablecoins?

Raagulan

Everyone is familiar with the use case of trading with stablecoins. Roughly 30–40% of stablecoins are actually held for non-trading purposes. In regions such as Latin America, Africa, and even certain parts of Asia, the local currencies are almost non-functional, so people are seeking a stable method to hold money. Cryptocurrency can essentially function as a bank account for them, one that is based on the US dollar. Banking has become increasingly difficult, for example, when opening an account. Banking is a highly permissioned system. This is where cryptocurrency and stablecoins are providing an alternative.

The use of credit cards with stablecoins is increasing, rather than having to convert them back to traditional currency. Stablecoins are part of a network effect business; they can be held to replace US dollar bank accounts. We are about to see a significant rise, with over 1 billion people using stablecoins in the next bull market. I expect the market to grow to over 1 trillion in the future.

Rita

Over 20 million addresses currently holding stablecoins are only holding less than 100 dollars. It is interesting that they are not using it for speculative purposes but rather for low-value, high-frequency transactions. It's a no-brainer; when you send money from Hong Kong to Brazil using the traditional banking system, it probably costs you 20 dollars in fees. There is a huge potential for stablecoins to play a significant role in cross-border transactions.

What are the barriers to cross-border transactions taking off?

Paul

Cross-border payments are already happening to a large extent through stablecoins. It is probably one of the main reasons people are using USDC and USDT to move value across countries. Why is it not happening with non-USD currencies? At Cumberland, we are seeing even a lot of Web 2.0 companies using stablecoins to transact seamlessly. There are companies taking funds from Hong Kong and using them to pay factories in Mexico, moving dollars across borders.

Traditionally, they would do this with banks, but now they are doing it in a much more easy and frictionless way. There are reasons why the dollar is the dominant currency in the stablecoin market: 1) it is the world's dominant currency in general, with 60% of the M1 money supply being in US dollars, and 2) the product is the dollar itself, especially in developing countries. It is opening up dollar access to more people.

Rita

We have been saying it hasn't happened yet, but Hong Kong is a region that hasn't joined in yet. There are tons of payment companies here with volume flowing from Hong Kong to Singapore. There is a wait for regulatory clarity before they step into this space.

Jordan

If we have more people transacting in stablecoins, then it will become more common for people to question why we are doing it in fiat currency. We are focused on bringing people who are not in crypto into the sector, and Telegram is trying to make payment rails convenient with a network effect.

On the regulation front, what is your perspective?

Rita

We do think regulation is not fast enough, but Hong Kong has been quite proactive. Coming up is the regulatory sandbox that was announced for Hong Kong. Stablecoins are a network effect business, and building that is not easy. There is a lot of work to be done with regulators. The regulators in Hong Kong are very keen to learn

about the market, and there is a push and pull effect. In Web 2.0, if I use PayPal, I can't use it to send value to an Alipay wallet. But in crypto, even though we are on different networks, we are still able to transfer value to each other. The openness makes it easier to build on and to shape the network.

Raagulan

We see different rules in different countries. Powerhouse countries need to serve their current customers, which are primarily banks, but at the same time, the technology of cryptocurrency is essentially breaking down barriers and disrupting the sector. There is friction between the crypto way and the banking way. Regulators are trying to strike a balance between the two. It is tricky. In the United Kingdom, they are proposing that stablecoin companies cannot earn interest on it, which makes it a non-viable business. In the European Union, they propose limits on the size of stablecoins.

There are two sides to it: what is the opportunity, and can we do it? We look to the use case, who is using it, and the purpose of it. We need to work with stablecoins that do not depeg, so our due diligence questionnaire is thorough to understand the counterparty risks. We want our stablecoin partners to be solid. If it fluctuates and starts rehypothecating, that's when we start to get nervous.

Rita

If we compare this to the existing network, we are early. If we want stablecoins to be big, we will need to build adoption and utility around it.

Jordan

Scaling to millions, we think it needs to be trusted and usable. We should know what the reserves are too. The more regulators provide frameworks, the easier it will be for us to help tackle it from a product perspective.

What are you looking forward to?

Jordan

I am looking forward to using stablecoins to onboard more users.

Paul

I anticipate that crypto exchanges will embrace new roles for non-dollar stablecoins. I think we will see this soon in the next few months.

Raagulan

I am excited about the huge bull market we will see; the stablecoin market will grow, and even in a bear market, people will stay in stablecoins and just use them for other things.

Rita

I am looking forward to the launch of an approved and regulated stablecoin in Hong Kong. Also, working with partners like TON and Cumberland to grow the pie and bring this to mass adoption is crucial. It is also important to grow the market share of non-USD stablecoins.



APRIL 7, 2024

Day 2

Hong Kong Web3 Festival 2024

Keynote Speech: Beyond Speed: Exploring the Innovation Journey of Solana

SPEAKER

Lily Liu | Chairman, Solana Foundation

One aspect we have focused on is what is only possible on Solana. We also need to consider what is uniquely achievable on blockchains. Decentralized physical infrastructure networks (DePIN) is a trending category. You have probably heard of Helium. They migrated to Solana, along with decentralized mapping protocols. Meme coins, of course, is another area. It is an experience in which you can directly engage. Drift is another one, featuring state compression where you can mint in batches. This changes the delivery of content and art that is uniquely possible on Solana. Payments is another area we have been considering. A few years ago, we launched Solana Pay, allowing you to easily use SOL as a blockchain for payments, and people typically use USD Coin (USDC) on the Solana Program Library (SPL), but really you can do this with other tokens as well.

What we are thinking about now is PayFi. The original vision of blockchain was a peer-to-peer payment solution that was envisioned 15 years ago. Some principles are going back to peer-to-peer cash systems. The vision is for an open financial system, yes there are decentralized applications, but we envision self-sovereignty. However, in actuality, it is not scalable due to

performance issues. Solana is cost-effective, with millisecond block times and low gas fees. In terms of developer talent, we have the second-largest ecosystem. We are the only one to have built from the ground up. Performance, capital liquidity, and talent liquidity are the three provisions.

What is PayFi? Decentralized finance (DeFi) is built around buying and selling. That is the bedrock of trading, but not payment. You have probably heard of buy now, pay later. In crypto, what if you could do buy now, pay never. For example, as a creator with content you contribute, in DeFi you can gain access to an advance. If someone prices my 1 million views at 10,000 USD, I can get an advance based on that. Accounts receivable is the third example; suppose you need to pay your vendor 100,000 USD in 30 days. The supplier can sell that invoice to a credit pool for 90,000 USD to get that advance, so when the purchaser buys from the credit pool, they receive the full 100,000 USD. The value is in how you open up and organize liquidity.

We are thinking of applications you can uniquely build, and PayFi is what we are looking to next. ✨

Keynote Speech: Crypto x AI: Don't Trust, Verify

SPEAKER

Haseeb, Partner | Dragonfly Capital

Under crypto artificial intelligence protocols, there are Render and Akash, which fall under decentralized computing.

Inference is when you have the GPU; you train the model, and now you need to run the model. Decentralized inference is the biggest pitch I see as a venture capitalist. When you train a model, you have a lot of data, and hopefully, that data is labeled—this is a car, etc. Then you train it; if it makes a mistake, you update it using backpropagation and gradient descent. Many terabytes of data go into training it. It costs a lot, and then you get to inference. You give it a picture and ask, “What is this?” The model says, “Oh, this is a bicycle,” which is less expensive than the training part. Let’s look at why it is a problem. LLaMA270B by Facebook, for example, requires a lot of data to run; you need to be able to trust the output, but how do you do that on a decentralized network?

You need some kind of verification to make sure you are not being cheated. Why not use a smart contract on-chain? Because it is very expensive. Zero-Knowledge Machine Learning (ZK ML) is a potential solution with projects like EZKL, Modulus, etc. The problem with it is that

it is slow and costly. The advantage is that it is extremely secure. You can also ensure privacy and verification. It’s not very practical to do right now. Cryptoeconomics like proof of stake, etc., where you think the output is this, and so on. Ritual, Atoma Network are running under cryptoeconomics. It’s cheap and fast. The third approach is optimistic, somewhere in between the two of cryptoeconomics and ZK ML. I can say, “I assume that is a bicycle,” then someone can submit a request to say, “I prove that it is wrong,” and it uses a challenge-response game. It’s a verification game. These are the three big mechanisms to build a decentralized inference network. When you think about machine learning, it has its unique challenges. It is just another computer program. What we do in blockchain is verify that it is running accurately. Machine learning is not designed to be proven; it is designed to be fast. A normal machine learning model can be represented as a graph, a set of computations to be done, and can be done in any order; it is executed in a super parallelized way. I don’t care how I get there as long as I get there. Decentralized inference is when order matters; it is more expensive. Trusted Execution Environments (TEEs) are the solution. ✨

Keynote Speech: Berachain Integrated Liquidity

SPEAKER

Smokey | Co-founder, Berachain

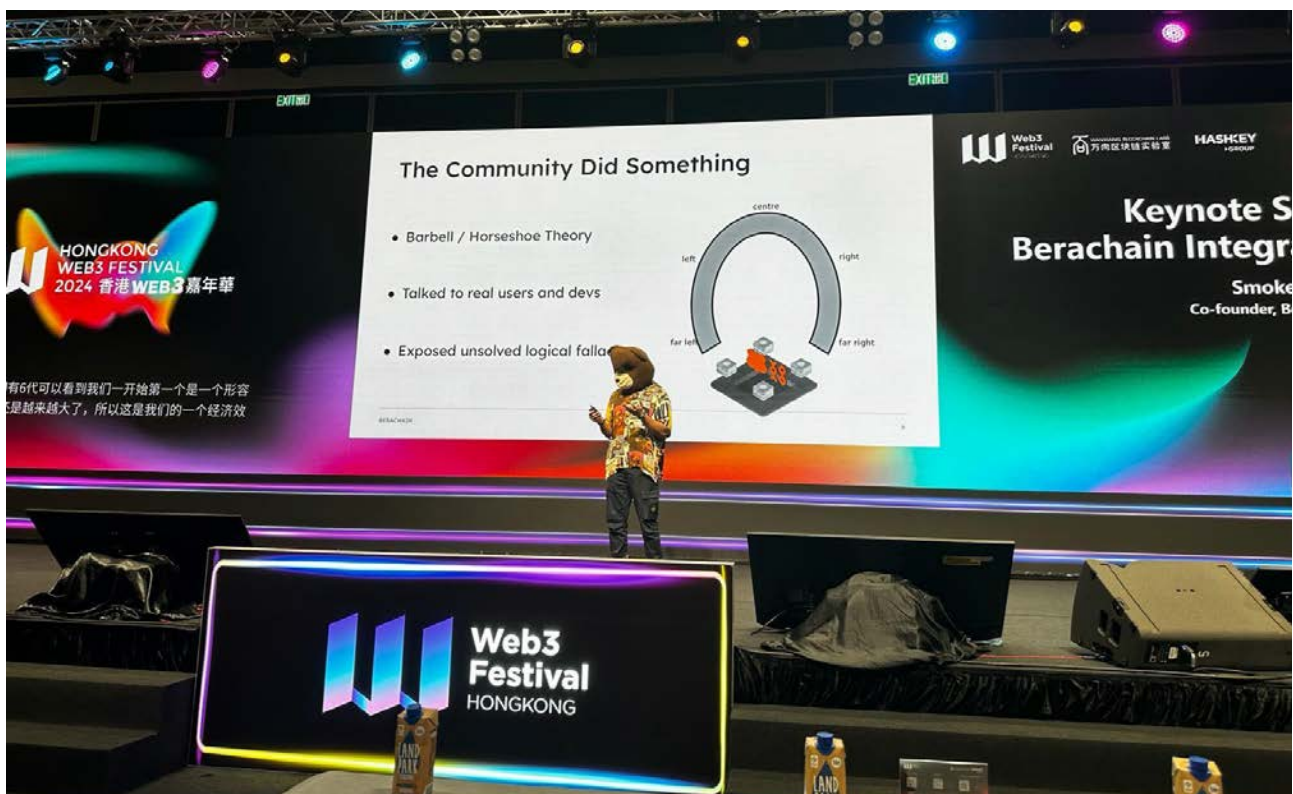
What is Berachain?

We are a Layer 1, fully Ethereum Virtual Machine compatible, empowered by proof of liquidity.

We did not start as a blockchain; we started as a group of non-fungible token (NFT) bears. The Berachain story started from these bears, six sets of rebasing NFTs. It amassed thousands of holders.

We built a community and interacted with the users to figure out what problems we could

solve. In our discovery time, we identified what was missing. There was a lack of alignment in liquidity and security. It was inadequate in contributing to the chain with no usage. Proof of liquidity was built to make liquidity flexible for security. Proof of liquidity can only be earned from providing liquidity. It drives block rewards from the validator set to applications. Berachain's emissions power its own applications. We have two tokens that contribute to the network. BGT is a governance and staking token. It is illiquid; the only way to attain it is to actually provide



We have seen over 200 ecosystem projects, over \$25 million raised by ecosystem projects, and more than 50 token generation events (TGEs).

liquidity to the network; you cannot buy it and can only earn it. It will be used to vote and earn fees from apps receiving BGT emissions, along with validator incentives. The Bera token is a gas token. Validators play a massive role in drawing in new users and growing the network. Validators control the flow of liquidity and emissions on the network. They earn incentives from protocols to direct emissions towards their pools; they also earn commissions on transaction fees. Protocols use governance to make their smart contracts eligible for BGT emissions. This incentivizes validators to gain more emissions using fees, token emissions, etc. It earns the most fees.

Users contribute to liquidity to earn BGT. They vote with the BGT on emissions distributions to determine incentives. They earn trading fees, block rewards, and validator incentives. People don't care which chain it's built on, but they care about the verifiability as well as user experience. Real adoption requires use cases which may only exist on-chain; the chain is not meant to be the main character, it is meant to be in the background and the foundation. We have seen over 200 ecosystem projects, over \$25 million raised by ecosystem projects, and more than 50 token generation events (TGEs). 🦏

Panel Discussion: From Staking to Restaking: A New Era of Staking Economy

SPEAKERS

Sreeram Kannan | Founder, Eigenlayer

David Tse | Co-Founder, BabylonChain

Dorothy Liu | Head of Growth, Altlayer.io

Lucas Kozinski | Founding Contributor, Renzo Protocol

Ranvir Rana | Co-Founder, WitnessChain

Jason Choi | Head of Strategy, Cointelegraph (Moderator)

What do you think is the most understated segment?

David:

We are excited about unlocking the staking opportunities for Bitcoin. People are putting it in a cold wallet. We are providing a staking alternative that is a risk-free yield option for Bitcoin. That is from a supply side. On the demand side, we think it is a good staking asset. One good property is that it should not be volatile. If you look at other assets, it fluctuates a lot. The cost of staking capital is low.

Dorothy

The most underestimated segment in restaking is AVS. This cycle's main theme was the Bitcoin halving. Before the ETF approval, people were trading with speculation of approval. With the anticipation of the whole re-staking projects, people have been flooding into staking on Eigenlayer, etc., trying to front-run. We are approaching the mainnet launch for AVS, and finally, we will see what the yield will be. People

are just not talking about it. People talk about EtherFi, Renzo, etc., but nobody is talking about the new AVS. You should be looking at the real yield and assess the risk.

Lucas

There are a few things. When we looked at Eigenlayer, we thought AVS looked similar to AWS. It is the most tangible way to think about the value Eigenlayer is going to bring. When we started working on Renzo, we had a go-to-market strategy to provide deep liquidity. We spent months thinking about how we are going to securely secure AVSs. The one piece missing is that all the LRTs look similar. We want to see the differentiation between the LRTs. Not only do you have liquidity, but the way you bring liquidity to AVS and bring rewards to the stakers. The second thing is the explosion of specialty apps we are going to see with rollup apps. We agree, we think rollups and web apps will be commoditized. It will be cheap and easy to launch projects on Ethereum; before, it took lots of capital and resources to do that. We will

see an explosion of innovation in AVSs. Now ecosystems like Blast exist; they will want yield rewards built in as well as liquidity.

Ranvir

I'm excited about programmability. It is important for aggregation. If DePin wants to sell a futures contract, the security of that contract is tied to how secure the Eigenlayer operators are.

What's the critical thing lacking in the restaking space?

Sreeram

We need actual innovation; we are in this for the long haul. We are 10-15 years into the blockchain revolution. Innovation will solve this.

David

We want to unlock the 1.2 trillion dollars in Bitcoin assets. We need to educate that staking is actually a low-risk investment. People are worried about slashing. This is horrible PR. There is a lot of education ahead of us.

We want to unlock the 1.2 trillion dollars in Bitcoin assets.

The more builders you have, the more people looking at the code, the tech stack, it helps to make the whole ecosystem more secure and stronger.

Dorothy

We need time. Market cycles, more specifically. It won't happen in this cycle, but a few cycles for people to get familiar with the idea. Similar to when DeFi came in, it took some time for us to understand and get used to. People will be skeptical at first with restaking and Bitcoin staking.

Lucas

We need more builders. Nine months ago, we had an idea and identified the problems where we can add value. The more builders you have, the more people looking at the code, the tech stack, it helps to make the whole ecosystem more secure and stronger. We spend a lot of time talking to everyone we can, people who want to build in this space, and we also work with different teams to consult our problems and how to solve them. 🦄

Keynote speech

SPEAKER

Patrick Mccorrey | Researcher, Arbitrum Foundation

Transaction assurance is what

we actually care about. Reachability—who can a user transact with? Enforcing rules and auditability are the other factors. Ethereum allows anyone to check that the system is alive, its integrity is intact, and to transact without trusted intermediaries. Unfortunately, Ethereum is too expensive. Ethereum is probably more decentralized and secure than Bitcoin, in my opinion. The open problem we are trying to solve is to take the assets that live on Ethereum, move them to an off-chain system, transact as much as you want, then bring them back to Ethereum for security. All the Layer-2 solutions are trying to do this. It is possible. Layer-2s and rollups like Arbitrum are low-cost in transactions from rollups; it is secured by Ethereum. We have Arbitrum One and Arbitrum Nova. One focuses on NFTs, and Nova focuses on gaming. Both Arbitrum One and Nova are governed by the community. Arbitrum is running in production, and it is very popular. Arbitrum One has been running for about three years with 15 billion dollars in total value bridged. The Arbitrum ecosystem is live and well. Traditional finance institutions are also supporting Arbitrum. Robinhood is one example. I care about technical excellence; L2 Beat is like the referee for security claims, holding us all accountable. Arbitrum One

BOLD (Bounded Liquidity Deal) is a new funded research project that is a fraud-proof system that is permissionless.

is the only stage one rollup in its fraud-proof development, with permissioned operators and a security council establishment.

BOLD (Bounded Liquidity Deal) is a new funded research project that is a fraud-proof system that is permissionless. Stylus is EVM+ (Ethereum Virtual Machine Plus), the first execution environment that allows developers to write EVM interoperable smart contracts in programming languages down to WebAssembly (WASM), such as Rust, C++, and C, among many others. At the foundation, we spend time working on the expansion program, which we call the Orbit Chain. Arbitrum Orbit allows any project to deploy their own rollup using the Arbitrum tech stack. There are over 20 Orbit Chains announced with more than 50 Orbit Chains in development. There is support from rollup-as-a-service providers such as Caldera, Conduit, and AltLayer. 🚀

Keynote speech: Converting Cloud to Crypto

SPEAKER

Sreeram Kannan | CEO, EigenLabs

Cloud applications versus crypto applications today: Crypto applications, particularly decentralized finance (DeFi) apps, today have high value per bit of transaction with low throughput. However, to transition to powerful consumer applications akin to cloud applications (such as gaming, social, etc.), which are characterized by high throughput but low value per bit, rollups are an ideal solution. Rollups are perfect for consumer applications because a sequencer can provide instant confirmation, giving you the user experience you are accustomed to when interacting with a server. You can build general-purpose virtual machines using your favorite game engines. Additionally, they allow for free usage without a wallet for authenticated users. Finally, when you build rollups, they have composability, meaning you can reuse existing liquidity and build on other developers' creations.

Problems with rollups today include throughput (do I have enough block space?), the economic cost of rollups are in jeopardy as you face high and uncertain costs. Security is also a concern; without decentralized trust, there is no point in crypto—we might as well go back to cloud services. Finally, we need features such as simple execution zones and integration with oracles.

To solve for throughput, we are building EigenDA (Data Availability). This involves moving execution and proving that you are executing the right thing. The features EigenDA offers are:

Throughput: The rate at which it operates. It runs at 10 megabytes per second with a 0.5 megabyte per second node requirement. It has orders of magnitude improvement over crypto scale today, and to reach cloud scale, it is scaling today. Our goal is to scale throughput to terabits per second.

Economics: Today, rollups are not competitive with Layer 1, which has high data availability costs. It is also uncertain; rollups take exchange rate risk, and rollup tokens have no utility. With EigenDA, we have low data availability cost, long-term data availability reservation where you can reserve uncontested bandwidth, you can pay for data availability fees with no exchange rate risk in your native token, and we have rollup token dual staking using it to secure data availability for your network.

EigenDA brings Ethereum-centric data availability security. Ethereum's data bandwidth is too limited at 83 kilobytes per second. Eigenlayer AVS can provide data bandwidths

at 10 megabytes per second. Ethereum's finalization time is too slow at 12 minutes, but Eigenlayer AVS has super-fast settlement time, with finality at less than one second. There is still a reliance on centralized sequencers for fast liveness; Eigenlayer AVS has a decentralized sequencer for fast liveness. Bridging has latency issues on Ethereum, but on Eigenlayer AVS, you get restaked bridges with light-client bridges. Maximum Extractable Value (MEV) is a major problem on Ethereum, but Eigenlayer AVS has a modular MEV where MEV is configurable. 🚀

Keynote speech

SPEAKER

Eli Ben Sasson | CEO and Co-founder, StarkWare

I want to talk about the uniqueness of StarkNet. It is available only to StarkNet. Trailblazing technology, vision, and ecosystem: overall developer adoption grew 1000% from the first quarter of 2020 to the fourth quarter of 2023. We have a safe protocol language called Cairo. Anyone who hasn't written Rust took three weeks to learn Cairo's smart contract language. What does it mean to have a trailblazing vision? It's about innovating, not copying. Embracing criticism and adapting. Staying true to a vision with no shortcuts. I was the first person to talk about zero-knowledge proofs (ZKPs) as a means to solve for scalability in May 2013 at a San Jose conference. Starkware was the first to suggest and the first to implement zero-knowledge proofs for scaling and privacy on the blockchain. Validity zero-knowledge rollups are the endgame for scaling. The concepts of Validium/volition data availability were what we innovated. There was a lot of pushback when we first suggested these. It has been shown with time the world adapts. We think integrity should not be assumed but demonstrated. Success means you own your data, your assets, your actions, and your life. We give you true ownership of your digital life where currently it is not the case. The capacity for ERC-20 transfers on StarkNet, the StoneProver, operates at 1,000-

We are working on our next-generation prover called M31, a 32-bit field. It is two orders of magnitude more efficient than StoneProver; it will prove at 100,000 or more, which will compete with payment systems like Alipay, Visa, etc.

2,000 transactions per second (TPS), which is way above the demand of any blockchain we see today. The sequencer limits our TPS to 100-200, and our mission this year is to reach 500 TPS. We are working on our next-generation prover called M31, a 32-bit field. It is two orders of magnitude more efficient than StoneProver; it will prove at 100,000 or more, which will compete with payment systems like Alipay, Visa, etc. Why do we need this? We insist on going to higher TPS because if we look back at the internet, there was little usage in the 1990s. We think to achieve our vision that integrity should never be assumed but demonstrated, then scale must be at a rate that can achieve global usage. ✨

APRIL 8, 2024

Day 3

Hong Kong Web3 Festival 2024

Tonkeeper and TonAPI: Making TON Technology User-Friendly for the Masses

SPEAKER

Oleg Illarionov | CPO & co-founder at Tonkeeper

TonKeeper is a non-custodial cryptocurrency wallet addressing the needs of casual users. Our mission is to eliminate friction and provide a comprehensive app for all cryptocurrency-related activities. We understand that relying on multiple different protocols can be too complicated for users. To this end, we have successfully attracted over 1 million active users to TonKeeper, thanks to our app's exceptional ease of use and its capability to solve common issues.

During our journey, we've encountered a few challenges, particularly around gas fees, the security implications of frequent updates every few weeks, subscription models, and the extensibility of these subscriptions. However, we've developed innovative solutions to address these issues.

One such solution is the "Recharge Battery" feature, a battery setting that allows for seamless swaps, token transfers, NFT transactions, and staking actions. This feature even enables users

to charge their 'battery' with USDT, enhancing the app's convenience.

Another significant concern was security, specifically regarding the signing of transactions. To enhance security, we introduced a signer feature that allows users to store their keys and sign transactions separately, providing peace of mind with the knowledge that it only requires updates once every five years. This approach ensures a comfortable user experience, as it simplifies the process to just two necessary apps, making it very straightforward.

In addition to the wallet, TonViewer, our blockchain explorer, has grown to 500,000 users since its inception. Furthermore, TonAPI, designed for developers, has expanded to a community of 1,000 developers. TonAPI is compatible with REST and GraphQL, offering real-time data and is open-source, ensuring that developers have the tools they need to build and innovate effectively. 🚀

TON's 2024 Roadmap & Asian Expansion

SPEAKER

Dr. Awesome Doge | Founding member of TON Core Dev team

The stability and security

of TON, the blockchain, are anchored in two key components:

Slashing Optimization: We have enhanced the detection and penalty mechanisms for poor-performing validators. Our objective is to improve network reliability as well as performance.

Collator and Validator Separation: We have divided the validator role into two distinct nodes – the collator and the validator. This division is designed to enhance TON's blockchain capacity for handling significant loads. It is specifically aimed at scaling and increasing performance across the network.

Ton Teleport is an innovative cross-chain bridge that removes intermediaries and the need for private keys. It enables seamless and secure cross-chain transactions. Regarding bridge technology, we are in the process of upgrading the current TON bridge to support Jettons, Ethereum, and other currencies on the network.

Our focus is to amplify the decentralization and autonomy of TON. With the elector and

configuration update, improvements to the elector and configuration system smart contracts will simplify the development of staking smart contracts. Staking pool participants are now able to vote on the network on-chain, thereby increasing governance. We anticipate this will drive enhanced participation, fueled by both development and voting within TON's blockchain. We are hopeful that these changes will lead to an improvement in tokenomics and plans for enhanced staking pools, as well as increased wallet voting participation.

In the past year, TON has experienced substantial growth in Asia. Countries such as Hong Kong, Taiwan, Korea, Japan, and Singapore have all contributed significantly. In terms of ecosystem distribution, we now have more English-speaking developers, with a count of 7,495, surpassing the number of Russian developers at 5,010. The number of Chinese developers has also risen, with Mandarin-speaking developers now at 3,398. From 2023 to the present, we have welcomed over 5,000 developers, with more than 50 demo teams and over 300 submitted projects. 🚀

Investor Panel Discussion

SPEAKER

Xiao Xiao | Partner of HashKey Capital

Issa | Investment Director of MEXC ventures

Jason | Founder of Folius Ventures

Kevin Hu | Portfolio Manager of Brevan Howard Digital (Moderator)

What are the advantages of building on TON?

Jason

Today, we are going to see a reduction of using valid transfer rails to monetize their 200 to 300 million active users. The groundwork hasn't been laid yet. There are about 15 to 20 million Chinese developers out there who are thinking about this space. I think TON is an interesting place to be. There is no other blockchain currently that has rapid iteration to consumers. Traditionally, you need to silo your approach. The feedback I get from developers is that the messaging and API are so much more flexible than what is allowed on WhatsApp and WeChat. I think there is a monetizable base that is attractive for people in Shenzhen, Shanghai.

Have you played the games on TON yet?

Jason

You can immediately start monetizing with referral schemes if you rebuild your code to fit onto TON.

Issa

I haven't played the games, but I experienced the mini-apps which are similar to WeChat. I tried the payment referral programs on Telegram, and you don't realize you are interacting with the blockchain.

Jason

Unlike the Web3 apps, either you have to hop off the product and do multiple hops to execute a transaction, but with Telegram, it is an in-message embedded link and you execute what you want to do with the game being able to pay seamlessly. Anywhere else has a 90% drop rate when you need to use another app outside to pay, and I think a 70% drop rate even is a big improvement.

What can TON do better, and what opportunities are there?

Xiao Xiao

I think the biggest difference between Telegram and WeChat is that Telegram is very crypto native and you don't need to do any education in the Telegram community. It will save a lot of

time to build Web3 applications on that and to acquire new users, also converting new Telegram users into the ecosystem. TON is unique compared to other chains. TON is kind of Web2.5 natively and can combine both Web2 user experience and Web3 data self-sovereignty.

Issa

Compared to WeChat, Telegram has more opportunity to access the crypto community and be more decentralized. You can sign up with a Telegram account with a virtual number linked to your TON wallet. TON is closely integrated with Telegram with a non-custodial wallet, giving builders more opportunity for social finance projects.

Jason

Apple and Google might not be happy with what I want Telegram to do. Currently, there are only three tabs in Telegram; it would be ideal if they have an app column where they display what is

hot. But Apple would crush you if you tried to do that. It would be nice to do an on and off-ramp system in the wallet function. I think there are a lot of social features such as live streaming, moments, and I think when you have those things combined, it becomes a powerful final form.

Xiao Xiao

There is a lot of noise in the ecosystem and a suggestion for the foundation would be to identify which projects have bigger potential. They should disclose who they are really supporting which will help the community differentiate which project is more legitimate. They can put some authorization process for apps that want to be listed on the distribution channel.

Issa

More education, more builders, and more hacker houses is what I want to see. This will help to bring more users to the platform. 🚀

Author's Note



Sylvia To

Director, Head of Token
Partnerships & Research

While some of the sessions did not include as many new announcements as we had hoped for, it does not diminish our unwavering support for Hong Kong as our home base, and its ambitious strides in the web3 space. We view these shortfalls not as setbacks, but as opportunities for growth and improvement.

As we anticipate the next iteration of this pivotal conference, we remain committed to keeping our audience informed. We will continue to bring forward the most critical insights from the sessions that may have been missed.

Thank you for taking the time to review this report. The insights and discussions captured within these pages reflect the collective thought leadership and market trends in the rapidly evolving world of crypto.

It's important to note that while every effort was made to capture the speakers' views verbatim, some translation of a few panels from Mandarin and Cantonese were made along with paraphrasing for clarity and brevity. I hope this report provides a comprehensive overview, stimulates further discussion, and enhances your understanding of the topics discussed.

Your feedback is always welcome and appreciated to improve future reports. If you would like to learn more about Bullish or get access to our daily Bullish Insights Telegram channel, please contact us institutions@bullish.com

About us

Bullish

Launched in November 2021, Bullish is a leading regulated and audited institutional digital assets exchange with total trading volumes exceeding \$500 billion. From day one, Bullish was built with the objective of being an institutional-grade platform, prioritizing compliance, audit and governance frameworks. We believe that the era of digital assets is only in its infancy, and we're building boldly with that future in mind.

The genesis of Bullish's DNA can be traced back to the anticipation of two pivotal factors within the digital assets space:

1. The growing importance of compliance and regulation; and
2. The imminent entry of institutional players

To address these two core theses, we first obtained a Distributed Ledger Technology (DLT) license under the Gibraltar Financial Services Commission (GFSC) in order to be a regulated exchange from day one. Recognizing that transparency and compliance are key pillars of trust, we further bolstered our commitment by engaging Deloitte & Touche, a Big Four accounting firm, who has been our auditor since 2020.

Second, we pioneered a cutting-edge technological innovation by integrating the high performance of a central limit order book (CLOB) with deep, deterministic liquidity from our automated market maker (AMM) technology. This combined source of liquidity creates a deeper and more reliable orderbook that operates independently from external price feeds and is tailored for institutions.

Our proprietary order book combines Automated Market Making instructions (AMM Instructions) and standard bids and offers. The unique combination of a traditional crypto exchange and a decentralized exchange allows for innovations such as:

- Deep, deterministic liquidity with predictable pricing and depth across market conditions
- Near-zero spreads and low transaction fees
- Customizable trading income generated from AMM Instructions, and
- High performance and transaction throughput.



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