

BEQUANT | GROUP

January 2022
Martha Reyes, Head of Research

Digital Assets Exchange & Prime Broker



About Us

BEQUANT is one of the first regulated digital assets prime brokers and exchange trading platforms in Europe. Regulated by the Malta Financial Services Authority (MFSA), BEQUANT is a one stop solution for professional digital-assets investors and institutions. Our breadth of products include prime brokerage, custody technology, fund administration, enhanced by an institutional trading platform providing low-latency, liquidity and direct market access to over 12 major exchanges and liquidity pools. BEQUANT is a leading digital assets prime broker, with **over \$55 billion traded in volumes during May 2021**.



History

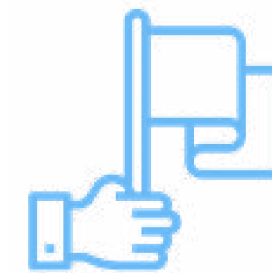
Headquartered, in Malta, BEQUANT launched in July 2018. In 2021, BEQUANT was regulated by the Malta Financial Services Authority. BEQUANT Exchange has received a [Class 4 VFAA Services Licence](#) to operate as a VFA exchange, execution of orders on behalf of others, dealing on own account and custodian and nominee services.

Additionally, BEQUANT Pro achieved a [Class 3 VFAA Services Licence](#) to be delivered to experienced investors. This will include reception and transmission of orders, execution of orders on behalf of other persons, custodian or nominee services, placing of Virtual Financial Assets and dealings on own account.



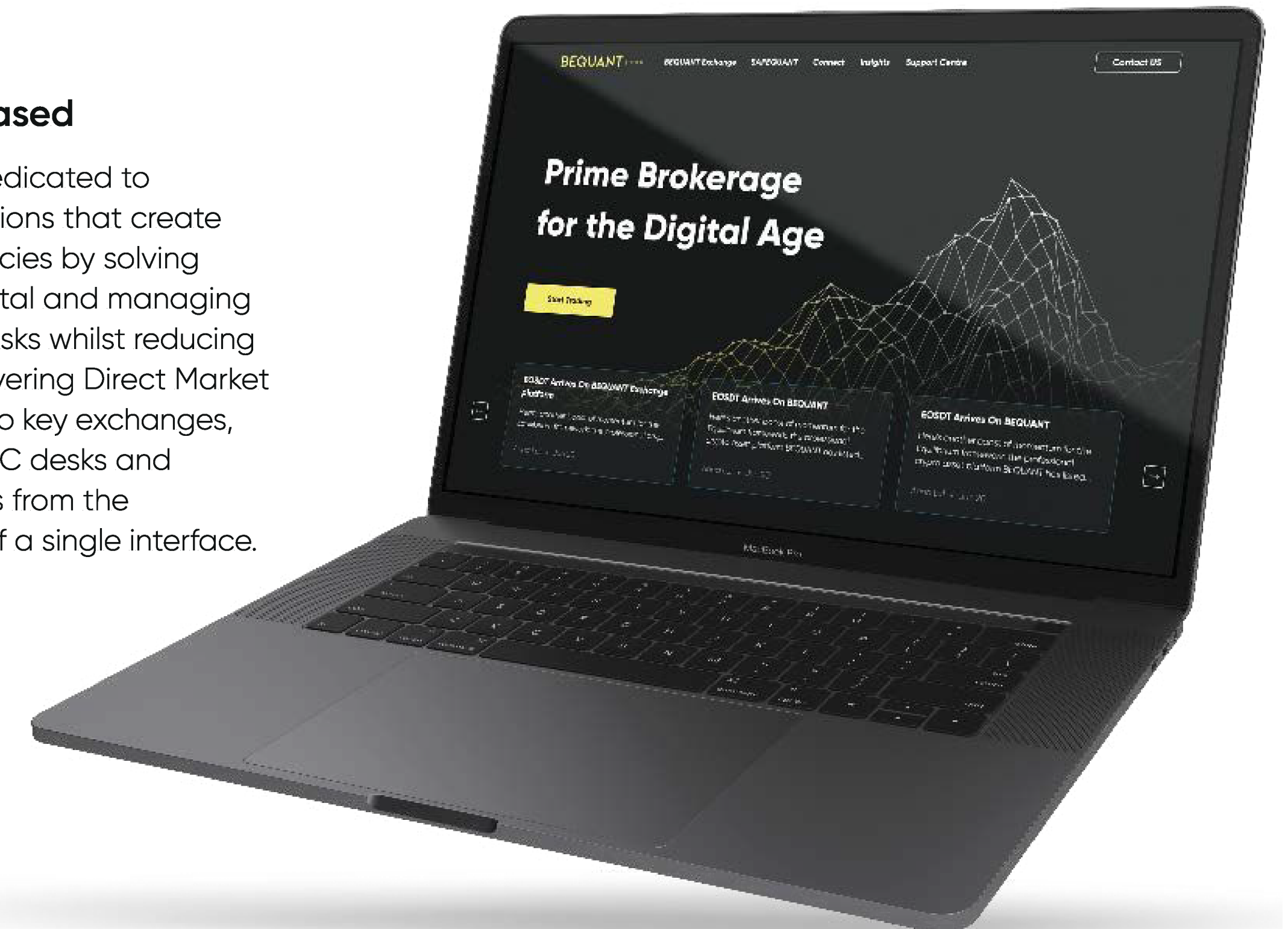
The Team

The BEQUANT team is comprised of experts from institutional, retail and digital financial services with experience in banking, derivatives, electronic trading and prime brokerage. As of June 2021 our team consists of 65 professionals.



Solutions Based

BEQUANT is dedicated to providing solutions that create market efficiencies by solving access to capital and managing counterparty risks whilst reducing friction by delivering Direct Market Access (DMA) to key exchanges, custodians, OTC desks and lending venues from the convenience of a single interface.



About Us

Our Products

Bridging the gap between conventional and digital asset markets by lowering the entry barrier for institutional and professional traders.

BEQUANT | EXCHANGE

Digital Assets Trading Platform

Superior order matching and execution technology with strong liquidity

- [Class 4 VFAA license by the Malta Financial Services Authority \(MFSA\)](#)
- 25+ pairs available against USD, EUR and GBP
- **BEQUANT Global:** 800+ crypto/crypto trading pairs
- 120+ institutional clients
- Uptime and matching engine latency <400 microseconds
- Core matching engine based in LD4, UK, a premium data center operated by Equinix

BEQUANT | PRO

Prime Brokerage Services

One-stop prime brokerage platform for digital assets

- Launched in May 2020
- [Class 3 VFAA license by the Malta Financial Services Authority \(MFSA\)](#)
- Direct Access to 12+ exchanges supporting crypto spot, futures and options
- \$55+ bln trading volume in May 2021
- 50+ Active clients, onboarding 10 new clients per month
- \$413 mln assets under custody
- Ancillary Services including Fund Administration
- Sophisticated and secured custodian solution

Trends

BEQUANT is well-positioned to be the market leader by addressing the following market challenges:

Market trend

For institutional traders, centralized infrastructure allows better transparency, lower credit risk and minimised cost.

BEQUANT funds are entering the digital asset space. They rely upon low latency technology stack and high order capacity.

Institutional traders want access to deep liquidity in order to run strategies that generate alpha.

Customers expect secure, compliant and regulated trading environments.

BEQUANT's solution

BEQUANT Prime Brokerage benefits from aggregated volume discount and has achieved the lowest fee tiers across all major liquidity venues. In addition, BEQUANT Pro offers portfolio margining maximising capital efficiency.

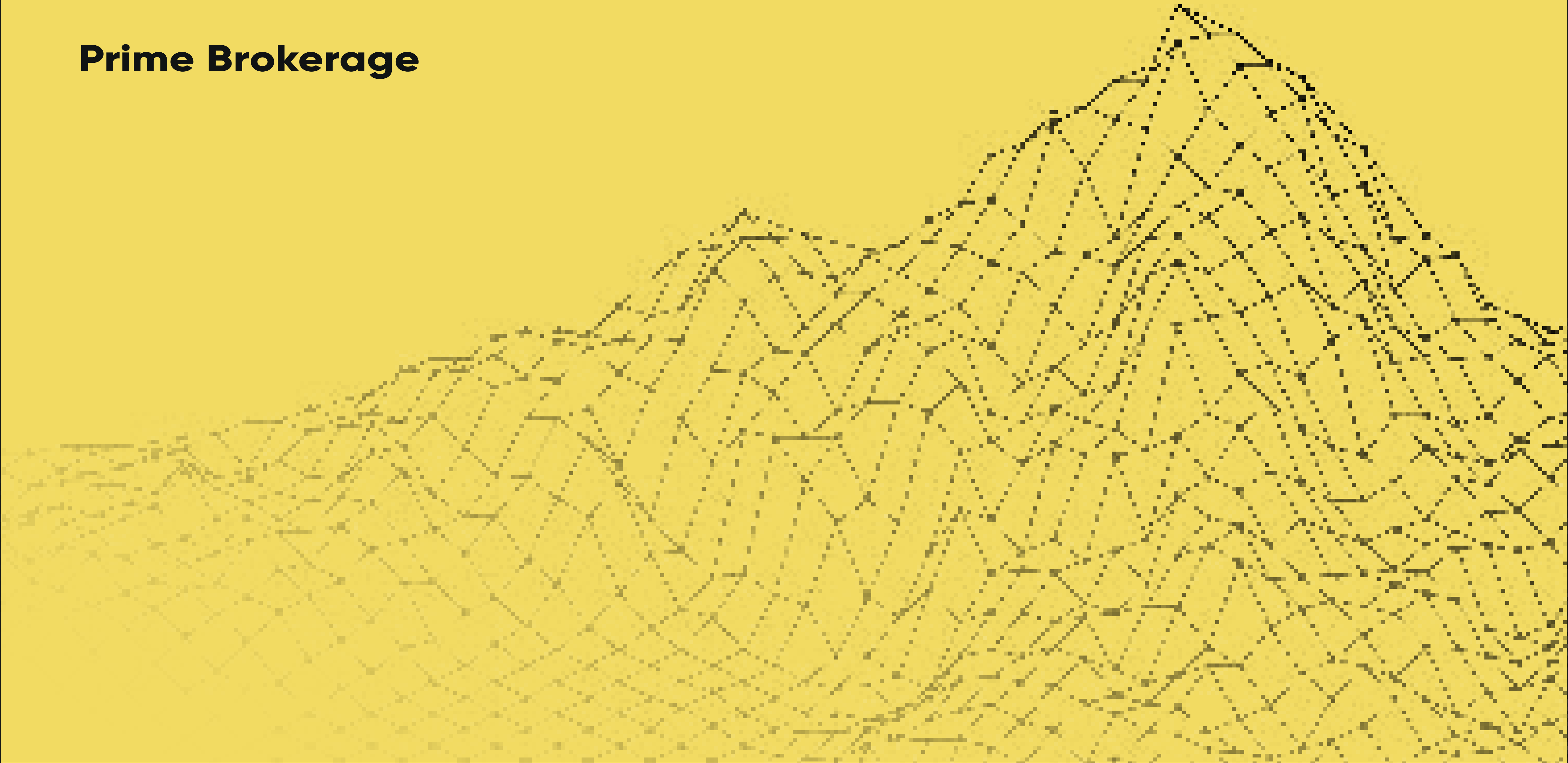
BEQUANT offers superior latency (sub 400 microseconds) comparable to traditional exchanges and a matching engine capacity tailored to high frequency traders (HFT) with over 1000 trades per second per login.

BEQUANT Pro offers direct market access to major liquidity pools (12+ venues). BEQUANT Exchange offers access to an aggregated liquidity pool across major retail exchanges through a partnership network.

BEQUANT is fully licensed in Malta in addition to obtaining ISO certification for its custody business. Swiss SRO and US MTL membership in underway in early 2022.

BEQUANT | P R O

Prime Brokerage



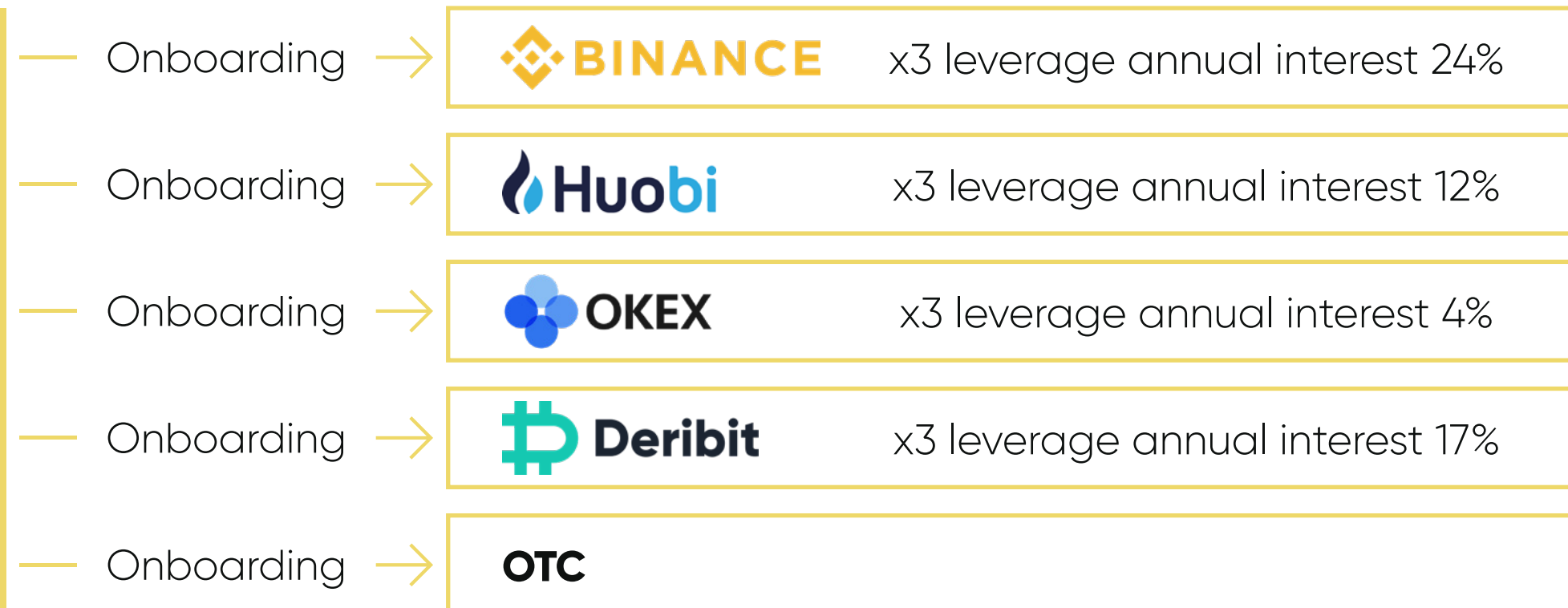
BEQUANT Prime Brokerage

Current market practice

inefficient


Exchanges

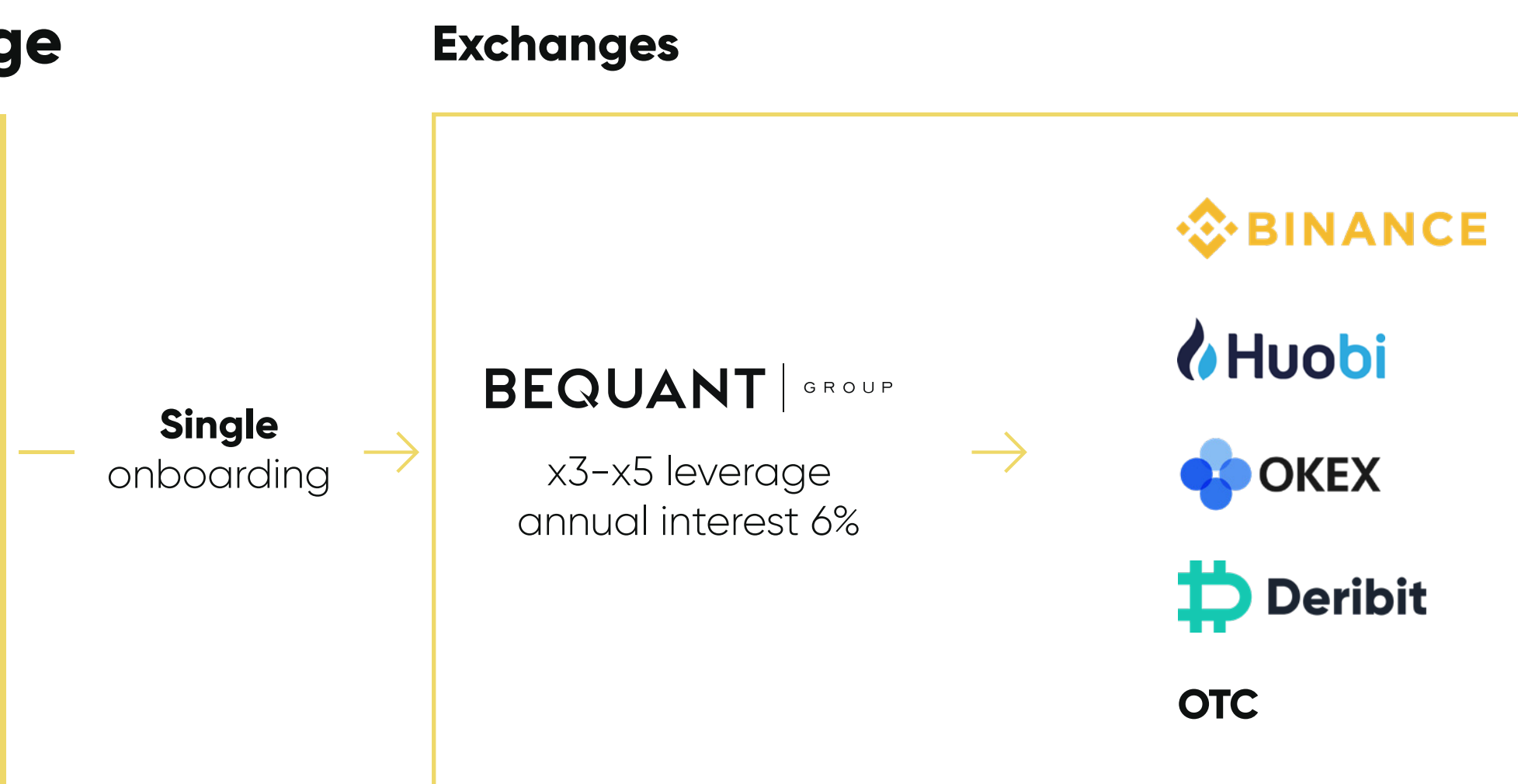

Hedge Fund
 AUM: **\$30 mln**
 Trading volume: **\$150 mln**
 Leverage: **\$100 mln**



- ✗ High initial fees (\$120,000 with \$150 mln monthly trading volume)
- ✗ Time-consuming & duplicating on-boarding process
- ✗ Inefficient leveraged trading (separate collateral management on each exchange, variable lending interest rates)
- ✗ Lack of dedicated customer service
- ✗ Complex fund administration
- ✗ Lost arbitrage opportunities, no instant transfers

BEQUANT Prime Brokerage


Hedge Fund
 AUM: **\$30 mln**
 Trading volume: **\$150mln**
 Leverage: **\$100 mln**
 Average interest rate: **6%**



- ✓ Leverage, cross margining that allows for optimal capital efficiency
- ✓ Low fees (\$60,000 fees saving with \$150 mln monthly trading volume)
- ✓ Single onboarding process
- ✓ Professional order management system best execution across exchange
- ✓ Predictable lending interest rates (crypto and fiat)
- ✓ Efficient collateral management across exchanges, instant transfers across exchange accounts
- ✓ Dedicated 24/7 customer service

BEQUANT offers the full-suite of solutions which serve the **highest volume clients**, such as **market makers and arbitrageurs**, who **exploit mispricings** across different liquidity venues.

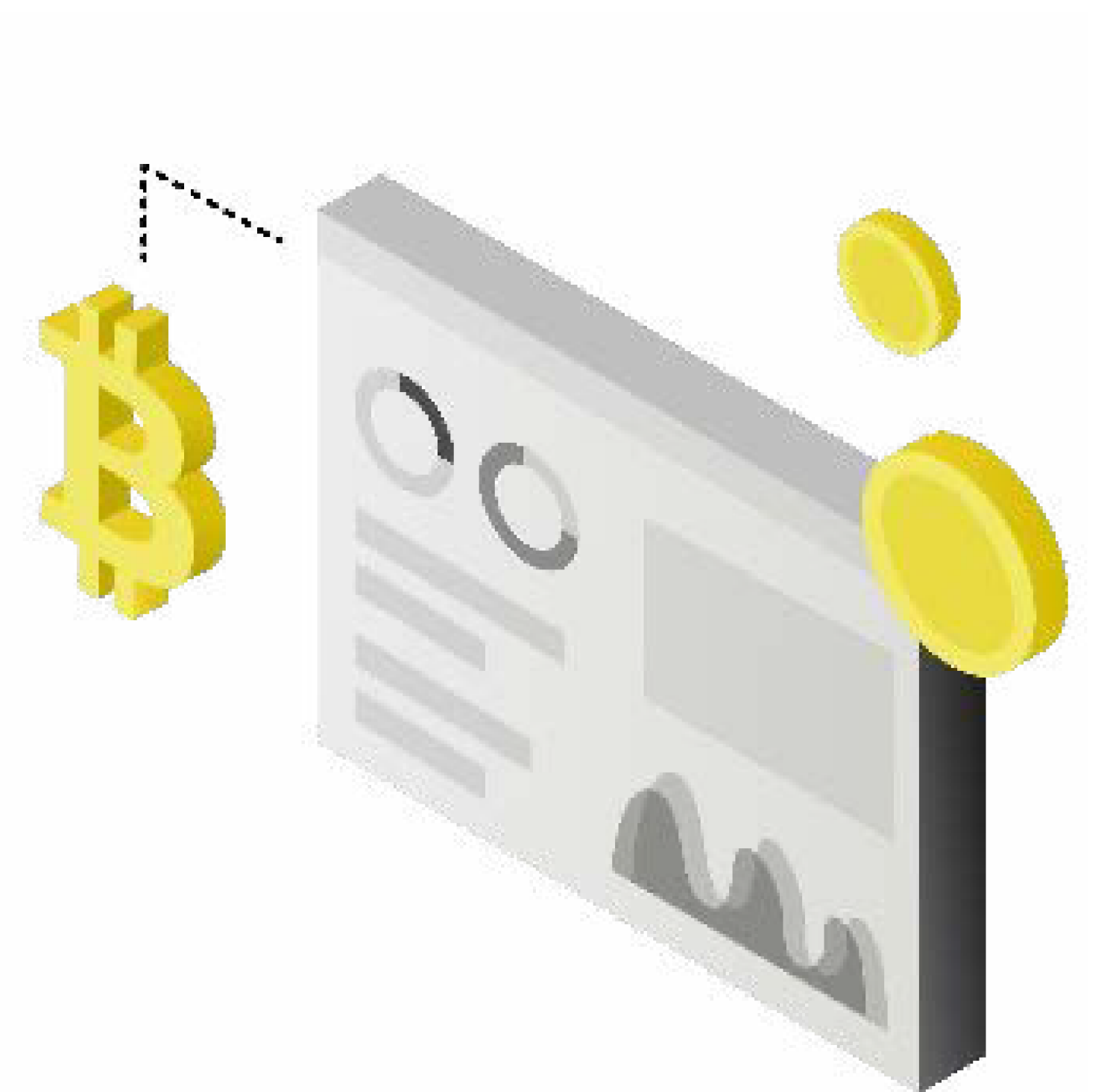
BEQUANT Products	Description	Product differentiation	August 2021
Direct Market Access	DMA to 12+ leading spot and derivatives liquidity venues for high volume traders	<ul style="list-style-type: none"> • Best possible execution price • The lowest execution costs (top trading tiers) • Cross-connect and co-location configuration • Access to 12+ leading spot and derivatives exchanges that correspond to 90% of total market liquidity (incl. Binance, Huobi, Okex, Bitfinex, Deribit, FTX and others) 	<p>Aggregate monthly volumes</p> <p>\$20 bln</p>
Aggregated Order Book	Aggregated order book enables efficient execution by combining the best BID/ASK orders in a single book		
Lending and risk management services	<p>Lending product provides maximum flexibility and utilization of client's collateral through cross exchange arbitrage as to increase overall ROI</p> <p>Financing from BEQUANT Pro also minimizes risk of unexpected liquidation via advanced margin calls system</p>	<ul style="list-style-type: none"> • REPO vs fiat with collateral (in USD, EUR, GBP, CHF for a fixed term and rate) • Risk check 24/7 (market exposure, exchange leverage, max drawdown, monitoring P&L of the client, liquidity risks of collateral) • Leverage tailored to the client's needs: 3x leverage for liquidity settlement gaps, 5x for market making and 9x for arbitrage trading 	<p>Loan book</p> <p>\$65 mln</p>

BEQUANT Products	Description	Product differentiation	Assets under custody
Digital asset custody	Custody technology is tailored to serve large institutional clients. System is proven to be secured throughout half the decade of excellence service	<ul style="list-style-type: none">• Deposits held by clients are kept in ultra-secured cold wallets• 27/7 operations team to create accounts, move funds when required and process ad-hoc operational requests• Instant transfer processing between accounts	\$413 mln
OTC block trading with fiat and crypto settlement	OTC desk provides personalised discreet and secured service while executing order through offline channels without disrupting transaction	<ul style="list-style-type: none">• Access to liquidity from market leading OTCs (Cumberland, DV Trade, BCB Group, Huobi OTC and others)• Fixed OTC block trading fee at 30 bps• Secure settlement using fully regulated fiat and custodian banking partners in UK, Switzerland and the USA inc. Silvergate, BCB Group and Deltec bank	Average BTC/USD spread 35 bps

Prime Brokerage

BEQUANT Prime Brokerage services offer

- Access to 10+ spot and derivative exchanges including FTX, Binance, OKEx, Huobi, Bittrex, Bitinex, Bybit, Deribit etc
- A single onboarding process through GUI
- Financing, lending & borrowing in addition to native 3rd party borrowing facilities
- Segregated accounts
- OTC block trading tools
- Dedicated Account Manager
- Low latency colocation facility with optimal positioning for arbitrageurs
- Easy balance transfers via collateral management system
- Capital Introduction
- Sponsored access connectivity with post-trade risk management
- Support for 50+ top digital assets including derivatives
- Regulated by the MFSA
- Execution-fees synergy
- Research & market Insights



Prime Brokerage: OTC Block Trading

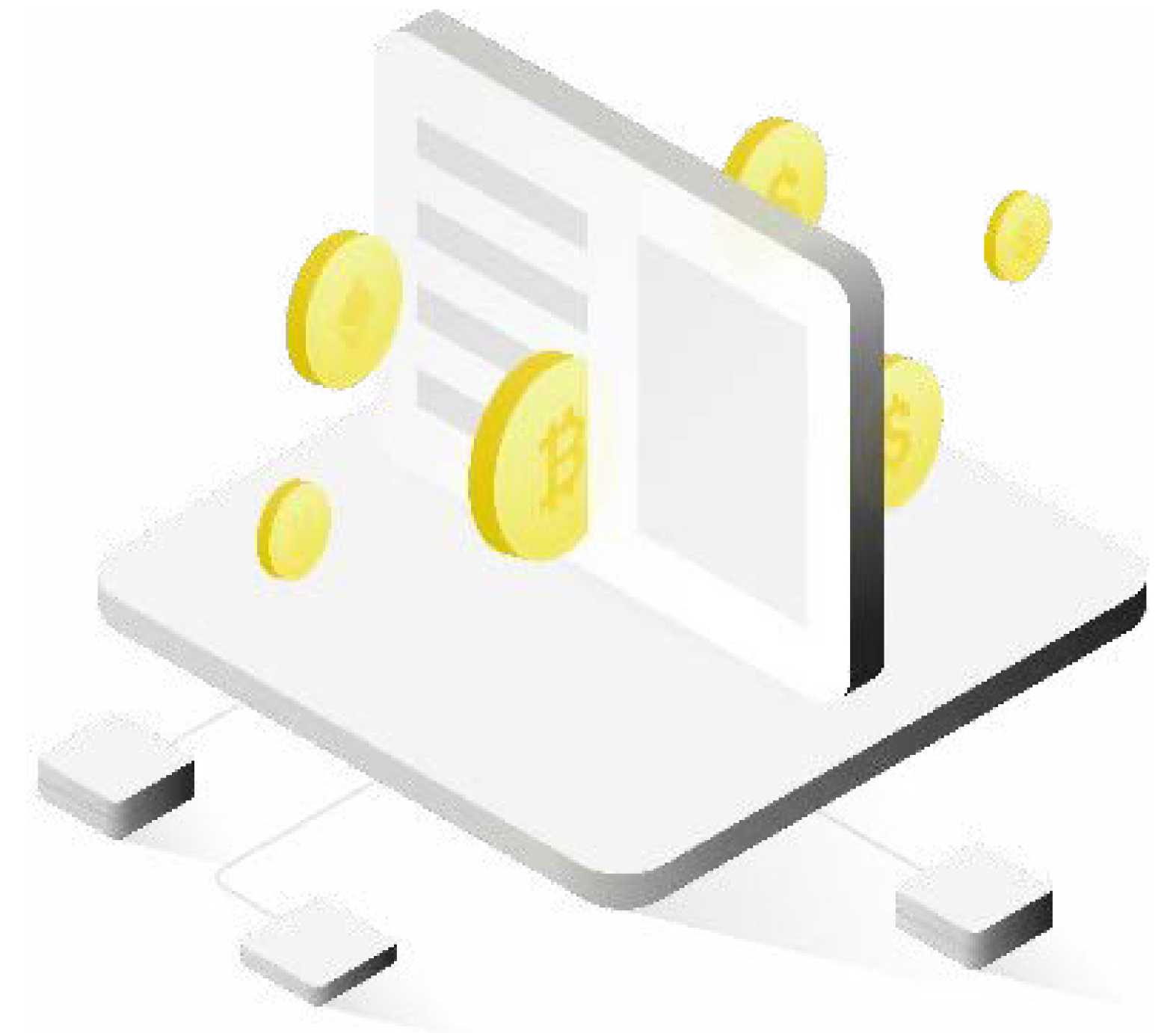
Over-the-counter (OTC) trading is prevalent in spot markets where companies and institutional traders seek to execute large-block transactions that might be disrupted if executed on 'lit' exchanges. Our OTC desk will provide a personalized discreet and secure service while executing your order through our offline liquidity channels.

OTC Block Trading at BEQUANT includes

- Crypto/Crypto trades with high touch execution via messenger, Slack, Telegram or Bloomberg chat.
- Negotiable commission & fee structure
- Secure and prompt settlement using fully regulated banking partners including BCB Group, Signature Bank, Deltec Bank, EQI Bank and Clear Junction
- Fiat/Crypto trades including USD, EUR and GBP
- Request for Quote (RFQ) API or GUI access from Customer Portal with 3 seconds quote refresh

Prime Brokerage: Capital Introduction

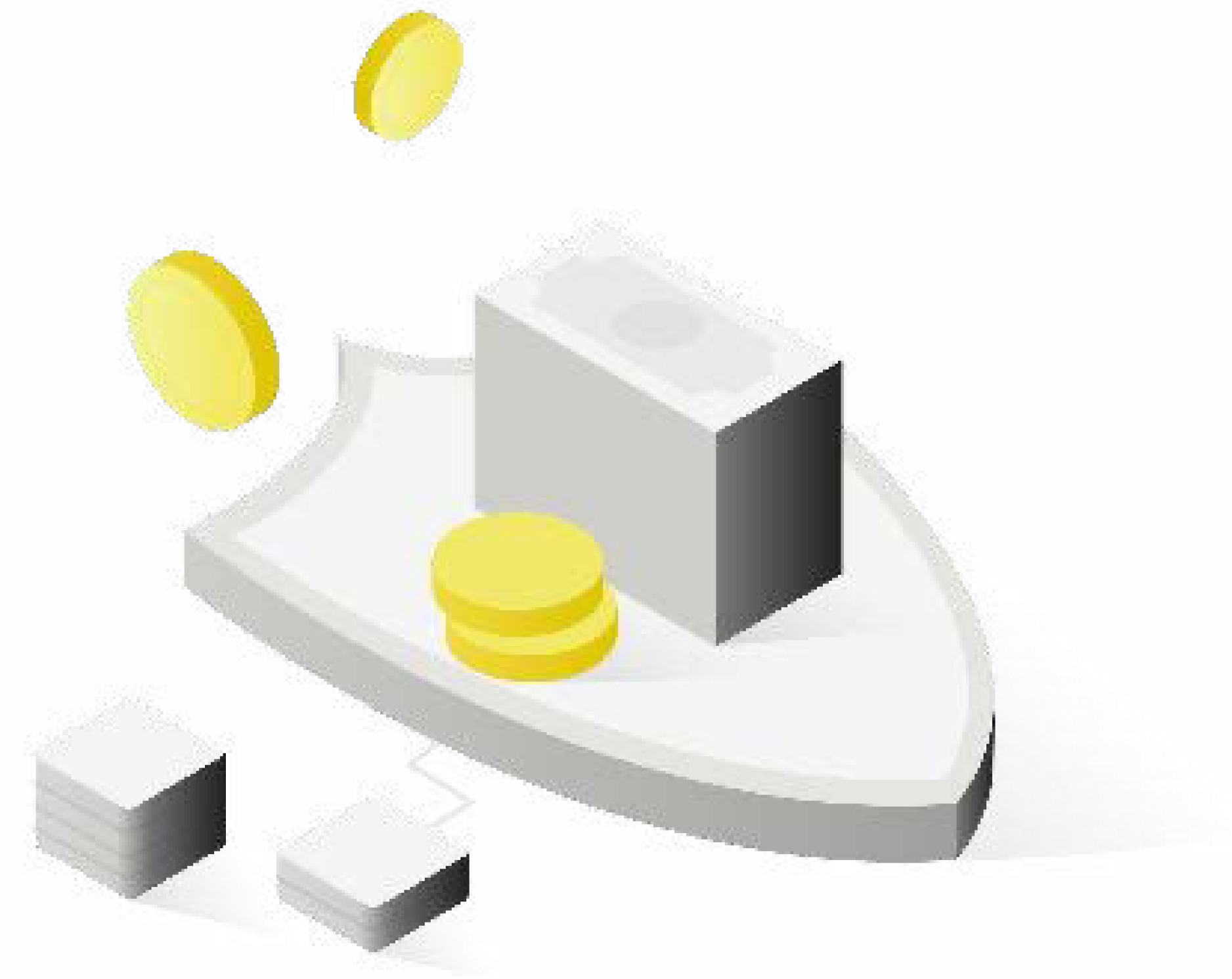
BEQUANT Prime Brokerage services can help you to build relations with investors. We can introduce you to a diverse pool of capital with investors who have an interest in exploring new opportunities in digital assets.



Prime Brokerage: Custody

The technology we use to secure clients assets has been tested for more than half a decade. The technology is used actively across our dedicated custodian, BEQUANT Exchange.

- BEQUANT Exchange uses SOC-2 certified technology stack and undergoes regular penetration testing and IT audits
- Clients can opt-in for instant transfer at a small fee. This option is subject to availability of a particular coin on a specific exchange
- The collateral held in BEQUANT is placed in air gapped cold storage wallets
- To ensure the best service, we maintain a 24/7 operations team to create accounts, move funds when you need it and resolve ad-hoc requests
- All wallets across all exchanges within prime brokerage services are whitelisted and access rights are distributed
- Transfers between client accounts are processed instantly (speed of transfer) depending on the network and internal exchange procedures



Prime Brokerage: Lending

BEQUANT offers both collateralized and uncollateralized lending to new and existing clients. Our lending service is structured as a credit line facility and varies depending on credit quality and strategy.

Our lending structure includes

- Leveraged Loan: A digital asset loan which constitutes a multiple of the existing user's digital assets held in their account, and for use with the BEQUANT digital asset services
- Leveraged Loan Facility: A digital asset loan which constitutes a multiple of the existing user's digital assets held in their account, and for use with the BEQUANT digital asset services on a rolling basis
- Uncollateralized Loan: A digital asset loan which is uncollateralized by any collateral security, and for use with the BEQUANT digital asset services

Our leverage amounts are determined by the risk committee and will be between 1:2 - 1:9

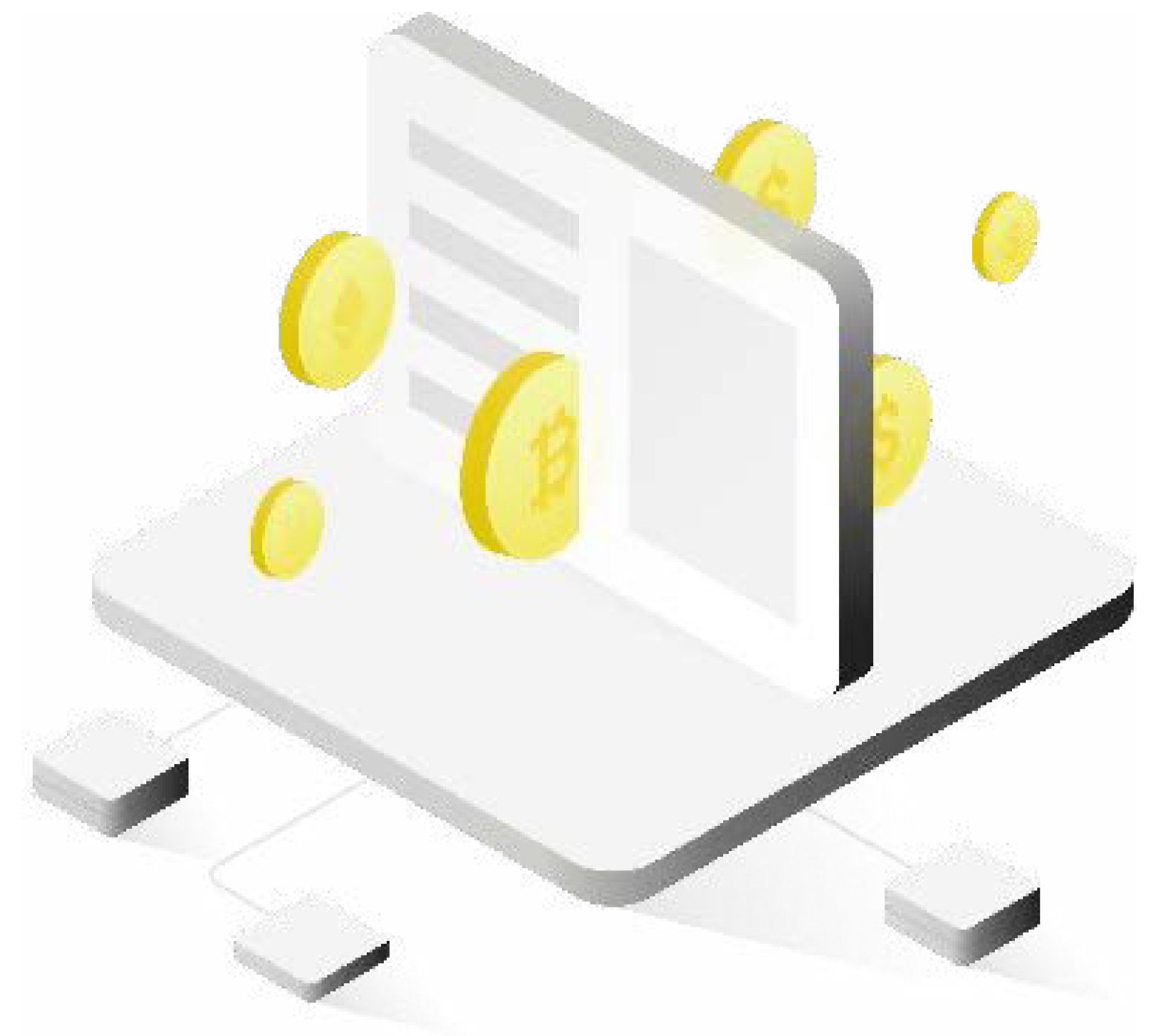


Prime Brokerage: Fees and Minimum Requirements

We do not charge an account maintenance fee. Keeping that in mind, we do anticipate a client should hold a minimum account balance of \$100,000.

BEQUANT prime brokerage services are offered to professional investors only. A professional investor is described as a client who has worked in the financial industry, is an active trader or classifies as a High Net Worth individual.

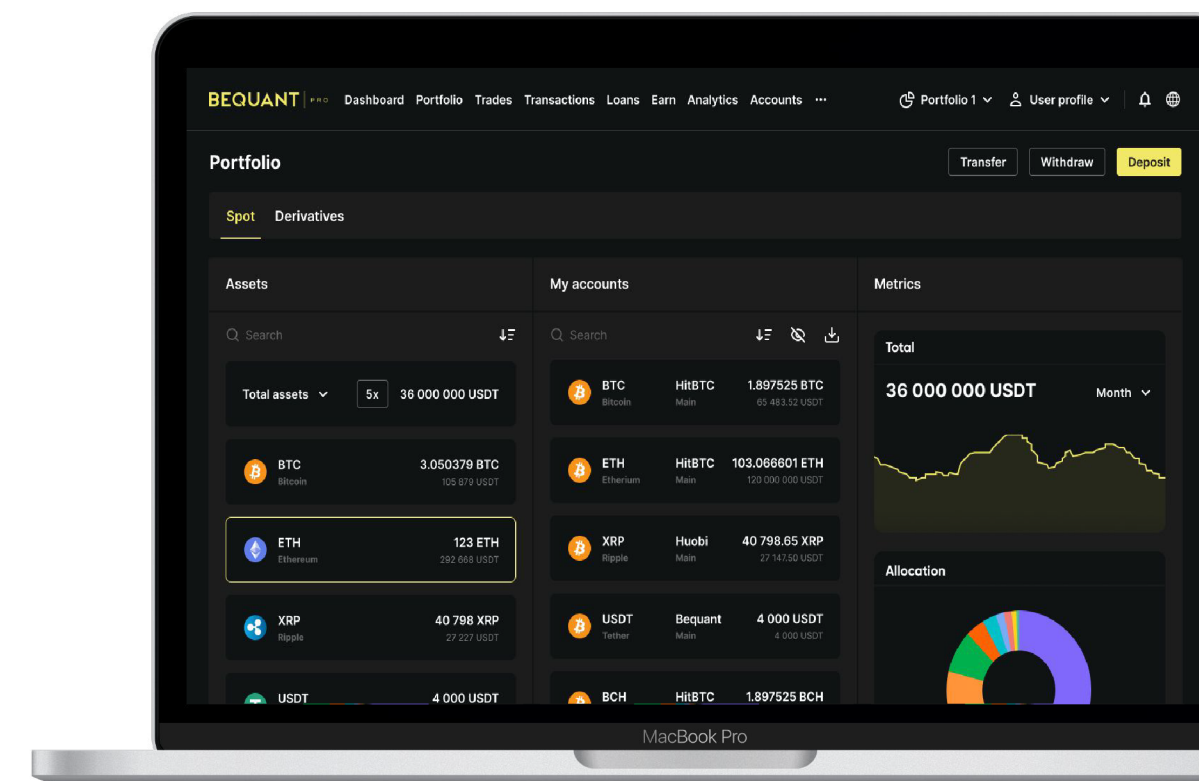
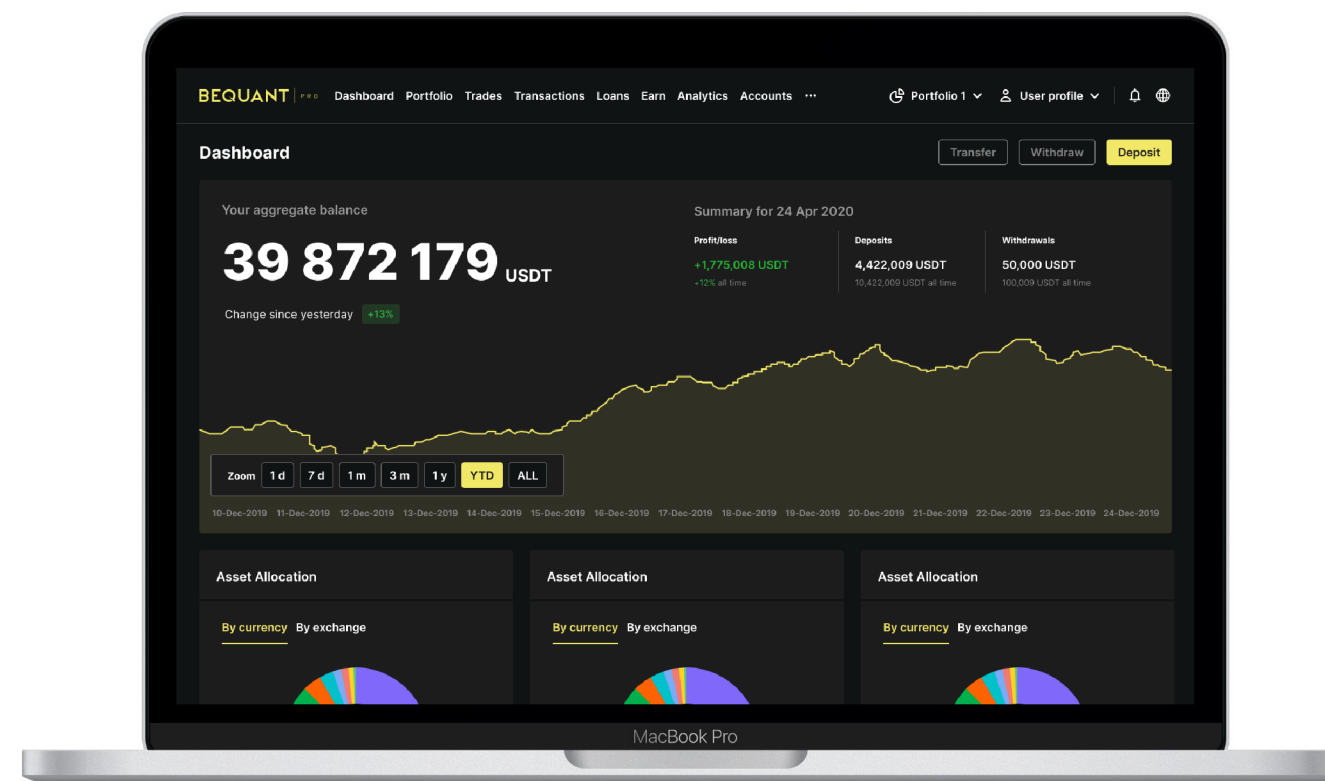
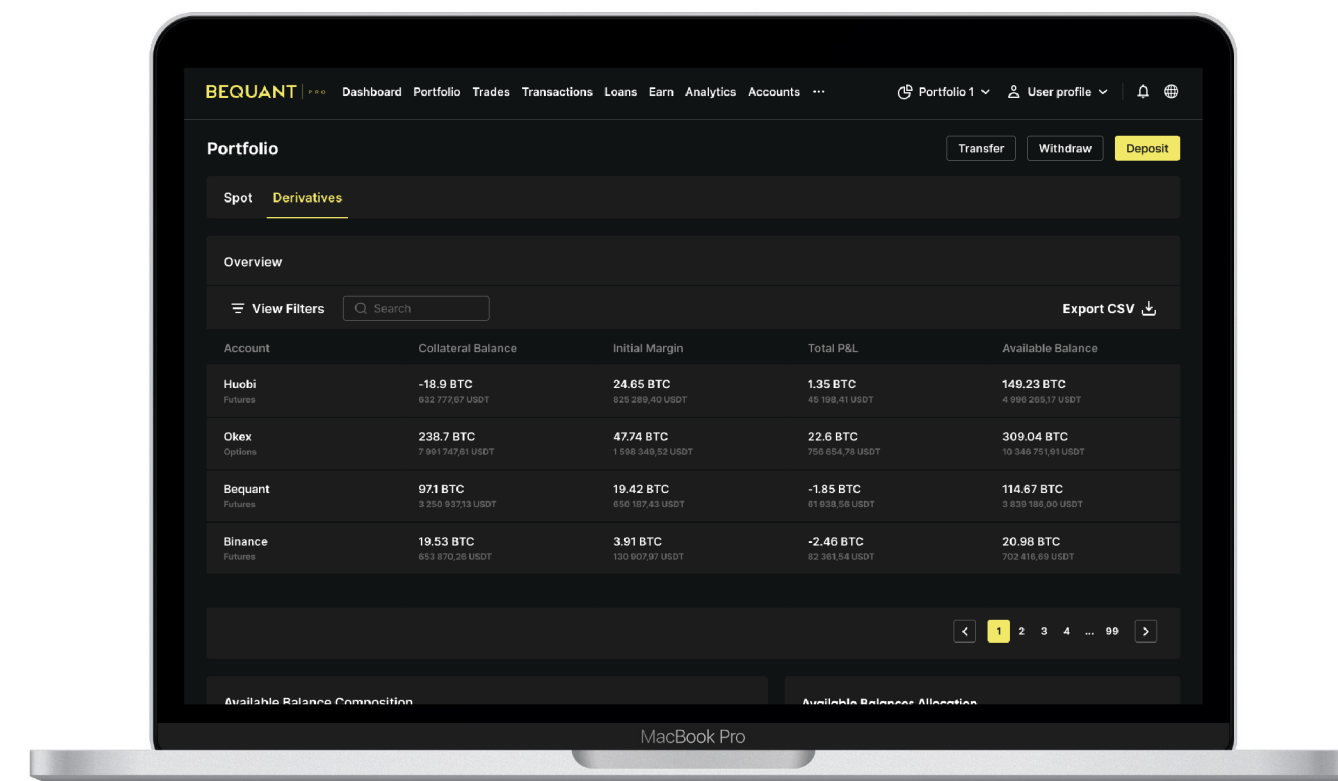
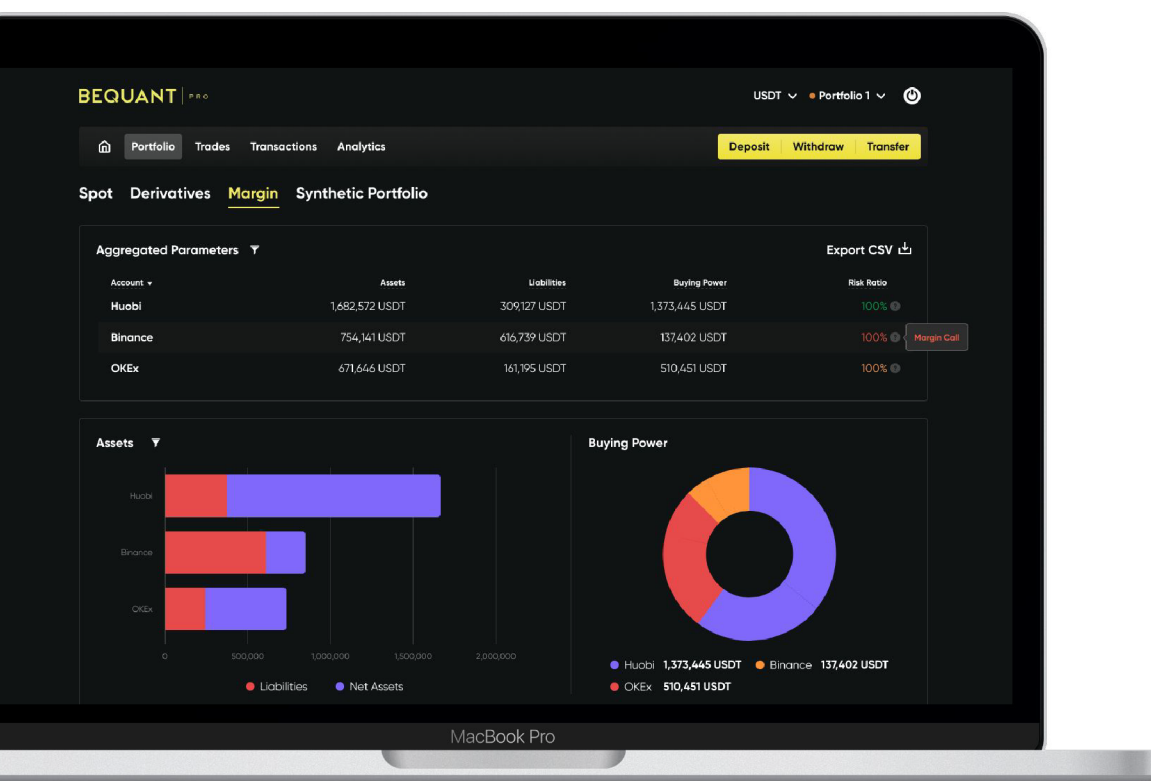
Our business model works on a transaction commission markups basis which means our clients are able to achieve better execution costs via aggregating flow through Bequant Pro.



Prime Brokerage: Customer Dashboard

BEQUANT Pro customer dashboard allows clients to:

- Transfer coins between exchanges, accounts and custodians via on-chain transfers or using the unique instant transfer functionality
- Request, manage, store and retrieve API keys from the accounts
- View margin status across portfolio and per venue
- View and download trades, fees and transactions
- View balances and positions
- View composition of portfolio
- View historical profit and loss



Institutional Trading Platform for Crypto-Assets

BEQUANT has partnered with Omniex, a leading financial services technology company providing a suite of solutions for the access, trading, and management of crypto and digital assets.

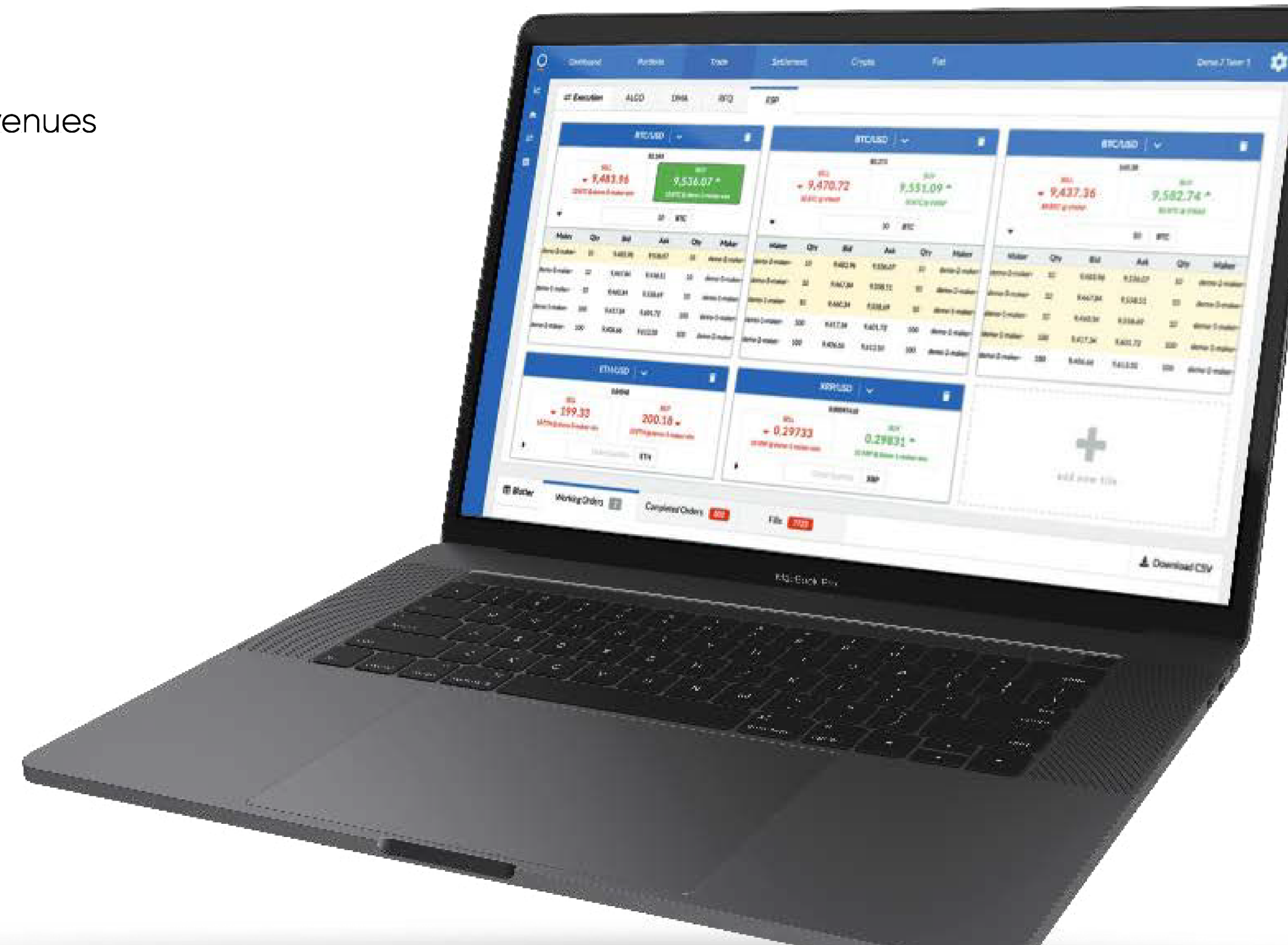
Omniex are delighted to present a set of products to complement the existing BEQUANT product portfolio, bringing you more choice and access to the institutional market.

The product set includes:

- Web terminal with aggregated order books
- Trade Cost Analysis tools
- Smart Order Execution
- Single FIX/ API access to multiple venues

BEQUANT Pro is vendor agnostic and our clients can choose from an array of the order management systems to support direct market access. We can make introductions to TradingScreen, Talos, AlgoTrader, Deltix, Blocksize Capital, Viking, ZagTrader, MetaTrader, TradeSanta, 3Commas and more...

For more information, please email brokerage@bequant.pro



Future Developments

Q 2021/2022

- Bitmex, Coinbase, Poloniex and Liquid exchanges integrations
- Interest bearing accounts allowing to leverage best of CeFi and DeFi worlds.
- 3rd party custody integrations
- Improvements on risk visualisation and controls
- Streamline deposits and withdrawals
- Automate fees and allow for fee report analytics
- Integration of 3rd party data sources to provide insights for better trading, signals, news, charts, etc
- Instant transfers for EUR and USD between exchanges supporting iat
- RFQ/OTC block trade functionality via web or API



BEQUANT | EXCHANGE

Exchange and Liquidity Provision Services



Next generation of digital asset exchange

Regulated credible jurisdiction

BEQUANT Exchange Solution

After launching 2 years ago, BEQUANT Exchange has 600+ active clients of which 120+ are professional and institutional traders

Regulated

- First to receive Maltese Class 4 Virtual Financial Assets License*
- License allows to control clients' money, VFA and cryptographic keys, and perform nominee services

Wide range of financial products

Liquid

- Shared liquidity pool with a number of established retail exchanges such as Changelly and Bitcoin.com
- 140+ trading pairs against major cryptocurrencies, stablecoins and USD, EUR, GBP

Robust stable technology

FIX Connectivity

- Separate connections to low-latency L2 Data
- FIX Multicast data
- Core matching engine based in UK in LD4, premium data center operated by Equinix

Fastest connectivity

Colocation

- Low latency lines to major exchanges
- Ecosystem network via FIBER lines

Top liquidity in the crypto market

BEQUANT Exchange offers:

BEQUANT Exchange is supported by the best in class market makers operating via our prime brokxerage setup. **We are able to provide superior spreads and lowest execution commissions which means we can provide truly the best execution in the market across a wide range of pairs**

BEQUANT | EXCHANGE

- Over 40 coins listed with EUR, USD and GBP
- Post trade settlement available for qualiiied clients
- Over a 100 pairs

Chart represents spreads for BTC/USD for 0,1BTC across Binance US, Coinbase, Kraken, Bitstamp and BEQUANT (green)



BEQUANT Exchange Connectivity

The BEQUANT Exchange matching engine is based in LD4, a premium state-of-the-art data center operated by Equinix. The data center offers a full range of colocation, interconnections and a secure digital ecosystem.



FIX Connectivity

**Fastest Connectivity Option.
Market Data & Order Routing.**

- Separate connections to low-latency
- FIX multicast data
- Multiple logins possible with 1200 transaction per second capacity
- Alternative connectivity possible via REST API or WebSocket



Colocation

**Global Connectivity Hub.
Hosted or Cross Connected Solution.**

- Power: starting at 4-8 Amps
- Internet 10Mbps +
- Ecosystem network via FIBER lines
- VIP Rack is limited to 21 Units
- Virtual Machines are available for hosted clients



Services

- Fully redundant infrastructure with a variety of additional services
- Smart hands available on short notice/provided by Equinix
- Historical market data available
- 24/7 Dedicated IT support team who can assist with the setup and ongoing technical support

Research and Market Insights

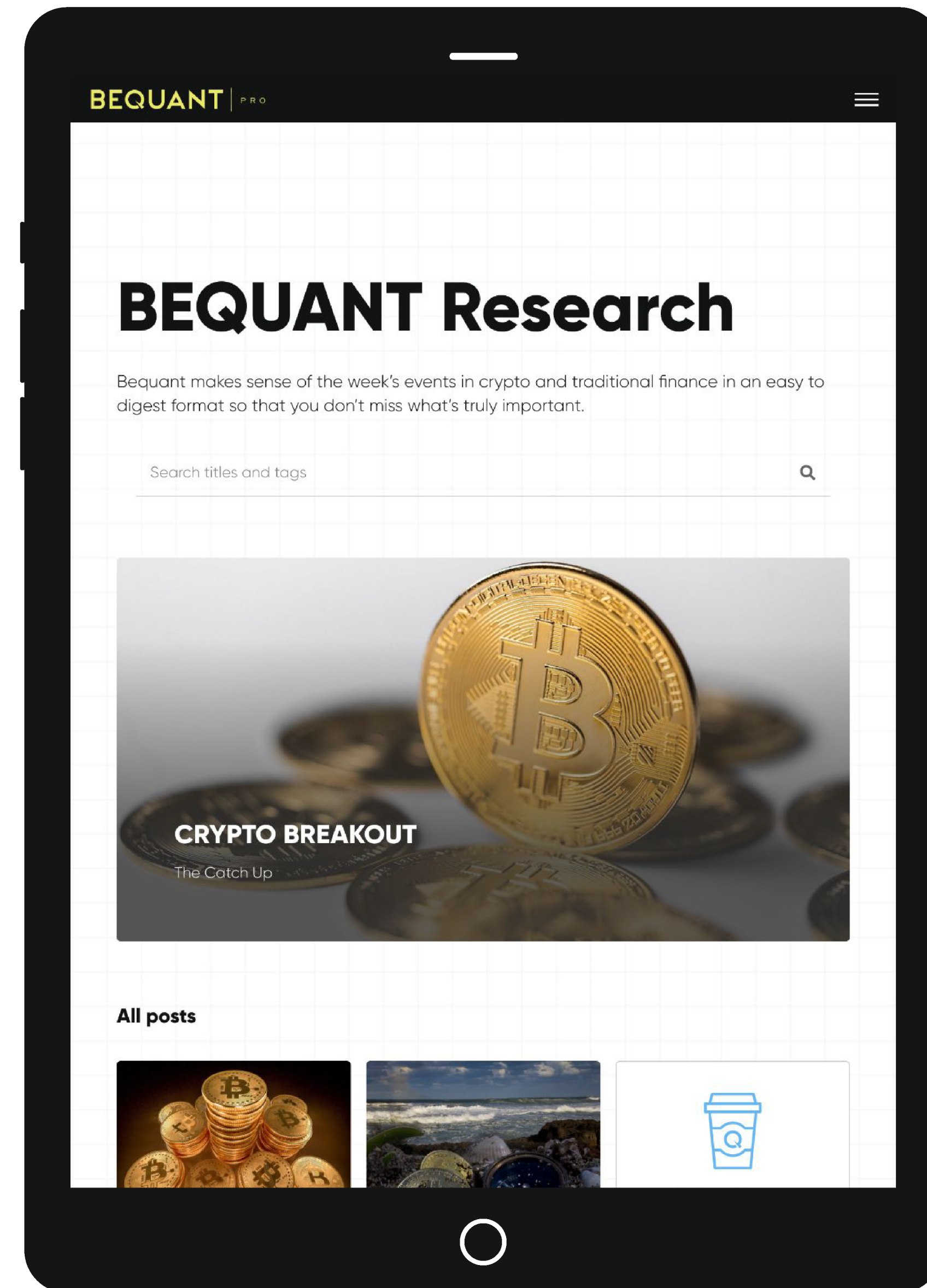
BEQUANT Insights provides a weekly review of key macro and digital news and developments to keep you up to speed on what's relevant in both worlds and how they collide.

Our research department produces:

- Weekly market wraps
- Monthly quantitative reports
- Strategic and market driven research notes on key market developments as they happen

BEQUANT insights can be accessed through our website: bequant.pro/insights and by subscribing to our research newsletters.

Number of subscribers: **5000+**



Regulatory issues in the media

CITYA.M.
Bitcoin all-time high coming soon, analysts
Darren Parkin

ARAB NEWS
China crypto crackdown reveals scale of digital yuan ambitions

Investing.com
Bitcoin ETF? Institutional Interest Is

INTERNATIONAL INVESTMENT
Crypto experts react to Ba

CITYA.M.
Ukraine set to become next country to make Bitcoin legal tender

REUTERS
Future of Money
U.S. futures-based bitcoin ETF

RTÉ
"China has been known to go to extremes with either very assertive statements and prosecutions to complete radio silence," said George Zarya, CEO of Bequant crypto exchange in London.
"This time the point was made very clear that China will not support

FINANCIAL TIMES
Wall Street trading groups step up incursion into crypto markets
That puts them up against specialist crypto trading firms such as Genesis, B2C2 and Bequant, and potentially other exchanges. On Wednesday US-listed crypto se said it had applied to become a futures commission merchant,

CNBC TV18
Bitcoin prices rise 5% to \$51,711

THE TIMES
Bitcoin soars after ETF listing
Bitcoin hit a six-month high and moved closer to its record level yesterday as traders bet that the listing of the first US bitcoin-linked exchange-traded fund (ETF) could signal the start of big investment into cryptocurrencies.
The ProShares Bitcoin Strategy ETF began trading in New York following the
Rich seam for traders? Bitcoin mining machines in Texas
Street it was at \$41.64

INSIDER
Bitcoin metrics have suggested that some of the froth is settling down. The number of **active addresses** and the cost of funding bullish bitcoin futures bets both have not fully recovered from April highs. At the same time, **interest in altcoins** like **cardano** is reaching all-time highs.

REUTERS
On Monday, Bank of America Corp published its first research coverage focused on cryptocurrencies and other digital assets as other mainstream financial institutions strengthen their involvement with the asset class.
"The banks are capitulating one by one," said Martha Reyes, head of research at digital asset prime brokerage and exchange BEQUANT. "For those of us working in the space, the fact that it's too big to ignore is hardly news, and the regulators certainly aren't ignoring it."

THE ECONOMIC TIMES
China's decision to declare crypto illegal sparks panic sales in India

Bloomberg
Day-Trading Army Goes All-In on NFTs as Meme-Stock Mania Ebbs

Regulation

Bequant is MFSA (Malta) regulated. The Financial Intelligence Unit is part of the MFSA. It provides guidance and deals with suspicious transaction reports.

On site visits

We are required to:

- Have systems and controls in place to minimize exposure to terrorism financing and money laundering activity
- We identify and verify the customer, and make note of any distinguishing features (flags).
- Conduct regular training and governance structure to implement systems and controls
- Focus on developing a culture within the organization that employees can flag suspicious behavior
- Horizon scanning for example, on the travel rule but details have not been given (may not have full visibility)
- Knowledge, suspicion and reasonable grounds are reasons to file a report.
- MICA (Markets in Crypto Assets) is an EU initiative focused on the travel rule. Regulation is still in the consultancy phase, and will likely be adopted in 2023.
- We may see fintech type regulation in digital assets and we need to ensure that we have the necessary systems to supervise additional regulation.
- Chainalysis monitor any exposure to high risk via onchain metrics

BEQUANT

BEQUANT Headquarters- Malta

5B, Office 2, Spinola Residence, Spinola Road
St. Julians. STJ 3012, Malta

+356 2778 1481
support@bequant.pro

BEQUANT Servicing- London

99a Mews Street, St Katharine Docks,
London, UK, E1W 1BD

+44 (0) 20 3893 3214
brokerage@bequant.pro