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Chapter 1: Introduction

A pivotal moment for mass adoption

Blockchain technology is revolutionizing the world: from internet to blockchain; the right-to-own to the right-to-use; from shareholder to stakeholder; stock trading to digital asset trading; infrastructure development to mass-adoption. The recognition of the intrinsic value of digital assets signals the strong growth potential for the industry.

2022 has been an unprecedented year for Blockchain and digital assets, particularly in the context of compliance and evolving regulations. As the industry-leading digital asset and blockchain service provider, HashKey believes that the era of licensed digital asset platforms will be a trend that dominates globally for many years to come, and that true regulatory-compliance of digital assets is the key to sustainable success.
Our vision: Web3 and real-world economies become one

At HashKey we believe that Web3 and real-world economies will eventually become one, with digital assets existing alongside all other traditional asset classes such as stocks, bonds, precious metals, and real estate. The goal is the creation of a more efficient, transparent, and inclusive financial system.

HashKey’s mission is to bridge the gap between these Web3 and real-world economies. Our goal is to develop both the regulated platforms and public infrastructure that facilitate the usage of blockchain technology across existing financial infrastructure. HashKey is dedicated to bringing the potential of Web3 into everyday life and further expanding on its positive global impact.

Regulatory compliant products and public infrastructure in Web3 ecosystem

HashKey is dedicated to promoting the adoption of regulated infrastructure across the core Asian and global financial centers to drive the integration of real-world and digital assets, merging the two economies into one. By offering regulatory compliant products and public infrastructure, HashKey is well-positioned to drive mass adoption and be a key player in the rapidly evolving digital asset space.

At the forefront of this our mission is the HashKey PRO platform, a brand-new, comprehensively regulated virtual asset exchange that prioritizes compliance, safety, and security above all standards.
2. ABOUT HASHKEY

Founded in Asia in 2018, HashKey is a renowned Web3 ecosystem developer and leading digital asset group. Today, HashKey provides a complete ecosystem of products and services relating to digital assets including a regulated exchange, custody, brokerage, venture capital, asset management, node-validation services and as well as additional Web3 infrastructure. HashKey is committed to becoming a globally recognized and fully regulated digital asset ecosystem.¹

REGULATORY COMPLIANCE

Hong Kong
Exchange & Custody
• Type 1 (Dealing in securities) & 7 (Providing automated trading services) licenses issued by the Securities and Futures Commission (“SFC”) with approval to operate a virtual assets trading platform
• Trust or Company Service Provider Licence issued by the Companies Registry for the provision of custody services

Asset Management
• Type 9 (Asset management) license (with uplift approval to manage portfolios investing up to 100% in virtual assets) issued by the SFC

Singapore
Brokerage / OTC trading
• Applying for a Major Payment Institution Licence for the provision of Digital Payment Services to be issued by the Monetary Authority of Singapore (“MAS”). Currently operating under a licensing exemption under the Payment Services Regulations

Asset Management
• In-principle approval received for a Capital Markets Services Licence for fund management to be issued by the MAS

Japan
Brokerage & Exchange
• Registration as a crypto asset exchange service provider with the Japan Financial Services Agency

COMPREHENSIVE ECOSYSTEM

• One-stop solution provider for digital asset trading, custody, brokerage, venture capital, asset management and node-validation services, and other Web3 infrastructure
• DeFi and CeFi strategy in place

SECURITY FIRST

• ISO 27001 certification for HashKey PRO (Information security management)
• ISO 27701 certification (Privacy Information Management System) for Exchange and Brokerage businesses
• Smart contracts for Hashkey’s token projects independently audited by Xiamen SlowMist Technology Co., Ltd.
• Proof of Reserves for HashKey PRO
• KPMG & PwC audited (Internal control, security, and group level financials)
• Client funds are protected by institutional custody grade insurance

¹ HashKey may at its discretion change the scope and availability of its services and products. Please refer to HashKey’s official communications channels for the most updated guidance.
Comprehensive Ecosystem Across the Digital Asset Landscape

Headquartered in Hong Kong with operations in Singapore and Tokyo, HashKey offers a comprehensive ecosystem across the digital asset landscape:
3. ABOUT HSK

3.1 HSK Overview

Name

HSK – HashKey EcoPoints

Blockchain protocol | Standard
-------------------|----------------
Ethereum            | ERC-20

Total supply

1,000,000,000 HSK (1 billion)

Distribution mechanism

- Incentive-based fair distribution to ecosystem users and contributors
- Not sold via private or public sales for fund raising purposes

HSK powers the entire HashKey ecosystem, with its utility expanding in the future via various usage benefits across HashKey’s current and future business lines.

At HashKey we believe in the shared value created by adopting a versatile business model, which can all serve different purposes in helping Web3 businesses engage and support its loyal user base over time, creating a true stakeholder economy.

HSK is designed to fuel the regulated products and infrastructure across the HashKey ecosystem, which can be accomplished via establishing an open-source community, incentivizing developers and users to contribute to the community’s growth in a decentralized and trustless setting. As the platform loyalty reward, HSK will be used to create real usage benefits in HashKey’s exchange and further across HashKey’s ecosystem.
3.2 HSK’s Utility

Through providing various use cases for HSK across our ecosystem, HSK is designed to incentivize contributors to the HashKey ecosystem, including its users and partners. Potential benefits holders of HSK will be entitled to include:

- Trading fees discount. Trading fees settled in HSK are discounted up to 0% on maker fees
- Withdrawal fees waiver for selected digital assets
- Early access to future new token subscriptions
- Early notifications and access to new product and product upgrades
- Custody fee discount or waiver
- Pay for on-chain verifiable credential service fees
- Pay for limited edition NFTs and AI-generated avatars
- Trading fees discount
- Exclusive token private sales access
- Access to market maker program
- Voting power for sound Web3 projects listing
- Increased airdrop distribution weight from partner projects
- Increased node validation service rewards

* The above is for illustrative purposes. We make no representation or warranty on HSK being distributed to users of these potential services and products. The availability of these utility is subject to our future official announcements.
3.3 HSK’s Supply

Supply Model

HSK has a supply capped at 1 billion units. HSK’s supply model is designed on a simple principle: issue new HSK only in relation to real economic activity.

This principle ensures that HSK is issued only when HashKey’s underlying businesses are performing. For example, new HSK will be issued into the overall HSK circulating supply via a Total Rewards Pool. The size of this Total Rewards Pool in USD terms is capped in relation to net profits generated by HashKey’s related businesses – a “Reward Value Cap”. The Reward Value Cap will be set based on a multiple of generated net profits. This measure helps to ensure that new issuance is done in a fiscally responsible way.

HashKey will evaluate the multiple and the value of this Reward Value Cap on a frequent basis in response to market conditions and communicate all circulating supply changes to HSK holders regularly.

HSK’s supply model also adopts a burn mechanism. HashKey will have the discretion to take 20% of net profits earned from HSK-participating businesses and use these funds to purchase HSK, then burn the acquired HSK from the outstanding supply. Longer-term, this supply model is designed so that the pace of burning has the potential to exceed the pace of new issuance, leading to a more deflationary asset model in the future.

HSK’s supply increases mostly from two allocation pools: the Ecosystem Growth Pool and the Team Pool. The Ecosystem Growth Pool is further sub-divided into different distribution programs.

### Ecosystem Growth

- **65%** | 650m HSK
  - ECOSYSTEM GROWTH
  - Rewards
  - Marketing
  - Business Development

### Team

- **30%** | 300m HSK
  - TEAM
  - Staff incentives

### Reserve

- **5%** | 50m HSK
  - RESERVE
  - Additional protection for ecosystem users for contingency purposes
**Ecosystem Growth Pool**

**Ecosystem Reward Programs**

HSK will be allocated to reward users who have contributed to the growth of the HashKey ecosystem.

For example, HSK will be minted and distributed from the Ecosystem Growth Pool for:

- **Early user incentive rewards:** incentivize early users that sign up and transact on HashKey PRO
- **Trading and liquidity rewards:** incentivize users that trade and provide liquidity on HashKey PRO
- **Other Contributor’s rewards:** rewards users who contribute to the growth of the business

**Marketing**

HSK will be allocated for marketing activities to drive brand awareness, user acquisition and community growth.

**Business Development**

HSK will be used to incentivize the growth of the ecosystem with new partners and projects.

**Team Pool**

HSK will be distributed as rewards to HashKey staff that contribute to the business growth.

**Reserve Pool**

The reserve pool provides additional protection for ecosystem users for contingency purposes.
3.4 Launch Timeline

3.5 Burning

HashKey implements an offsetting issuance mechanism (burning) to protect HSK holders from the dilutionary impact of rewards-based increases in HSK circulating supply.

To implement this mechanism, HashKey will have the discretion to purchase an amount of HSK equal to 20% of net profits generated from specified HashKey platform businesses and then permanently burn the purchased HSK from HSK’s supply. At launch, these specified businesses will include HashKey’s licensed exchange (HashKey PRO), with additional business lines and products to follow.
The HashKey entities have determined that HSK:
1. could be “digital payment tokens” as defined in the Payment Services Act 2019 of the Laws of Singapore.
2. would not be “capital markets products” as defined in the Securities and Futures Act 2001 of the Laws of Singapore;
3. would not be “capital markets products” as defined in the Securities and Futures Act 2001 of the Laws of Singapore; and
4. would not be “securities” as defined in the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong.

Warning

The contents of this whitepaper have not been reviewed by any regulatory authority in Singapore or Hong Kong. You are advised to exercise caution in relation to the information in this whitepaper and any transaction that you intend to carry out involving HSK. If you are in any doubt about any of the contents of this whitepaper, you should obtain independent professional advice.

This whitepaper is not an offering circular and should not be treated as offering material of any sort. This whitepaper is not for public circulation, is solely for your information purposes and may not be reproduced, redistributed or passed on directly or indirectly to any other person or published in whole or in part for any other purpose. This whitepaper does not constitute or form part of any offer for sale, subscription for, or solicitation or invitation of any offer to buy or subscribe for any HSK. This whitepaper does not purport to identify or define any or all of the risks that would be associated with HSK. Any representation made on the website of HashKey in respect of HSK will prevail over any representation in this whitepaper in the event of any inconsistency.

Prior to making any decision regarding HSK, you should conduct such investigation and analysis regarding HSK as you deem appropriate. To the extent that you deem necessary, you should consult your professional advisers.

A copy of this whitepaper has been published on the website of HashKey. Should you intend to take any action (directly or indirectly) relating to HSK described herein to any third party, you will be responsible for complying with all applicable laws, regulations and rules in respect of any such action and the provision of all appropriate risk warnings and disclosures.

HashKey reserves all rights at any time to change the economics, and all other terms and conditions, of HSK in its sole discretion, including but limited to its supply and allocation schedule, policies, and reward mechanisms. If HashKey makes any such change it will publish a revised version of this whitepaper on the HashKey website. Before making any decision in relation to HSK you should accordingly ensure that you are referring to the latest version of this whitepaper on the HashKey website.