

MaiCoin

Fundstrat Digital Assets Research



TL;DR

- A market-leading cryptocurrency exchange serving retail and institutional investors
- Expansion of crypto products will further fuel growth in areas of demand (DeFi & NFT)
- Compliance first approach provides long term advantage over growth-focused competitors
- **Risks:** Geopolitical risks from China, crypto regulatory risks, laggard market adoption, competition by global incumbents

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Bloomberg: FSGA <<GO>>;
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MaiCoin: A full-suite compliant exchange poised for growth

Founded in 2013, Modernity Financial Holdings Ltd. (“MaiCoin,” or the “Company”) is a leading cryptocurrency exchange in Taiwan. The Company offers brokerage services through MaiCoin, wallet and exchange services via MaiCoin Max, and merchant services to retail and institutional clients through AMIS Technologies. MaiCoin also owns a minority stake in MaiCapital, a regulated cryptocurrency investment vehicle.

- **Adoption tailwinds.** The global digital assets market has transformed from a monetary thought experiment to a fully-fledged financial ecosystem, crossing \$2.5 trillion in market cap in 2021. Top crypto assets have outperformed traditional financial assets, garnering significant interest from retail and institutional investors alike ([Slide 3](#)). This growth is also reflected in private funding, with venture capital deals showing 13.2x YoY growth ([Slide 4](#)). Centralized exchanges like MaiCoin are well-positioned to capitalize on this, serving as fiat on/off ramps into other decentralized exchanges while complying with local regulators ([Slide 6](#)).
- **Differentiated by strong leadership and strategic relationships.** In a competitive market for talent, MaiCoin’s management team holds extensive experience from top tier technology and finance institutions ([Slide 11](#)). The Company’s executive team is also supported by crypto-native leaders such as Vitalik Buterin (co-founder of Ethereum) and Charlie Lee (creator of Litecoin) ([Slide 12](#)). MaiCoin’s strategic connections to the Taiwanese government and other tech investors with crypto exposure serve as a key area of differentiation in a space where regulatory compliance is paramount for business longevity.
- **Expansion of full-suite crypto products to further fuel growth.** The Company is building on early features and adapting to market demand to offer its users a full-service crypto platform. MaiCoin’s flagship brokerage service will begin offering crypto-to-crypto trading pairs ([Slide 16](#)) on the back of 278% growth in KYC-compliant accounts. MaiCoin Max will add margin trading, sub-accounts, passive investment products, and savings accounts ([Slide 17](#)) to bolster north of \$4 billion in 2021 trading volume. Given the rising popularity of Decentralized Finance (DeFi), AMIS will add institutional staking ([Slide 21](#)) to its custodial services. MaiCoin also made a strategic investment in a centralized NFT trading platform, responding to market demand in the space.
- **Resilient economy coupled with limited local competition.** Taiwan maintains a highly skilled workforce. Due to their established technology and financial sectors, the country is home to 0.3% of the world’s population but has 1.12% of the world’s total wealth ([Slide 26](#)). This surplus in savings rate is also reflected in securities markets, where YTD August 2021 trading volume increased by 107% from 2020. Moreover, crypto competition in Taiwan is limited – MaiCoin currently commands approximately 70% of crypto brokerage/exchange market share in Taiwan. As new users tread further out on the risk curve towards cryptoassets, market leaders like MaiCoin will stand to benefit as a source of credibility due to its dominance ([Slide 28](#)).
- **Compliance-first approach.** Crypto exchanges have historically had the option to prioritize growth or compliance. While Binance has reaped rewards from growth early on, it has recently been forbidden from operating in several countries and missed out on a \$100 million financing round due to regulatory concerns. Similar to Coinbase, we view MaiCoin’s compliance-first approach to be more sustainable in the long term, especially as regulation catches up to adoption in the nascent space ([Slide 29](#)).
- **What are the risks?** Geopolitical risks as Mainland China encroaches on Taiwan and maintains a hawkish stance on crypto, unfavorable industry-wide regulatory rulings, slower than expected Taiwanese market adoption, stiff competition by global competitors ([Slide 37](#)).

Bottom line: MaiCoin is well-positioned to build on early-stage traction to capture market share as the Taiwanese demand for crypto exposure increases. Through its different business divisions, exposure to MaiCoin translates to a diversified bet on crypto markets in Asia. Their regulation-friendly approach gives them a longer-term edge over global competitors who sacrifice compliance for early-stage growth.



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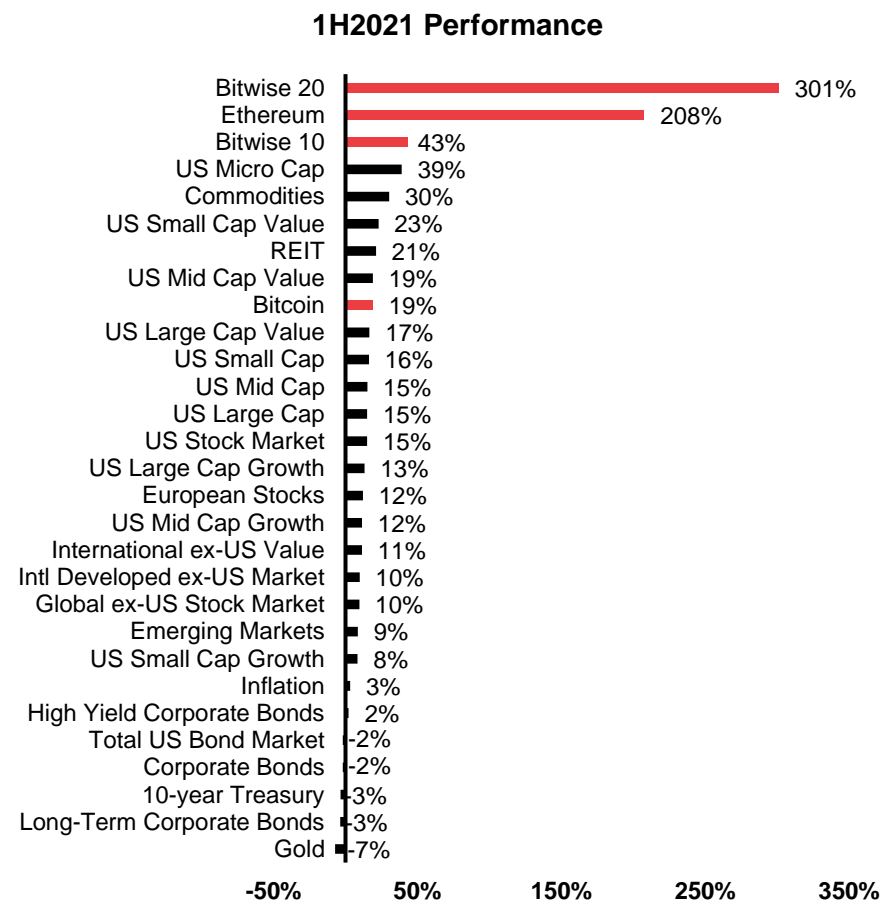
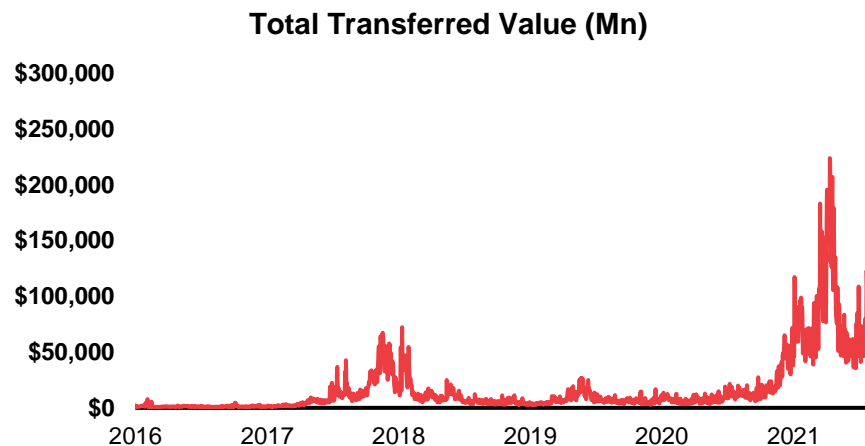
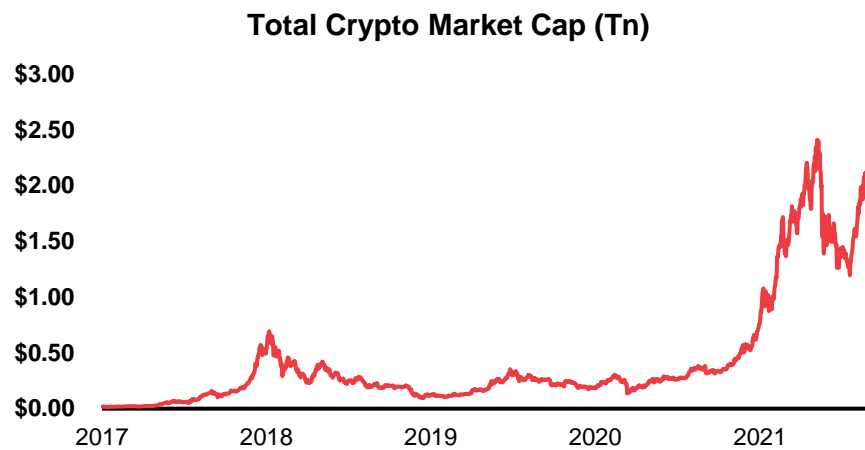


Crypto Has Shifted from Fad to Emerging Asset Class

Growth in crypto market cap and users reflect mass adoption

- The global crypto market has crossed \$1 trillion in total value and over 100 million users – putting crypto on a similar growth trajectory as the internet in the mid '90s.
- In the first half of 2021 crypto assets outperformed traditional financial assets, highlighting diversification benefits.
- We currently predict the price of leading cryptoassets Bitcoin and Ethereum to reach \$100,000 and \$10,500, respectively, within the next 3-6 months.

Figures: Total Crypto Market Cap, Global Internet & Crypto Users, 1H2021 Asset Performance



Source: FundStrat, University of Cambridge, Statista, Bloomberg

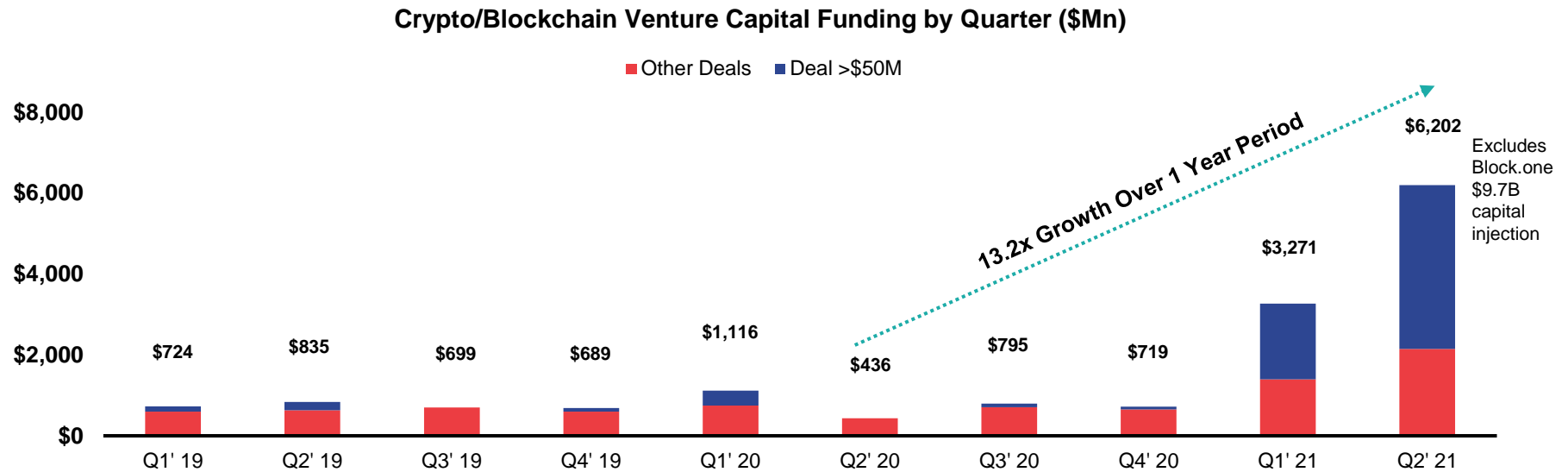


Venture Capital Rushes to Provide Capital to Crypto

Crypto assets under management (“AUM”) continue to grow

- An outstanding 497 venture capital deals took place during 2Q21, totaling \$6.2 billion in aggregate value, highlighting the demand for private capital in the crypto/blockchain space. Crypto financial services companies, infrastructure-focused companies, and tokens gained the most venture capital interest in 2021.

Figure: Crypto/Blockchain VC funding by quarter, since 2019



5 Largest Regulated U.S. Digital Asset Managers Hold over \$55B of Crypto



~\$50B AUM

~\$3.8B AUM

~\$1.1B AUM

~\$1.3B AUM

~\$1.0B AUM

Source: Fundstrat, Bloomberg, Yahoo Finance, The Block, Grayscale, Pantera Capital, Bitwise, Galaxy Digital and Wave Financial



A New Asset Class, The Floodgates Open

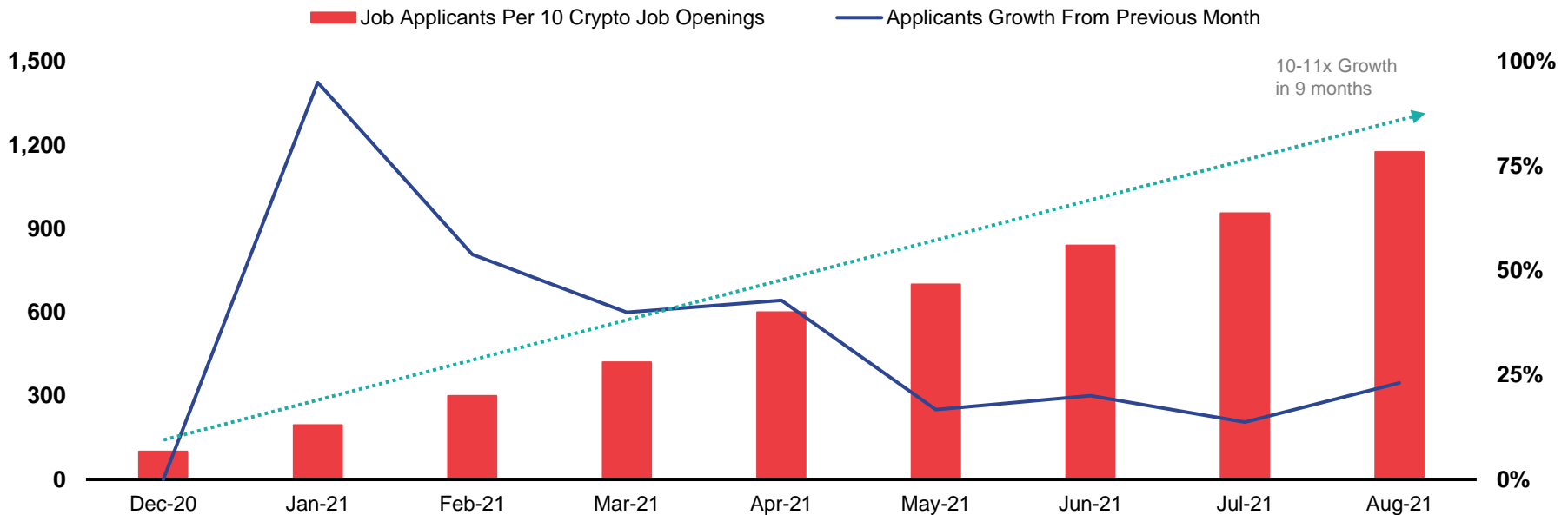
Traditional finance and tech companies scramble to hire crypto talent

- Increased interest in digital assets has companies struggling to find experienced candidates. In order to be competitive and attract talent, companies are increasing salaries and offering additional company perks.
- Over the past nine months, the number of applicants for crypto jobs has skyrocketed 10-11x, with January-April being the busiest months.

Figure: Companies are on a hiring spree, the fight to hire talent



Crypto Job Market Landscape



Source: Fundstrat, Crypto Recruiting Firms, LinkedIn, Indeed, Monster.com, Company Career Sites, Crypto.jobs



Spot Crypto Exchanges are Critical Infrastructure

Strengths and weaknesses of centralized and decentralized exchanges

- Centralized crypto exchanges (CEXs) are analogous to traditional financial exchanges like ICE whereby a corporate entity acts as a trusted middleman between buyers and sellers of a financial asset / fiat pair (i.e., \$AAPL/USD).
- Decentralized crypto exchanges (DEXs) replace middlemen with code on blockchains to facilitate swaps of crypto asset pairs (i.e., \$BTC/USDC).
- Centralized exchanges act as fiat on/off ramps into crypto and are thus tasked with satisfying regulators. They are also easier to target from a regulatory perspective given their corporate structure.

Figure: Centralized vs Decentralized Exchange Comparison

	Centralized Exchanges	Decentralized Exchanges
Structure	Order Book	Order Book or Swaps
Regulation	Easy to regulate, require licenses	Difficult to regulate, currently no license requirement
Liquidity	Highly liquid	Dependent on asset and liquidity provider behavior
Txn Speed	Fast (milliseconds)	Range from fast to slow depending on blockchain
Security	Single point of attack	Distributed security
Fees	High fees accrue to shareholders	Low fees accrue to liquidity providers
Custody	In-house or third party	Self custody / noncustodial

Organization



**Simplified organization of swaps-based DEX*

Source: Fundstrat

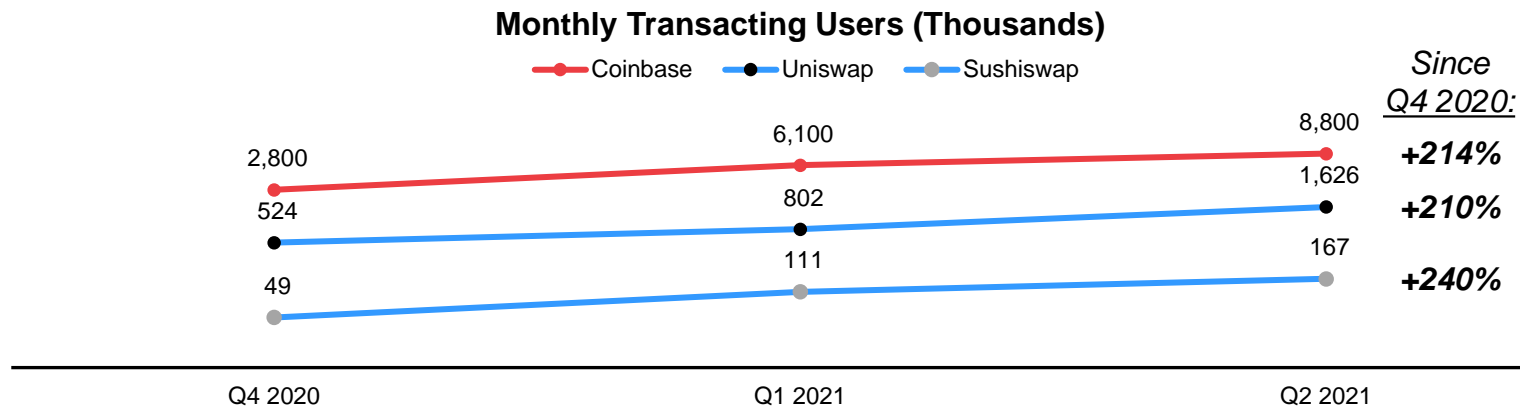
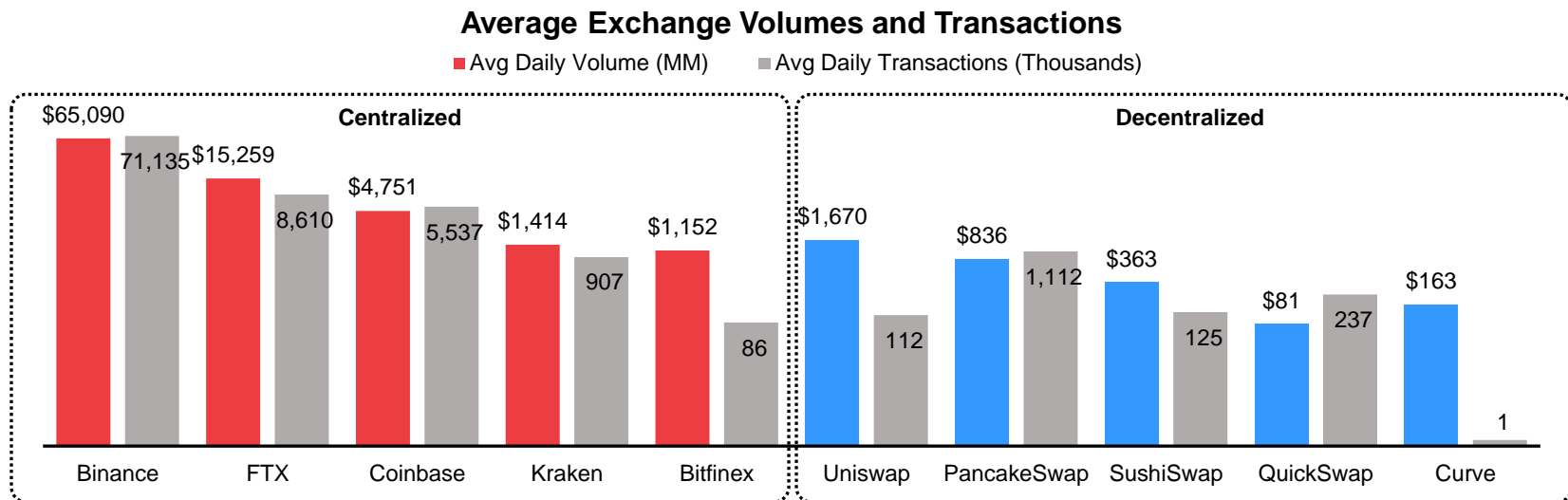


Spot Crypto Exchanges are Critical Infrastructure

CEXs own the lion's share of volume with comparable user growth

- As of August, decentralized exchange spot volume was just 7.5% that of centralized exchanges highlighting the fact that most market participants are opting to use the traditional exchange structure.
- However, in comparing monthly transacting user growth – top DEXs like Uniswap and Sushiswap are growing as fast if not faster than large CEXs like Coinbase.

Figures: Average Exchange Volumes, Transactions, Monthly Transacting Users



Source: Fundstrat, The Block, Dune Analytics @jeffshaw, Coinbase Company Filings



Top Digital Asset Exchanges in East Asia

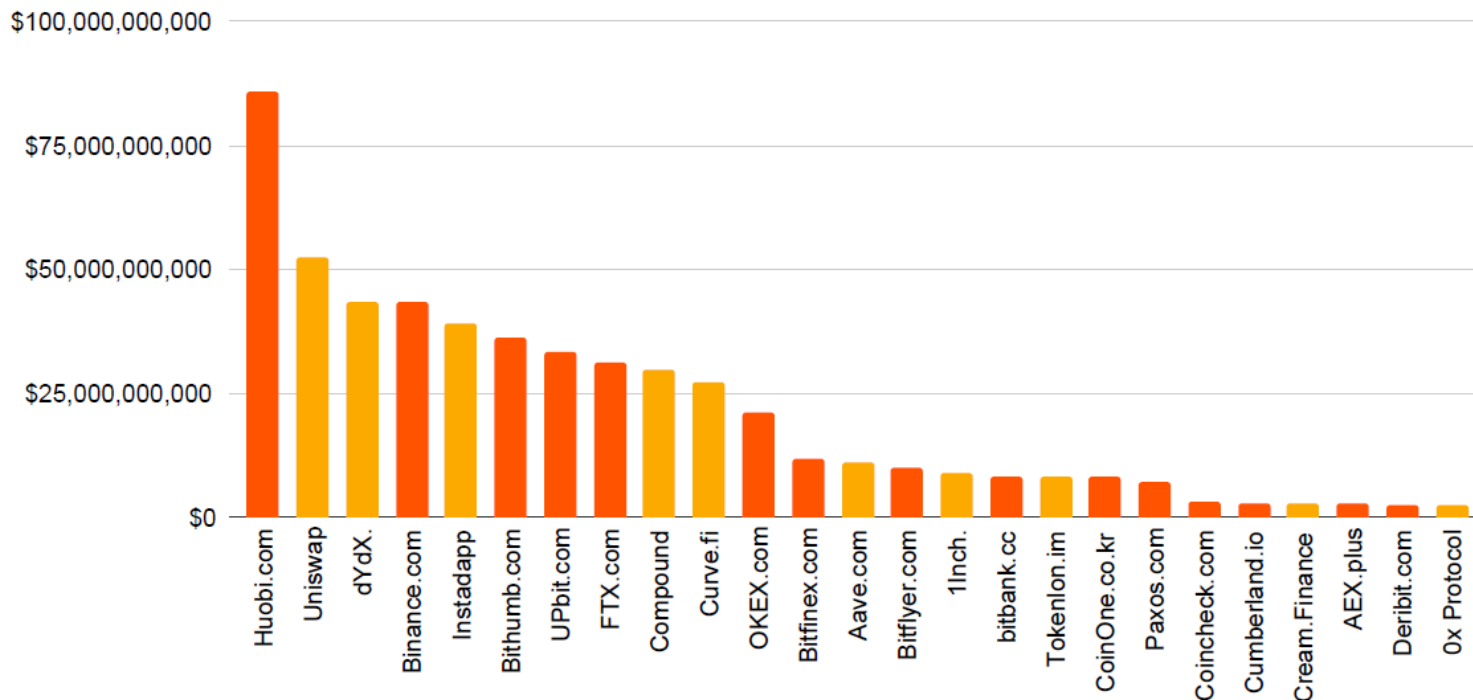
Binance and Huobi maintain top share of market

- Asia is home to a reported 107 active crypto exchanges. At the time of writing⁽¹⁾, the continent's crypto volume dominance stands at 47% compared to the rest of the globe.

Figures: Top Exchanges by Volume in East Asia (July 2020 through June 2020)



Top cryptocurrency services used in Eastern Asia by total cryptocurrency transaction volume



The above chart, featured in Chainalysis' 2021 Geography of Cryptocurrency Report, shows that Binance and Huobi dominated volumes in the East Asia region, but decentralized services are gaining market share. This is likely due to both market adoption of DeFi, as well as regulatory headwinds faced by centralized crypto exchanges.

(1) As of October 15, 2021; Source: Fundstrat, Chainalysis, Nomics



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MaiCoin Overview

The leader in centralized crypto services in Taiwan

Figure: MaiCoin Overview

⌘ MaiCoin Group

Blockchain Technology Company

Founded in 2013, Modernity Financial Holdings Ltd. (“MaiCoin”, or the “Company”) is a leading cryptocurrency exchange in Taiwan. The Company offers brokerage, exchange, wallet, and merchant services to retail and institutional clients.

Brokerage



MaiCoin

- **MaiCoin** operates the largest digital asset brokerage in Taiwan
- Platform allows users to purchase digital assets via app as well as in-person via 7-Eleven and Hi-Life convenience stores
- Accounts for 57% of consolidated revenue

Exchange



MaiCoin MAX

- **MaiCoin Max** is the largest digital asset exchange in Taiwan
- Offers real-time order book for fiat-to-crypto, crypto-to-crypto
- API, desktop, and mobile applications
- Accounts for 42% of consolidated revenue

Technology Solutions



A M I S

- **AMIS Technologies** was established in 2016 to provide blockchain solutions to the financial services industry

Investment Vehicle



MaiCapital

- MaiCoin owns a 25% stake in MaiCapital, a Hong Kong regulated, SFC-licensed cryptocurrency investment vehicle led by former Qualcomm and Rothschild Asset Management talent






Source: Fundstrat, MaiCoin

MaiCoin Leadership

Management and Board are equipped to navigate crypto in Taiwan



Figure: MaiCoin Management Team

Management				
				
Alex Liu	Sophia Chou	Ming-Hui Chen	Yu-Te Lin	Rex Li
CEO / Founder	CFO	COO	VP Engineering	VP Product Management
<ul style="list-style-type: none">• Previously held leadership positions at Hitachi, Samsung, Siemens and Qualcomm• Master in Electrical Engineering from Stanford University	<ul style="list-style-type: none">• Previously held leadership positions at Fubon International and China Life Insurance Company• Bachelor in Accounting from National Chung Cheng University	<ul style="list-style-type: none">• Previously held a leadership position at Fubon International• Master in Computer Information Science from University of Detroit Mercy	<ul style="list-style-type: none">• Previously held leadership positions at HTC, Dell, and Oracle• Master in Computer Science from Stanford University	<ul style="list-style-type: none">• Previously held leadership positions at Hua Nan Bank and CTBC Bank• Master in Financial Engineering from National Taiwan University

Source: Fundstrat, MaiCoin

MaiCoin Leadership

Management and Board are equipped to navigate crypto in Taiwan



Figure: MaiCoin Board of Directors and Advisors

Board of Directors



Alex Liu

- CEO/Founder of MaiCoin



Thomas Hu

- CEO/Founder of Kyber Capital
- Master of Science in Financial Engineering from Columbia University



Leo Seewald

- Former President of American Chamber of Commerce in Taipei



Koichi Kano

- Head of Digital Assets of SBI Digital Asset

Company Advisors



Vitalik Buterin

- Co-Founder of Ethereum



Charlie Lee

- Creator of Litecoin



Danny Yang

- MaiCoin Co-Founder



Ken Wilcox

- Former Chairman of Silicon Valley Bank

Source: Fundstrat, MaiCoin

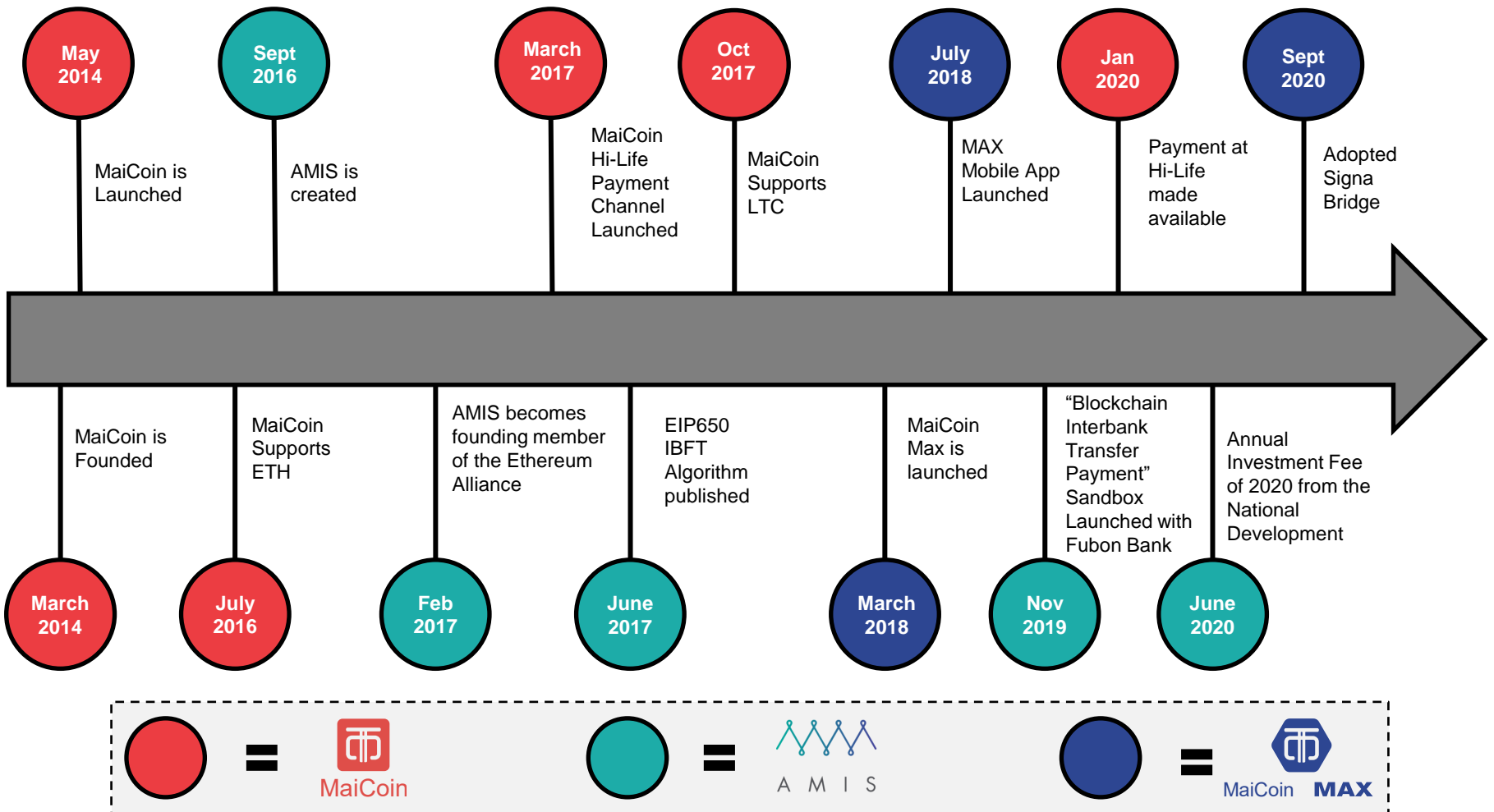


Company History

MaiCoin's 7-year history features numerous tech milestones

- MaiCoin has demonstrated a history of methodical growth in becoming Taiwan's leading crypto solutions provider.

Figure: MaiCoin Group Milestones



Source: Fundstrat, MaiCoin



Investor Base

Cap table features expertise in both crypto and Taiwan

Figure: MaiCoin Strategic Relationships

Strategic Taiwanese Government Relations



Taishin Holdings provides comprehensive financial services to the Taiwanese market. Taishin Holdings is comprised of several properties including Taishin Bank, Taishin Securities, Taishin Securities Investment Trust, Taishin Securities Investment Advisory, Taishin Venture Capital, and Taishin Asset Management, which use “innovative business models” to satisfy customer requirements.



Fubon Financial is a financial holding company located in Taiwan comprised of Fubon Asset Management, Fubon Insurance Co. Ltd., Fubon Securities, Fubon Bank, Fubon Life, Fubon Bank and Fubon Bank Limited.



The National Development Fund (the NDF) aims to improve the angel investment environment in Taiwan by provide capital to high-growth projects. The NDF, angel investors, domestic and foreign investment institutions will co-invest in startups and provide follow-on operating capital. The main objective of the NDF is to support high-risk startups.

Strategic Tech Investors with Crypto Exposure



The SBI Group is a financial services company based in Tokyo, Japan. SBI Group is currently pursuing investment in digital assets as one of their growth strategies. Companies affiliated with the digital asset-related businesses include SBI VC Trade, which invests in the cryptoasset exchange business, SBI Alpha Trading, the cryptoasset market maker, SBI Crypto, which specializes in cryptoasset mining, and SBI Crypto Investment, which invests in digital asset startup companies.

Headline

Headline (formerly Infinity Ventures) is a VC firm investing across geographies, leading rounds at every stage. Their early-stage funds are based in the US, Europe, Asia, and Brazil, and invest locally. The sizes and locations of these funds make it possible for us to see local trends up close and lead rounds at every stage. Notable investments include: Sonos, The RealReal, Creditas, Sorare, Pismo, AppFolio, goPuff, Acorns, Farfetch, Segment, Bumble and Yeahka.



Kyber Capital invests in high-growth companies focusing on DeFi technologies, disruptive financial services, machine intelligence, and cybersecurity solutions. Their value-add network covers New York, Silicon Valley, Paris, Tokyo, Beijing, Shanghai, Hong Kong, Singapore and Taiwan and aims to provide unique insights from entrepreneurs, practitioners, investors and regulators in financial industries and related technology ecosystem to portfolio companies.

Source: Fundstrat, MaiCoin



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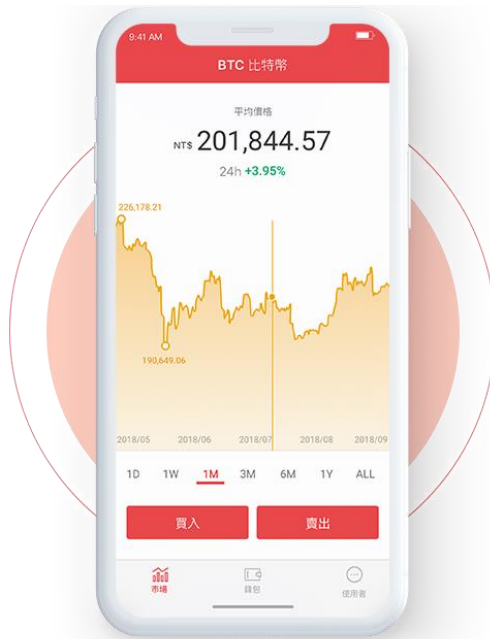


MaiCoin

Brokerage service with spread pricing looking to expand globally

- MaiCoin’s flagship product is a buy-and-sell brokerage offering market price visualizations, buy & sell functionality, standard custodial wallet services including transaction history and receive & send functions, and yield products (currently service BTC, ETH, and USDT).
- MaiCoin derives transaction revenue from a brokerage spread. Management has expressed confidence in the company’s ability to provide the best “all-in” price compared to competitors, regardless of spread model.

Figure: MaiCoin Product Overview



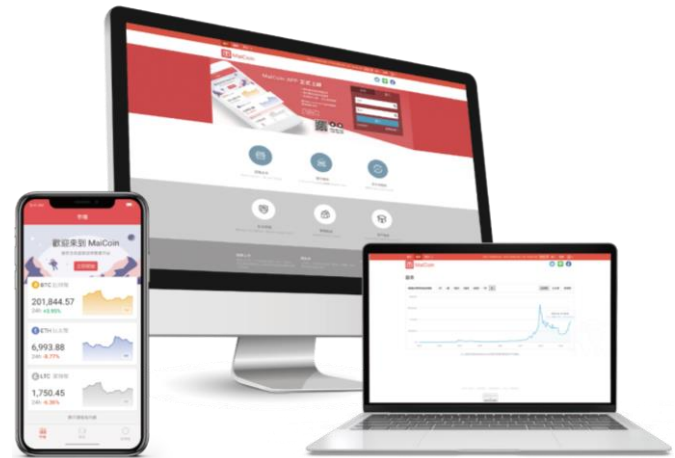
MaiCoin currently only services TWD-crypto transactions and therefore is geographically constrained. However, the Company plans to implement crypto-to-crypto transactions in the near term in an effort to serve a global audience.

Supported Assets

Ticker	Asset
AAVE	Aave
AXS	Axie Infinity
BTC	Bitcoin
ADA	Cardano
LINK	Chainlink
COMP	Compound
DAI	Dai
DOGE	Dogecoin
ETH	Ethereum
FIL	Filecoin
LTC	Litecoin
MAX	MAX Token
PAXG	PAX Gold
DOT	Polkadot
MATIC	Polygon
SLP	Smooth Love Potion
XLM	Stellar
USDT	Tether
GRT	The Graph
UNI	Uniswap
USDC	USD Coin
YFI	Yearn.finance

Other Highlights

- Minimum deposit of NT\$300 (Approximately \$10.72 USD)
- Users can deposit via online banking, ATM, or in person at 7-ELEVEN and Hi-Life convenience stores.
- Exchange is SSL encrypted and uses offline cold storage
- Secure user assets with AMIS threshold signatures and comprehensive monitoring



Source: Fundstrat, MaiCoin

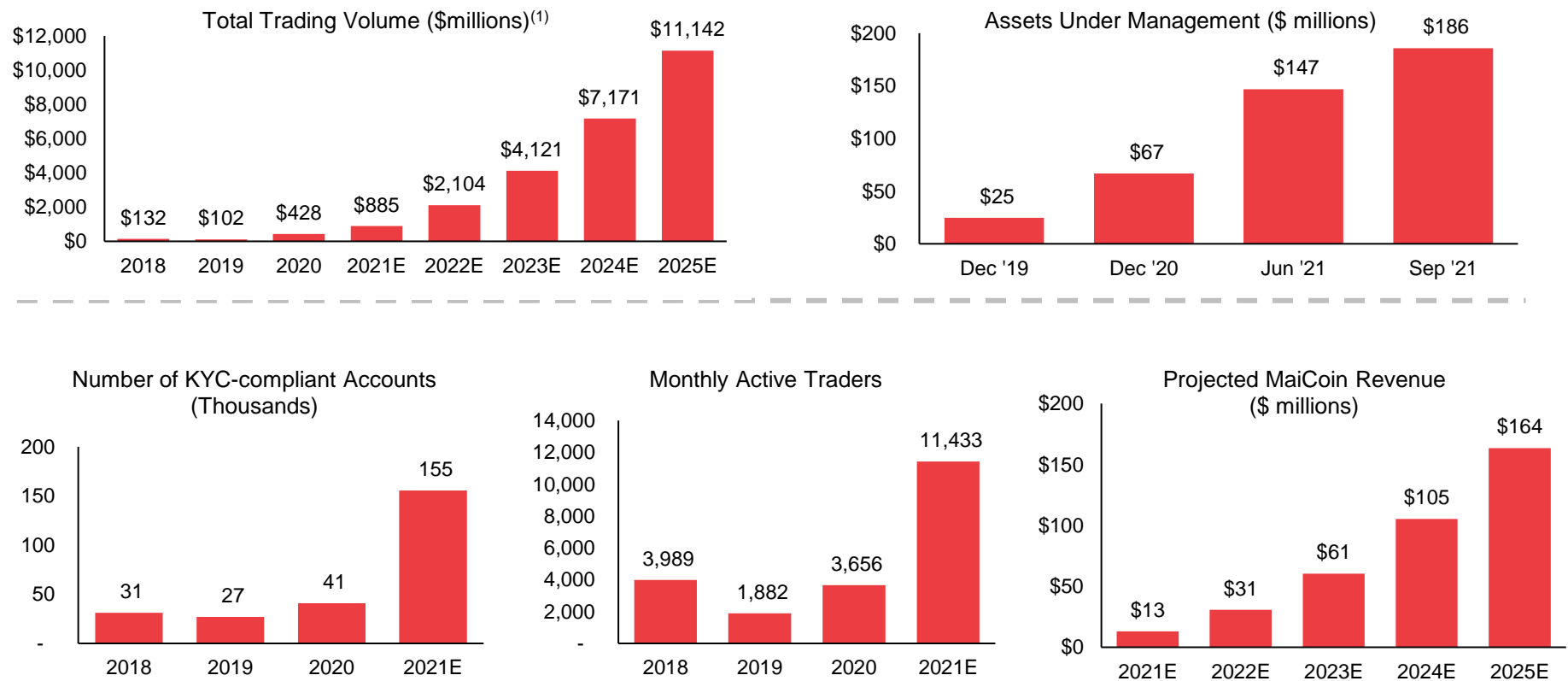


MaiCoin

Brokerage service with spread pricing looking to expand globally

- MaiCoin demonstrated substantial growth in accounts and volume in 2020 and is projected to continue this trend into 2021.
- Monthly active traders are on pace to increase over 200% in 2021, reflecting consistent usage among the newly onboarded customers.
- Management forecasts total trading volume and revenue to increase at an annualized rate of 88% from 2021 through 2025.

Figure: MaiCoin Performance Overview and Forecast



Source: Fundstrat, MaiCoin



MaiCoin MAX

The Company's P2P exchange service

- MaiCoin MAX is a peer-to-peer exchange that provides fiat-to-fiat and crypto-to-crypto transaction services. The app supports ordering, trading, deposits, and withdraws.
- Revenue is derived from MAX's market-making spread, which is strategically low to encourage high volume traders to use the platform.
- The Company is looking to add features that include margin trading, sub-accounts (for different strategies within the same account), passive investment products, and savings accounts.

Figure: MaiCoin Product Overview

Supported Trading Pairs		
USDT	TWD	BTC
MAX/USDT	MAX/TWD	ETH/BTC
BTC/USDT	BTC/TWD	
ETH/USDT	ETH/TWD	
BCH/USDT	LTC/TWD	
LTC/USDT	MITH/TWD	
MITH/USDT	BCH/TWD	
XRP/USDT	USDT/TWD	
BCNT/USDT	XRP/TWD	
SAND/USDT	BCNT/TWD	
USDC/USDT	USDC/TWD	
LINK/USDT	LINK/TWD	
DOGE/USDT	COMP/TWD	
COMP/USDT	GRT/TWD	
DOT/USDT	DOGE/TWD	
ADA/USDT	ADA/TWD	
	DOT/TWD	

The exchange's native token, MAX, is rewarded to users for interacting with the platform. It can be staked, and users will earn interest on their holdings should they reach a certain level.

MAX employs a maker-taker model to calculate trading fees based on the volume traded. **Maker fees** apply if your limit order is added to the Order Book and another order is placed that matches your order. **Taker fees** apply if your limit or market order that you place is matched with an order already existing on the Order Book. Below are pricing tiers at various levels of volume and amount staked.



Level	30d Trade Volume (TWD)	MAX Staked	Maker Fee	Maker Fee (Promote)	Taker Fee
VIP 0	>= 0	>= 0	0.050%	0.045%	0.150%
VIP 1	>= 3,000,000	>= 500	0.045%	0.036%	0.135%
VIP 2	>= 10,000,000	>= 3,000	0.040%	0.028%	0.120%
VIP 3	>= 30,000,000	>= 10,000	0.035%	0.000%	0.105%
VIP 4	>= 150,000,000	>= 10,000	0.030%	0.000%	0.090%
VIP 5	>= 300,000,000	>= 10,000	0.025%	-0.008%	0.075%
VIP 6	>= 600,000,000	>= 10,000	0.020%	-0.008%	0.060%
VIP 7	>= 1,000,000,000	>= 15,000	0.010%	-0.008%	0.055%
VIP 8	>= 1,500,000,000	>= 15,000	0.000%	-0.008%	0.050%
VIP 9	>= 2,000,000,000	>= 15,000	0.000%	-0.008%	0.045%

Source: Fundstrat, MaiCoin

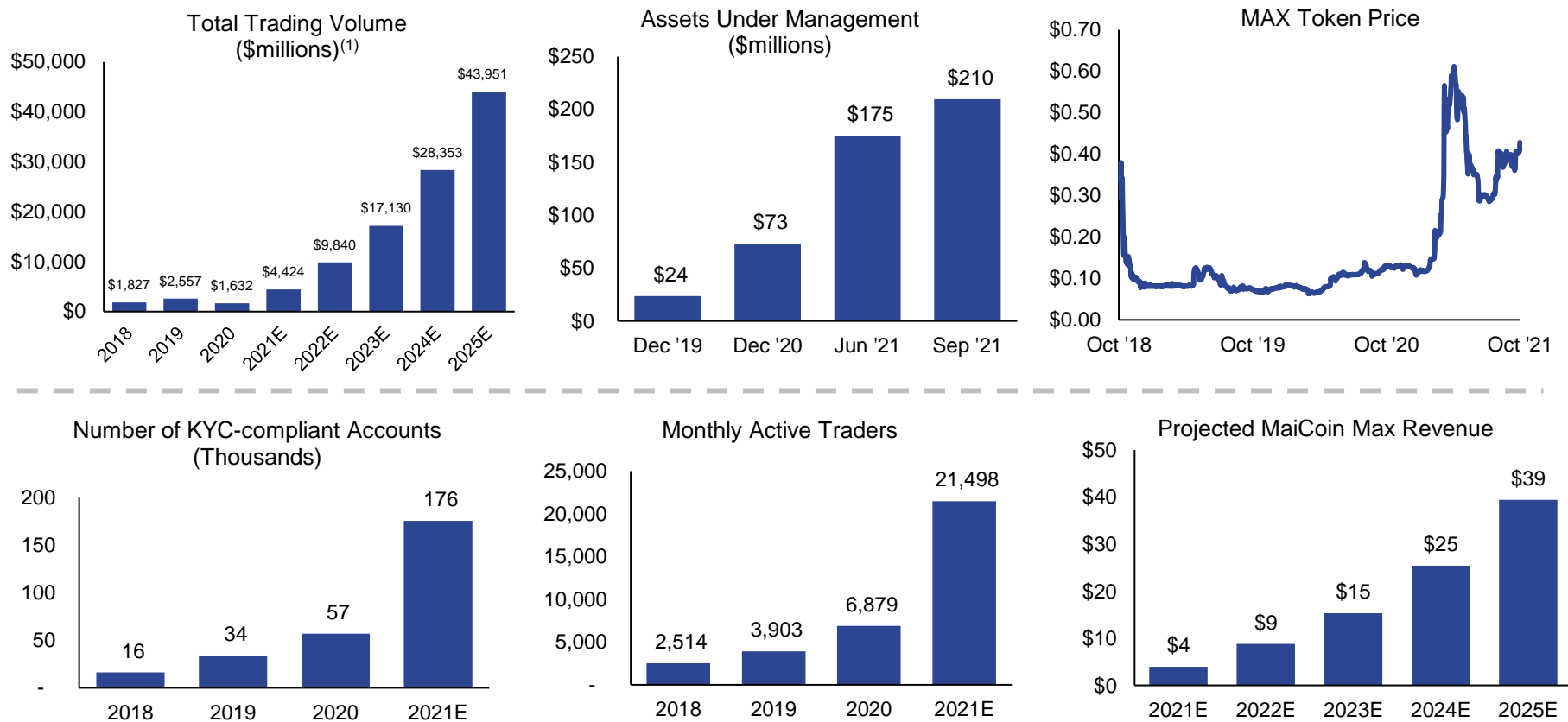


MaiCoin MAX

The Company's P2P exchange service

- Despite 67% growth in accounts in 2020, volume for MaiCoin MAX declined in 2020. It has since rebounded and is on pace for a 320% increase in 2021.
- Similar to the MaiCoin product, monthly active traders are on pace to increase over 200% in 2021, reflecting consistent usage among the newly onboarded customers.
- Management forecasts total trading volume and revenue to increase at an annualized rate of 78% from 2021 through 2025.

Figure: MaiCoin MAX Performance Overview and Forecast (As of October 2021)



Source: Fundstrat, MaiCoin



AMIS

Bridging the traditional and decentralized worlds of finance

- **AMIS provides security and accessibility for blockchains and cryptoassets, with the goal of allowing customers to adopt blockchain technology with ease and confidence.**
- **Founding member of the Ethereum Enterprise Alliance (EEA).**
- **The future AMIS roadmap includes plans to offer institutional staking services (see slides 22 and 23).**

Figure: AMIS Offerings

Products	Services
<p>Digital Asset Custody – AMIS offers institutional-grade key management services. They apply advanced protocols and cryptographic systems to ensure that assets remain securely under a company’s control.</p> <p>Blockchain Consulting – AMIS consults on asset custody, private and consortium blockchains, cryptography, and general blockchain technology.</p> <p>Hierarchical Threshold Signature – Allows companies to employ multiple levels of approval in a cryptographic signature without revealing the private key.</p> <p>Wallets – Full stack of wallet solutions for a wide array of use cases.</p>	<p>Blockchain Applications – AMIS will apply their expertise in constructing private and consortium blockchain applications.</p> <p>Hierarchical Threshold Signature – Consult on the implementation of a multi-level signature tool.</p> <p>Blockchain Consulting – AMIS consults on asset custody, private and consortium blockchains, cryptography, and general blockchain technology.</p>

AMIS in Practice	Qubic
<ul style="list-style-type: none"> • JP Morgan’s private blockchain Quorum (Sold to ConsenSys in 2020) adopted of AMIS’s Istanbul Byzantine Consensus algorithm • Taipei Fubon Commercial Bank and Taishin International Bank use AMIS blockchain technology to facilitate large transfers and payment services 	<ul style="list-style-type: none"> • Digital asset wallet that supports cryptocurrencies and NFTs built and maintained by AMIS • Allows users to purchase digital assets with credit cards • SOC 2 compliant



Source: Fundstrat, MaiCoin

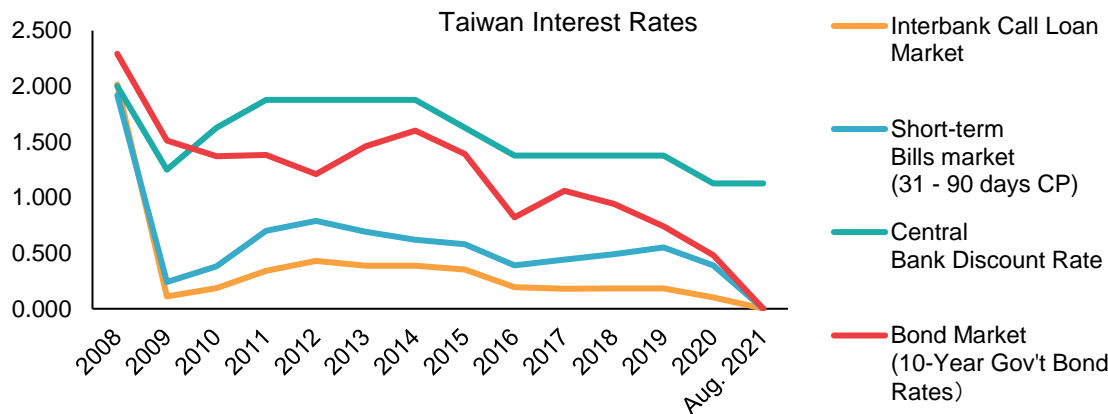
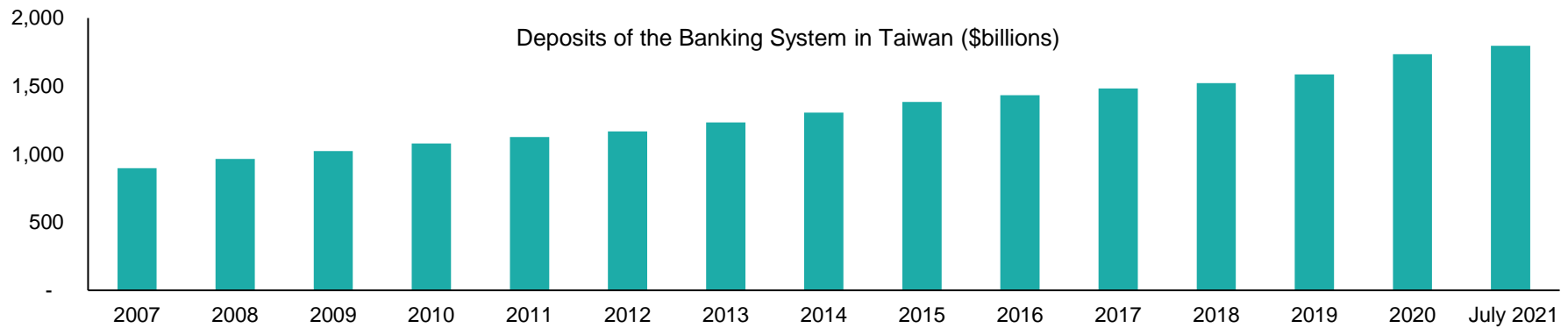


AMIS Institutional Staking Opportunity

Taiwan is home to a vast supply of capital in search of yield

- According to the Credit Suisse 2021 Global Data Wealth Book, Taiwan is home to 0.3% of the world's population but 1.12% of the world's total wealth. Taiwan's wealth per adult increased from \$92,928 in 2000 to \$238,862 in 2020, indicative of established technology and financial sectors. The country ranks 15th globally in high-net-worth (HNW) individuals and, as evidenced by the chart below, has witnessed a steadily increasing level of savings deposits since the GFC in 2008.

Figure: Bank Deposits in Taiwan



Consistent with global trends, Taiwanese investors have suffered from historically low interest rates following the GFC. Taiwan's demographics coupled with a wavering fixed income market may present an opportunity for adoption of institutional staking solutions.

Source: Fundstrat, MaiCoin, Credit Suisse, Banking Bureau, Financial Supervisory Commission

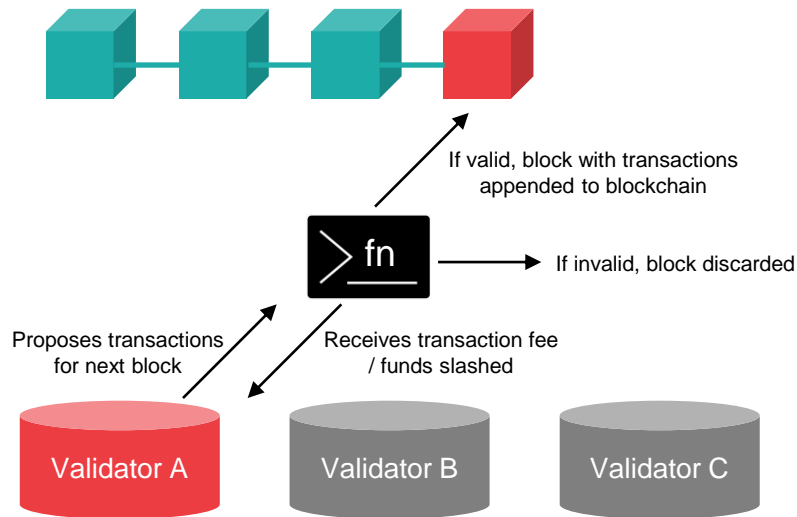


AMIS Institutional Staking Opportunity

Proof-of-Stake allows users to earn yield on otherwise idle assets

- **Proof-of-stake (PoS)** platforms have benefitted from environmental tailwinds as these protocols are perceived to be more energy-efficient than Bitcoin or Ethereum (in its proof-of-work stage). As a result, capital has flooded the market to claim staking rewards on several of these platforms. The staking industry is likely to experience increased adoption upon Ethereum's transition to a PoS platform, projected to be completed in early 2022.

Figure: Proof-of-Stake Explained



Product-market Fit

AMIS is well-positioned to mitigate several hurdles faced by users when considering staking:

- **Infrastructure:** Conventional validators need expensive hardware and network bandwidth to participate in PoS. Recommended hardware for Eth 2.0 is a 4-core CPU processor and minimum clock speed of 2.8 Ghz, with 16GB of memory and 100GB of storage space. Staking with AMIS eliminates the need for maintaining infrastructure in exchange for a spread on yield returns.
- **Minimum staking requirements:** PoS networks usually have minimum staking amounts to participate as a full validator. Eth 2.0 has a minimum of 32ETH, equating to c.\$130,000 – this prohibits most of retail users from contributing to the security of PoS networks via staking. Staking via centralized exchanges like AMIS negates minimum requirements.
- **Slashing and key risk:** When users run their own validators or participate in staking pools, they assume slashing risks when the validator node goes offline for extended periods of time. Moreover, validator keys need to be kept secure or risk having funds stolen by malicious actors. While AMIS does not guarantee a fixed yield, users who stake with the centralized exchange do not assume these risks.

- In proof-of-stake, validators lock up a portion of their funds as a deposit for a chance to add the next block to the chain.
- The higher their stake, the higher the chance of being selected at random by the network to propose transactions for the next block.
- If validators propose valid transactions, they earn transaction fees for that block. Otherwise, a portion of their funds will be “slashed” as a penalty for submitting invalid transactions.

Source: Fundstrat, MaiCoin, Ethereum.org

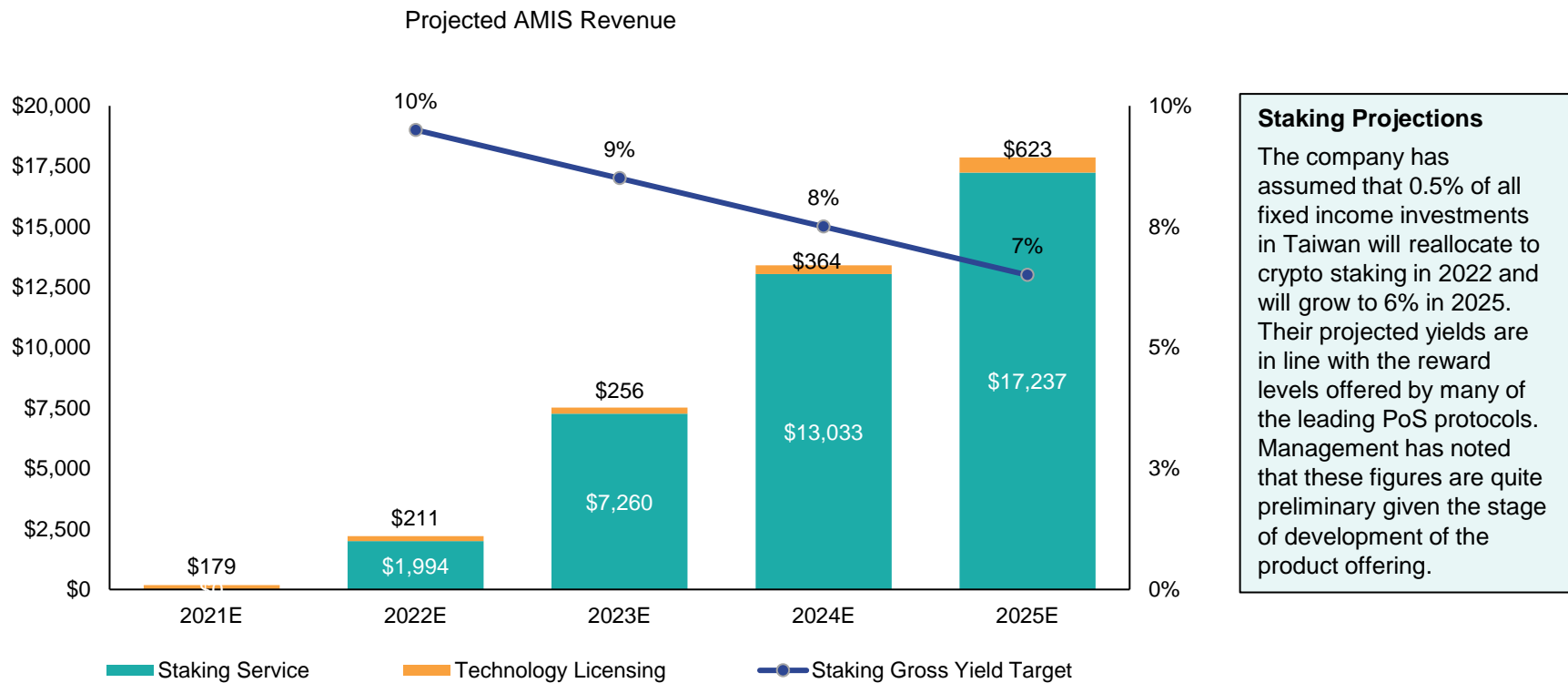


AMIS Institutional Staking Opportunity

Conservative forecast places AMIS as strategic asset for MaiCoin

- JP Morgan published a report estimating that the staking economy could bring in millions in revenue for institutions offering staking services. The bank estimated that staking presents a \$200 million revenue opportunity for Coinbase in 2022, a dramatic increase from \$10.4 million in 2020.
- At the time of writing, the total value locked in staking contracts is \$146.5 billion, or approximately 6% of the total crypto market cap. The cryptoassets with the greatest amounts staked are Solana, Cardano, Ethereum, and Polkadot, with projected annual rewards of 6.57%, 6.07%, 5.29%, and 13.33%, respectively.

Figure: Projected AMIS Revenue



Source: Fundstrat, MaiCoin, CoinTelegraph, JP Morgan, Staked, StakingRewards.com

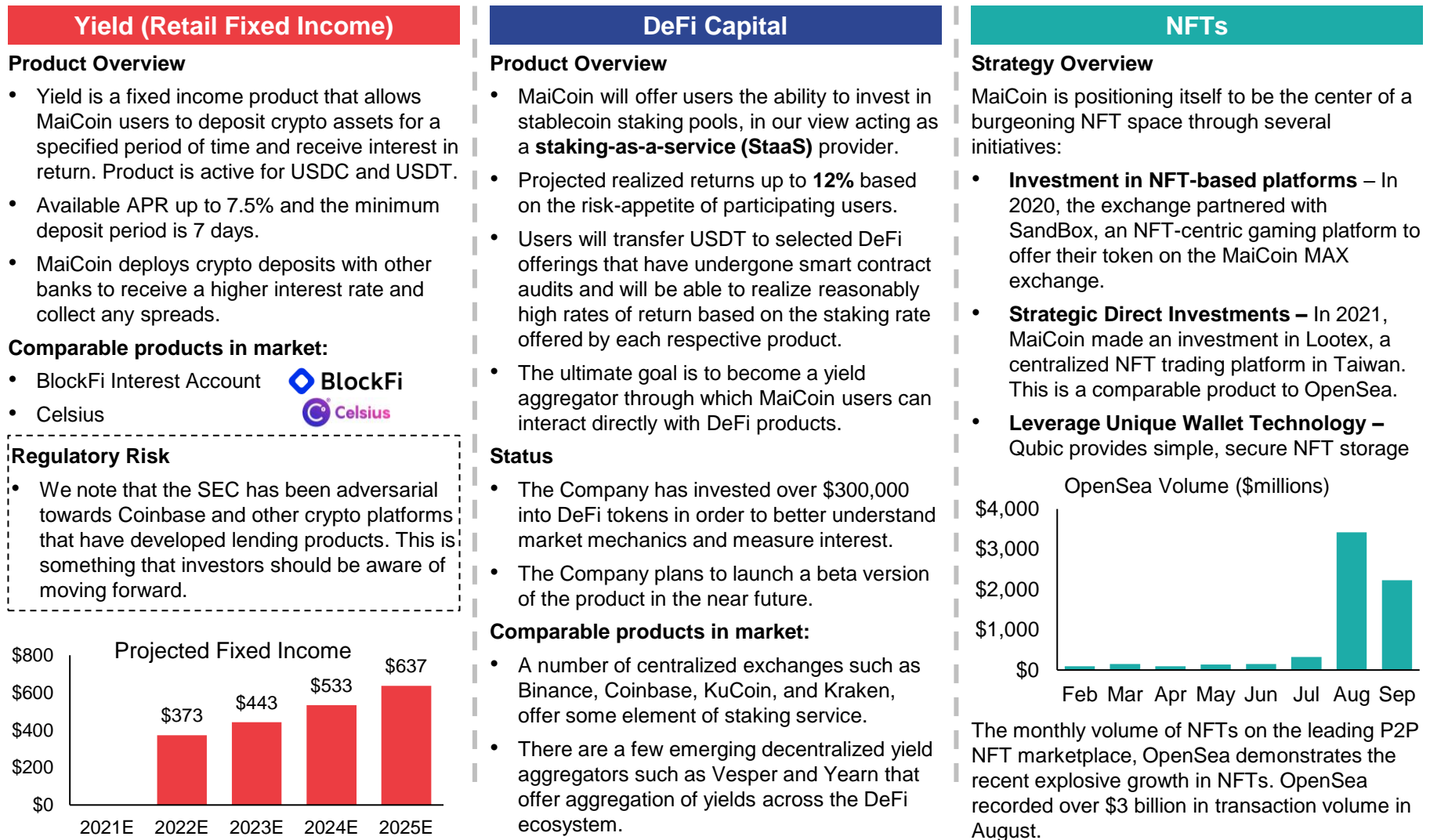


Other Growth Initiatives

MaiCoin's expansion of services is critical for its success

- Below are several additional product initiatives that MaiCoin is investing in to expand and diversify its offerings.

Figure: Growth Initiatives for MaiCoin



Source: Fundstrat, MaiCoin, OpenSea



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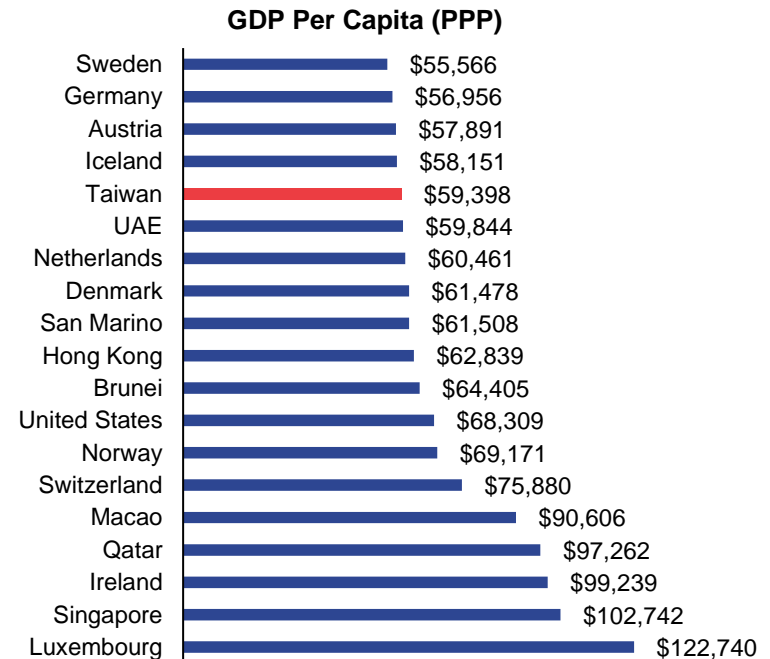
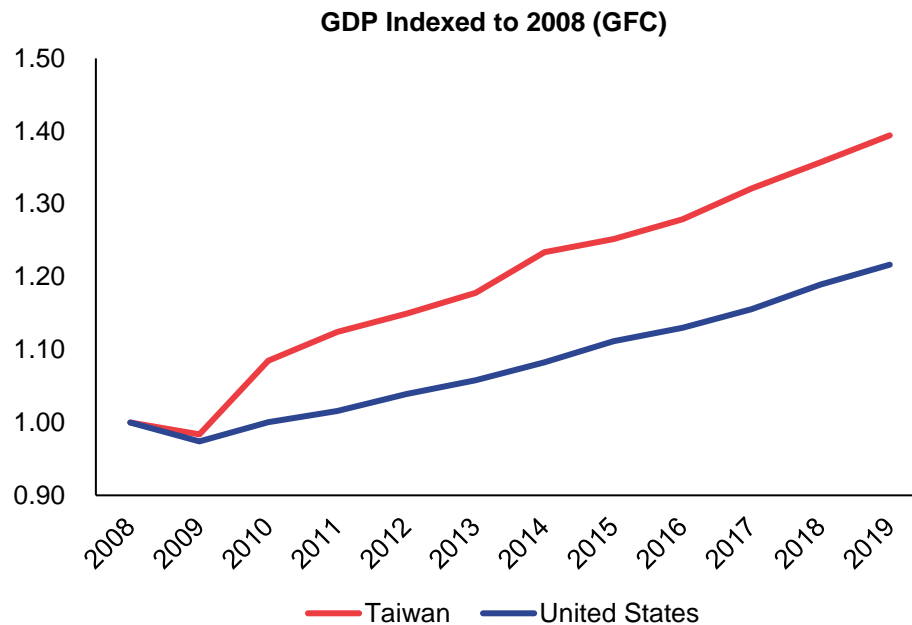


Notes on the Taiwanese Economy

A high income East Asian country that punches above its weight

- Taiwan is the 57th largest country by population but ranks 19th in GDP (PPP), maintains a highly skilled workforce, and was the United States' 9th largest trading partner in 2020.
- The country is home to 0.3% of the world's population but has 1.12% of the world's total wealth. Taiwan's wealth per adult increased from \$92,928 in 2000 to \$238,862 in 2020, indicative of established technology and financial sectors.
- In 2020, Taiwan's economic growth (2.98%) outpaced China (2.30%) for the first time since 1990, largely driven by increased global demand for semiconductors. According to researchers at TS Lombard, it is estimated that Taiwan and South Korea account for 83% of global processor chip production and 70% of memory chip output.

Figure: Taiwan Economic Statistics



When stacked against the United States, Taiwan's economy is certainly smaller and less diversified. However, it has grown at a faster pace than the US since the GFC in 2008.

Taiwan ranks 15th in GDP per capita (PPP), globally, and ranks 5th among East Asian countries

Source: Fundstrat, IMF, CNBC, US State Department

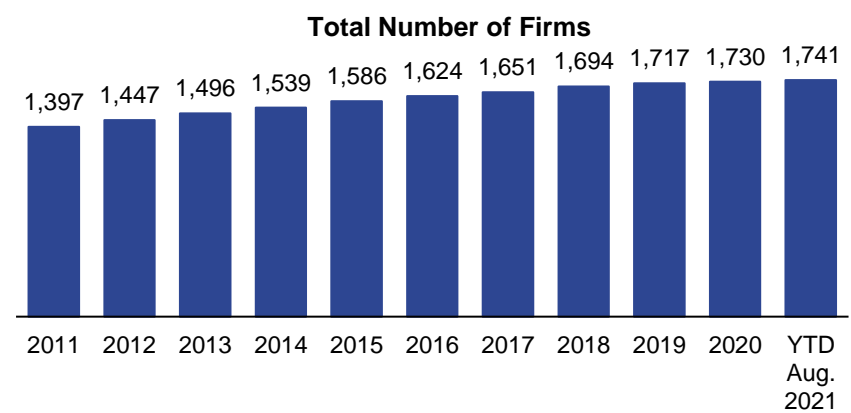
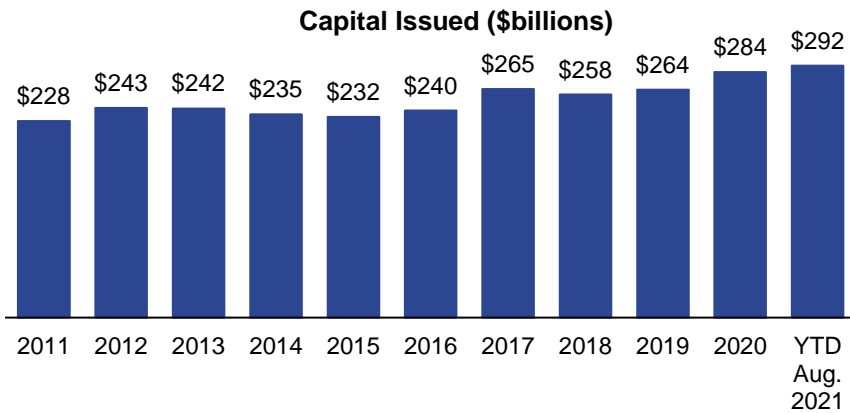
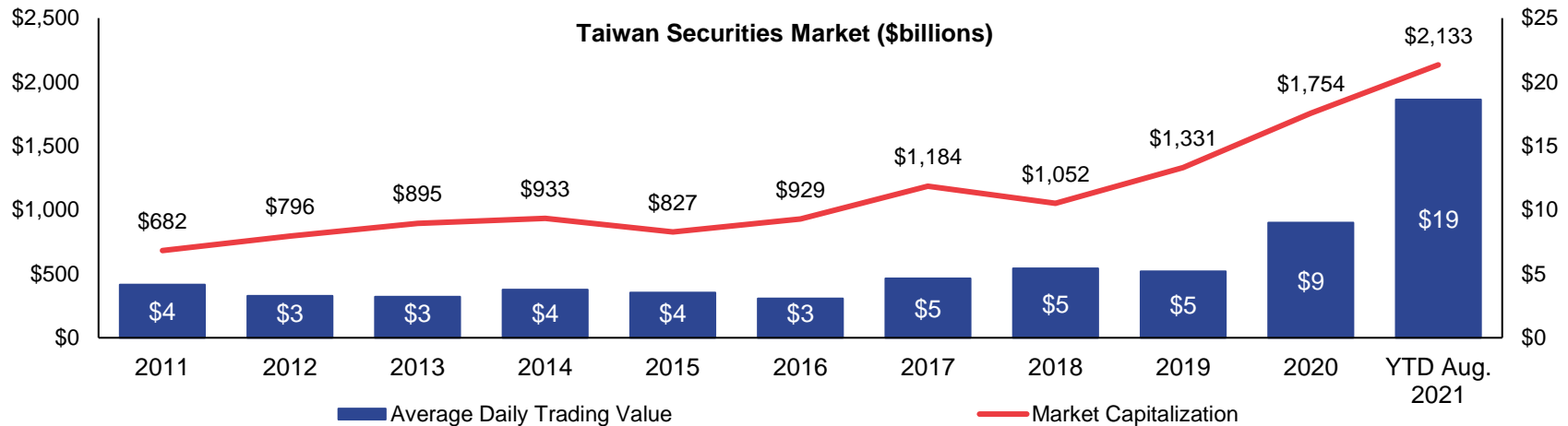


Notes on the Taiwanese Economy

A high income East Asian country that punches above its weight

- The total market cap of securities (ETFs, ETNs, closed-end funds, beneficiary securities, warrants and TDRs) traded in Taiwan grew 32% from 2019 to 2020 and 22% from the end of 2020 through August 2021.
- Volume in Taiwanese markets increased dramatically as well – following a 73% increase from 2019 to 2020, average daily volume for the YTD period through August 2021 was 107% higher than the annual total for 2020.

Figure: Taiwan Economic Statistics (As of September 2021)



Source: Fundstrat, Banking Bureau, Financial Supervisory Commission, TradingView








Crypto Competition in Taiwan is Limited

MaiCoin holds a commanding lead in market share in Taiwan

- Depending on the day and the metric used, the MaiCoin Group commands approximately 70% of the crypto brokerage/exchange market share in Taiwan.
- Combination of brokerage services through MaiCoin and P2P exchange through MaiCoin Max offers a unique value proposition to users that expands execution optionality and deepens liquidity.
- As crypto adoption proliferates in Taiwan, new users will naturally migrate to the market leader due to their scale and ability to adapt to regulator demands.

Figure: Taiwan Competitors (As of October 14, 2021)

	 MaiCoin	 BitoEX	
Brokerage	MaiCoin	BitoEx	
Accounts	98,000	NA	
Supported Cryptoassets	16	3	
Supported Stablecoins	3	1	
	 MAX	 BitoPro	 ACE Exchange
Exchange	MaiCoin MAX	BitoPro	ACE Exchange
Users	320,000	300,000	NA
Supported Cryptoassets	15	16	17
Trading Pairs	32	28	21
24-hour Trading Volume on September 19, 2021	\$9,580,353	\$4,619,862	\$2,908,273
Implied % Transaction Volume	56%	27%	17%
CoinGecko Trust Score	8	8	NA
Fees	Maker 0.05%, Taker 0.15%	Maker 0.1%, Taker 0.2%	Maker 0.0%, Taker 0.1%

MaiCoin touts a higher number of supported assets than its competitors and relatively low maker/taker fees. ACE Exchange's fees are lower, but they command a fraction of the market share owned by MaiCoin.

Source: Fundstrat, MaiCoin, Coingecko, CoinMarketCap

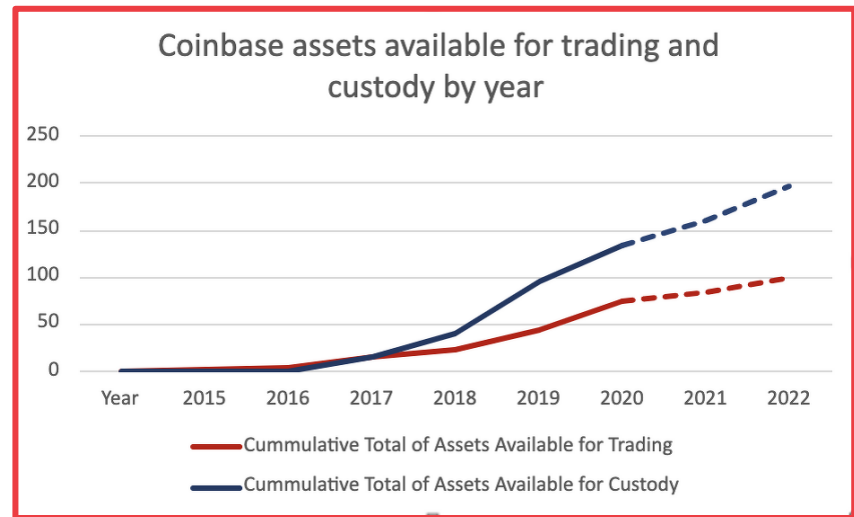
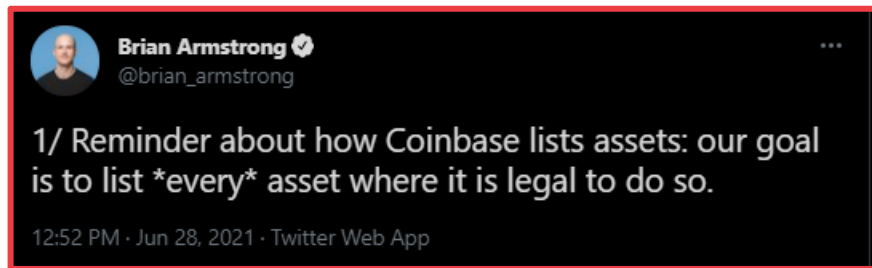


Centralized Exchanges Face Massive Regulatory Hurdles

History shows that it pays for exchanges to invest in compliance

- Coinbase was founded in 2014 and was one of the few centralized exchanges in the industry until the bull market arrived in 2017. Large exchanges started to appear, particularly ones in Asia, that achieved success and adoption through their ability to list tokens quickly and circumvent local KYC requirements. Binance, founded in 2017, is the most prominent example.
- Binance is now in the crosshairs of the authorities, having been recently forbidden from operating in several countries and having just missed out on a \$100 million financing due to concerns from regulators.
- Conversely, compliance-focused Coinbase has implemented a more deliberate approach to its product. During the 2017 ICO (initial coin offering) bubble, Coinbase only offered four tokens on its platform (including Bitcoin) while newcomers such as Binance offered consumers hundreds of cryptoassets, regardless of their classification or the KYC requirements of local jurisdictions.
- Recently, Coinbase has capitalized on its efforts to comply with regulators by increasing its pace of asset listings. Coinbase listed 21 new assets in 2020, followed by 29 in the first half of 2021, and now currently offers a total of 102 cryptoassets for trading on its platform in total. The company went public in April 2021 and continues to engage with regulators.

Figure: Coinbase Legal Strategy Compared to Binance



Source: Fundstrat, Google, Twitter, Decrypt



Leading the Way on Compliance and Security

MaiCoin has shown an ability to work within regulatory frameworks

- As discussed, compliance and data security are paramount for centralized exchanges, as the majority of cryptoassets traded through the platform are custodied by the broker/exchange.

Figure: Details Pertaining to MaiCoin's Focus on Compliance

Regulatory Licensing

- On July 1, 2021, Taiwan's Financial Supervisory Committee (FSC) determined that crypto exchanges and other platforms that operate security token offerings are governed by the Money Laundering Control Act (MLCA).
- MaiCoin was the **first entity in Taiwan** to apply for the security token offering (STO) license regulatory sandbox
- TWD100mm (US\$3.6mm) renewable energy STO in 1H 2021 conducted through the FSC regulatory sandbox



KYC & AML Processes

- MaiCoin requires a comprehensive list of documents detailing personal information for the individual onboarding process. Data collected includes photo ID, mailing address, date of birth, contact number, email address etc. According to Management, institutional onboarding is even more stringent.
- MaiCoin employs a name screening system (Dow Jones, and AML/AMF system provided by TDCC) to evaluate customers.
- MaiCoin scans its system for suspicious IPs or irregular activities



Security Highlights

- SOC 2 Type I compliant
- Working towards SOC 2 Type 2 report and ISO 27001
- Use strong encryption algorithms (e.g. AES256) to protect sensitive data
- Leverage external security consultants to perform regular testing



Source: Fundstrat, MaiCoin



The Greatest Risk is 100 Miles Away

Taiwan has a complicated relationship with China

- Taiwan and China are two political entities with overlapping claims on sovereignty. Given China’s recent crackdown on its domestic crypto industry, this presents a unique geopolitical risk to MaiCoin.
- The Chinese-Taiwan conflict can be summarized as a divide in which the Chinese government views Taiwan as a rogue province that will ultimately return as part of the country, a notion that many in Taiwan disagree with, feeling that they are a separate nation.
- Below we highlight recent actions taken by the CCP against the crypto industry to highlight the type of restrictions that could occur in the instance that the Beijing government would encroach on the sovereignty of Taiwan.

Figure: Risk of Mainland China Encroaching on Taiwan

Date	Recent actions against crypto taken by the CCP
21-May	China announces a “crack down on bitcoin mining and trading”
25-May	Inner Mongolia announces 8 proposed measures to restrict bitcoin mining
27-May	Sichuan province holds public meeting to assess impact of a ban on mining
5-Jun	Weibo suspends Chinese crypto influencer accounts
9-Jun	Major Chinese web platforms Baidu & Weibo censor keywords for major crypto exchanges
9-Jun	Miners in Xinjiang ordered to shut down
9-Jun	Miners in Qinhai ordered to shut down
11-Jun	Yunnan province announces mining farms will be inspected by end of June
16-Jun	Huobi decreases leverage available to Chinese nationals from 125x to 5x
19-Jun	Sichuan cuts power to 26 miners
21-Jun	PBOC orders banks and payment processors to cut off resources for crypto
9-Sept	PBOC bans all crypto transactions



Source: FundStrat, Galaxy Digital, Reuters



Mitigating Geopolitical Risk

The situation is complex, but Taiwan is moving in the right direction

- Having laid out the potential risk posed by Mainland China, it's important to note the active steps that Taiwan is taking to insulate itself from the Chinese regime.
- In January 2019, Taiwan launched a reshoring initiative to shift production back to Taiwan from the People's Republic of China (PRC) in response to rising tariffs on Taiwan's electronics industry and to diversify risks. The country has also developed its ties with the US in recent years. In 2020, US imports from Taiwan increased 8.1% from the year prior, increasing the trade deficit to \$27.3 billion. Additionally, the most recent data available indicates increased Foreign Direct Investment by the US into Taiwan as US FDI in 2019 increased 4.8% compared to the prior year.
- Below we observe figures that imply investors are more bullish on Taiwan than the headlines would suggest.

Figure: Taiwan Market Performance & Flows



Above we plot performance of the iShares MSCI China ETF (orange line), which tracks the investment results of an index composed of Chinese equities against the iShares MSCI Taiwan ETF (blue line), which tracks the investment results of an index composed of Taiwanese equities. We can observe a clear divergence in performance following recent tech and crypto crackdowns imposed by the CCP this past spring.

Source: FundStrat, Bloomberg

Sector	Net Assets (NT\$bn)	Market Share %	Estimated Net Flow (NT\$bn)		Organic Growth Rate %
			21-Jun	12-months	
Equity	1,333	27%	182.3	116	13%
Fixed Income	1,989	41%	47.4	81.8	4%
Allocation	360	7%	59	78.2	33%
Alternative	4	0%	3.7	11.4	76%
Commodities	19	0%	-17.3	-15.3	-69%
Miscellaneous	230	5%	26.1	29.2	14%
All Long Term	3,935	80%	301.2	301.3	9%
Money Market	963	20%	-64.4	66.3	7%
Total	4,898	100%	236.7	367.7	9%

According to data compiled by Morningstar, Taiwan-based funds attracted strong inflows in the first half of 2021, taking in a total of NT\$301.2 billion (excluding money market funds) during the first six months of this year, compared with NT\$146.9 billion of inflows in the second half of 2020. Net inflows for the 12 months ended June 20, 2021, grew 9% compared to net inflows the prior year. We note that inflows into alternative investments rose at the fastest pace, a potential sign that Taiwanese investors are starting to search for returns in riskier areas.



Mitigating Geopolitical Risk

Defensive long-term strategy relies on strengthened ties with US

- Per latest data from the Office of the United States Trade Representative, U.S. foreign direct investment (FDI) in Taiwan was \$17.4 billion in 2019, a 4.8% increase from 2018, led by manufacturing, finance and insurance, and wholesale trade. Taiwan's FDI in the United States was \$11.1 billion in 2019, up 5.6% from 2018 and was led by manufacturing, wholesale trade, and depository institutions.
- As demonstrated by the charts below, Taiwan has increased their U.S. treasury holdings by approximately 14% over the prior 12 months, while U.S. imports of goods produced in Taiwan have increased 37% when considering imports in 2021 on an annualized basis.
- MaiCoin is opening an office in California. This will allow access to top-tier tech talent and further fuel growth.

Figure: Increasing Economic Ties with the United States



(1) Data as of August 1, 2021, Source: Federal Reserve Economic Data
Source: FundStrat, Bloomberg, CoinMetrics, US State Department

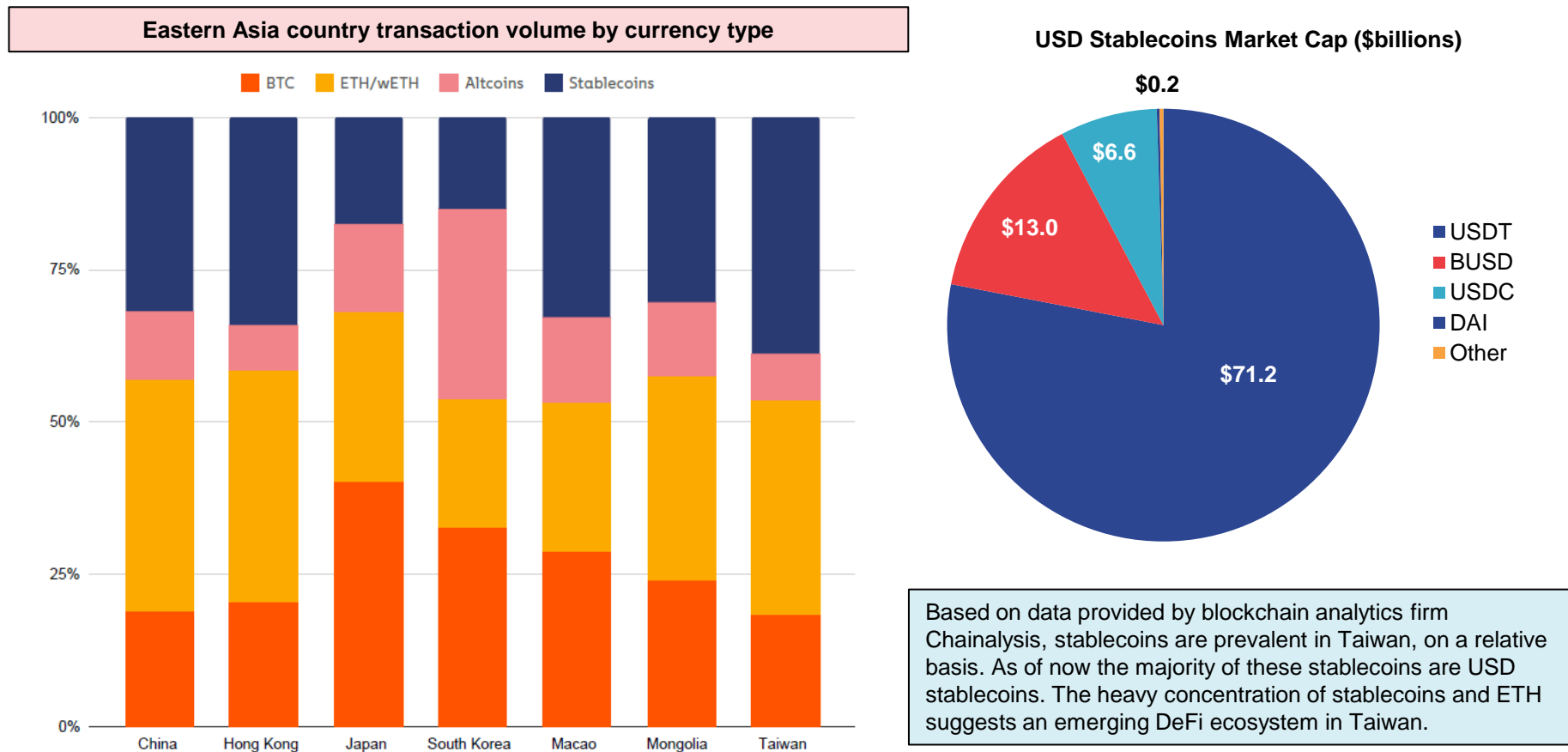


Mitigating Geopolitical Risk

Stablecoins play an important role in an open crypto ecosystem

- Stablecoins are digital assets designed to remain pegged to the value of a designated asset, through collateralization or algorithmic supply adjustments. The most common stablecoins are USD-pegged (USDT, USDC). Stablecoins offer a reliable store of value within a blockchain ecosystem, allowing users to transact and participate in digital economies without the need to convert back to fiat currency in the non-digital financial system. Many refer to stablecoins as a key “on-ramp/off-ramp” tool from the fiat economy to the crypto economy.

Figure: Stablecoin Overview



Based on data provided by blockchain analytics firm Chainalysis, stablecoins are prevalent in Taiwan, on a relative basis. As of now the majority of these stablecoins are USD stablecoins. The heavy concentration of stablecoins and ETH suggests an emerging DeFi ecosystem in Taiwan.

Source: FundStrat, Chainalysis

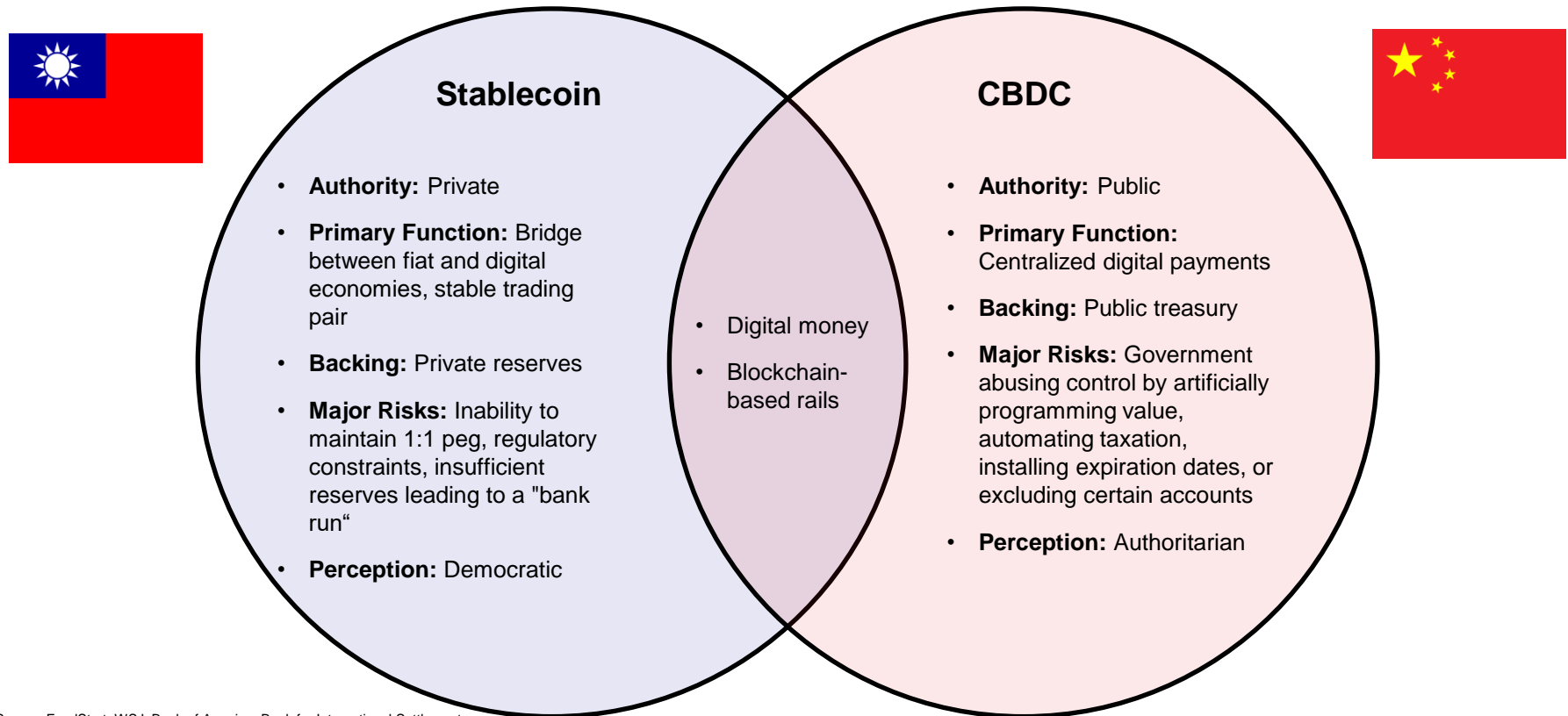


Mitigating Geopolitical Risk

Taiwan's and China's differing approaches to digital money

- Many governments view stablecoins as a systemic risk due to their private nature. Governments fear that they may lack proper AML/KYC measures, offer the potential for a "bank run", and reduce their ability to properly tax citizens. As a solution, many governments have proposed the adoption of a central bank digital currency (CBDC), which would provide citizens with a fiat currency on digital rails while addressing the perceived issues presented by stablecoins and maintaining central bank monetary policy control.
- As China inches closer to implementing their digital yuan, MaiCoin has engaged in discussions with the Taiwan government about launching a TWD-pegged stablecoin producing further contrast between the two societies.

Figure: Comparison of CBDC and Stablecoins





Value Proposition

Underserved market and a leader in government relations

Figure: Value Proposition of MaiCoin

Underserved Taiwanese Market with Potential for High Growth

Taiwan is an under-tapped market for crypto, as the Taiwanese population has historically demonstrated conservatism with its investments and currently maintains a relatively older population (20% of the population will be over 65 within the next 5 years). However, as millennials start to inherit wealth and Generation Z starts to enter the workforce, we may start to observe some benefit from a cohort that has been largely separated from that of the conservative CCP for the duration of their lives. We anticipate the effects of demographic changes to potentially result in the embrace of higher-risk investments. We can already observe some early signs of this generational shift as Generation Z made up 70% of the more than 1 million new investment accounts opened in Taiwan in 2020. Further, as demonstrated by recent fund flows (see slide 33), equities and alternative investments are starting to attract a greater percentage of Taiwanese capital. Taiwan is a structurally healthy economy that could become a friendly place for crypto depending upon where the median Taiwanese investor lands on the risk curve over the next decade.

Market Leadership and Focus on Compliance Serves as a Moat

According to the US Department of State: "structural impediments in Taiwan's investment environment include excessive or inconsistent regulation; market influence exerted by domestic and state-owned enterprises (SOEs) in the utilities, energy, postal, transportation, financial, and real estate sectors." This analysis implies that as crypto becomes more globally ubiquitous, the Taiwanese government may present crypto companies with new and unforeseen regulatory hurdles. This environment would require a seasoned team to navigate through. We already have a precedent of MaiCoin leading the way from a regulatory perspective, as they were the first company to apply for an STO license and were early in complying with the FSC on their new AML considerations. We anticipate that the Taiwanese government will favor centralized exchanges that are willing to work with them on regulatory issues. As a market leader in compliance, this could very well serve as a moat for MaiCoin.



Source: Fundstrat, MaiCoin, Washington Post, Bitcoin.com, US Department of State, DTCC, Eastspring Investments, Fund Selector Asia



Risks

Geopolitical, regulatory, adoption, and competition risk

Figure: Major risk factors for MaiCoin

Geopolitical	Regulatory
<p>The greatest threat to business in Taiwan is the encroachment of Mainland China on Taiwanese enterprises. As we have observed in recent years, China has exerted its will against Hong Kong and has cracked down on both crypto and the wider tech industry at home. While there are many cultural, political, and economic differences between Taiwan and Hong Kong, investors should be cognizant of the increasingly hostile attitude that China has demonstrated toward Taiwan. Should this result in either armed or diplomatic conflict, there could be very negative consequences for the Taiwan economy over the long term.</p>	<p>While MaiCoin is well-equipped to adjust to the majority of reasonable regulatory requests, the greatest risk facing the crypto industry at present is the potential for punitive measures enacted by governments to stifle the entire industry. If this were to occur, we would expect slower growth in crypto as a whole as exchange volume would shift to decentralized services and render centralized services obsolete.</p>
Market Adoption	Competition
<p>The demographic and investment trends in Taiwan are generally optimistic for crypto. However, this is speculative and there exists the potential for slower overall industry growth for crypto in Taiwan. If this were to occur, MaiCoin could have difficulty in building out its product suite and becoming a global player in the CEX industry.</p>	<p>If the Taiwanese market begins to flourish and MaiCoin is unable to capitalize on its current market-leading advantage, then there still exists the possibility that a larger global competitor such as Coinbase or Binance (pending regulatory issues) could move in and command significant market share.</p>

Source: Fundstrat, MaiCoin



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Positive (+): The analyst expects the performance of his industry/sector coverage universe over the next 6-18 months to be attractive vs. the relevant broad market benchmark, being the S&P 500 for North America.

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