

# Bitcoin, Ethereum ETF in Hong Kong could usher in more progressive policies in China

This week, spot Bitcoin and Ethereum ETFs were conditionally approved in Hong Kong. Along with this news, digital asset platform OSL also announced it will be the 'subcustody partner' for both China Asset Management (ChinaAMC) and Harvest Global Investment ETF.



Going forward, OSL's CEO believes these ETFs could lead to a wave of 'more progressive' regulation in China and potentially trigger a ripple effect across the region.

'It has the potential to set a precedent for other financial markets in Asia. For China, this development in Hong Kong strengthens the region's position as a unique financial hub for innovation and could influence future regulatory considerations as well as openness. openness of the market towards cryptocurrencies, is likely to lead to more progressive policies in line with global standards', noted Patrick Pan – Chairman of the Board of Directors and CEO of OSL.

China has a long and checkered history with cryptocurrencies – having issued bans multiple times.

Thomas Zhu, head of digital assets and business department at ChinaAMC (HK), said:

'Currently, there are strict controls on cryptocurrency trading, which explicitly prohibit exchange operations within the territory.'

But given Hong Kong's status as a Chinese-controlled Special Administrative Region, a so-called 'test bed' for China, its financial decisions could set the stage for future movements. hybrid in mainland China.

Both firms see the approval of spot ETFs as a catalyst for regulatory developments.

'It could push regulators to speed up their own frameworks to accommodate such products,' Zhu said. This will lead to wider acceptance and deeper integration of cryptocurrencies into the Asian financial landscape and investment in the region'.

However, Zhu suggested crypto-friendly countries such as Japan, South Korea and Singapore could be the first to be affected.

The United States has approved spot Bitcoin ETFs as the first US Bitcoin ETF application was filed. This is in stark contrast to Hong Kong's process, which OSL says takes just four months.

'In the United States, where the regulatory framework and regulatory landscape is highly fragmented and, at times, susceptible to highly polarized political cycles, the journey to finding spot crypto ETF products is difficult much more. Hong Kong's framework has demonstrated once again that it can be agile to innovate, while ensuring strong investor protection, setting the standard for financial products related to Cryptocurrencies in Asia'.

Even so, the United States still beat Hong Kong. That means Hong Kong regulators and potential ETF issuers may already be studying the impact that spot crypto funds have on the market. A basic lesson: ETFs significantly drive demand. According to the companies, this time will be no different.

With Hong Kong's population a fraction of that of the United States, its impact on the broader crypto ecosystem will be less pronounced than the spot ETF approval in January.

But the ripple effect spot Bitcoin and Ethereum ETFs could have on China and the rest of Asia is expected to dwarf anything the United States can muster.

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