

# Hong Kong's Opening-up to Crypto Securities Trading — The Best Layput Time for Crypto-Stock Interoperability

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DUBAI, UNITED ARAB EMIRATES, February 16, 2023 /EINPresswire.com/ -- On February 14, 2023, Interactive Brokers announced the launch of cryptocurrency trading services in Hong Kong, allowing local professional investors to take the lead in trading digital assets such as Bitcoin (BTC) and Ethereum (ETH) on its platform. While Interactive Brokers opened a precedent for traditional brokers to provide crypto trading services in Hong Kong, [MetaTdex's](#) crypto-stock interoperability strategy has enriched the practice.

In general, crypto-stock interoperability refers to the interaction between new crypto markets and traditional stock markets. MetaTdex first raised this financial behavior to a theoretical level and conceptualized it in 2022. The interaction between crypto and stock markets can be traced back to 2017, when the Chicago Board Options Exchange (CBOE) launched the Bitcoin futures contract on December 10, the first time for crypto assets to be listed on a securities exchange in the US and even the world.

As one of the broker giants in America, Interactive Brokers Group conducts brokerage and trading businesses in more than 135 market centers around the world. According to the group's recent announcements, eligible clients include individuals with investable assets of over HK\$1 million or Hong Kong resident institutions with assets of over HK\$40 million. Interactive Brokers' opening-up to BTC and ETH trading services can be regarded as the first real acceptance of crypto assets in the Hong Kong stock exchange market.

Hong Kong is the first stop for MetaTdex to implement the crypto-stock interoperability strategy. At the moment, MetaTdex is committed to Hong Kong listing, aiming to realize the exchange of crypto assets and stocks through the tokenization of its own stocks.

Different from Chicago Board Options Exchange and Interactive Brokers, MetaTdex adopts the method of penetrating from Web 3.0 finance to the stock market as it seeks to meet the needs of global users to buy stocks (Hong Kong stocks). The comparison of the two types of crypto-stock interoperability is as follows:

## 1. Traditional Broker

- Strategy: Add crypto asset trading services (e.g. BTC) to brokerages or stock exchanges;
- Representative Institution: Interactive Brokers and CBOE;
- Implementation Method: Most institutions are now serving as crypto asset buying agents. But

in terms of future trends, it is essential to increase the interface of crypto wallets;

- Value: The crypto assets can be purchased directly;
- Advantages: Brokerage endorsement to enhance the reliability of new finances. New users are able to enjoy one-stop crypto investment services without learning mass crypto asset knowledge.
- Challenges: Remote investment restrictions, complex audits and compliance.

## 2. Web 3.0

- Strategy: Add stock trading services to crypto exchanges;
- Representative Institution: MetaTdex decentralized exchange;
- Implementation Method: Stock tokenization, that is, 1:1 mapping of stocks into blockchain assets; opening a trading pair between stablecoins (USDT) and stocks;
- Value: Global users are able to buy stocks (Hong Kong stocks) in an easy and convenient way. Stock markets such as US stocks and Hong Kong stocks can be aggregated on one platform for efficient transactions;
- Advantages: Utilize blockchain technology to solve KYC, nationality and foreign exchange quota restrictions on remote investments in the stock market. The asset scheduling cycle of different financial markets is also shortened. Moreover, the interoperability problem of different stock markets is solved as well;
- Challenges: The trading rules and time of stock tokens should be based on the stock market or crypto market; efficient interoperability; compliance.

From a financial point of view, traditional brokerages and crypto exchanges (MetaTdex) contribute to crypto-stock interoperability from two different directions, which are essentially a disruptive expansion for the large-scale services of financial products to meet the specific investment needs of different customers.

From a practical point of view, economies around the world all have a certain degree of exclusivity to maintain their own benign operations. On the contrary, due to the openness of blockchain finance, anyone can easily participate in the crypto financial market. What the crypto-stock interoperability of traditional brokerages solves is the user convenience problem in specific regions. As for MetaTdex's Web 3.0 crypto-stock interoperability, it may be more subversive, enabling interoperability of different stock markets and building a reliable channel for cross-border and cross-regional investments.

In addition, every new financial model will face compliance challenges. Also on February 14, 2023, NYDFS ordered crypto finance institution Paxos to stop issuing more BUSD tokens. As one of the top three stablecoins by market cap, Paxos was in danger of delisting. Under the mechanism of crypto-stock interoperability, traditional brokerages and crypto exchanges also face the supervision of stock exchanges and regulators.

Fortunately, Hong Kong has laid a solid foundation for crypto-stock interoperability. The Hong Kong SAR Government and Hong Kong Monetary Authority are working to advance the Web 3.0

support policies and crypto market regulation strategies.

- On October 31, 2022, the Hong Kong SAR Government issued a document — Policy Declaration on the Development of Virtual Assets in Hong Kong. The authority has stepped up preparations for the licensing regime. It is willing to build relationships with the global virtual asset industry and invite relevant exchanges to explore business opportunities in Hong Kong. Besides, the government is open to the legality review of tokens and smart contracts.

- On December 16, 2022, Bitcoin futures ETF and Ethereum futures ETF, launched by CSOP Asset Management Limited, were listed on the Hong Kong Stock Exchange.

- On January 13, 2023, Samsung Bitcoin Futures Active ETF, launched by Samsung Asset Management, was listed in Hong Kong, becoming Hong Kong's third crypto asset ETF.

- On January 31, 2023, Hong Kong Monetary Authority released the Conclusion of the Discussion Paper on Crypto Assets and Stablecoins, further clarifying the stablecoin regulation policies.

- In February 2023, Interactive Brokers and MetaTdex joined forces to promote the crypto-stock interoperability mechanism. Interactive Brokers launched crypto trading services, while MetaTdex launched the TT-stock product.

MetaTdex's Web 3.0 crypto-stock interoperability will bring global users into the Hong Kong stock market, which is conducive to the liquidity improvement of Hong Kong stock market. It is a boon for Hong Kong listed companies and securities practitioners. MetaTdex's listing in Hong Kong has attracted widespread attention from crypto communities and traditional brokerages. The Hong Kong listing benefits of MetaTdex are also in distribution. Users can enjoy the crypto-stock interoperability bonuses in advance via the TT-stock product on the MetaTdex platform.

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