

Bletchley Park Asset Management

Challenges faced by Crypto currency Hedge Funds

October 2018



Cryptocurrency Market Size

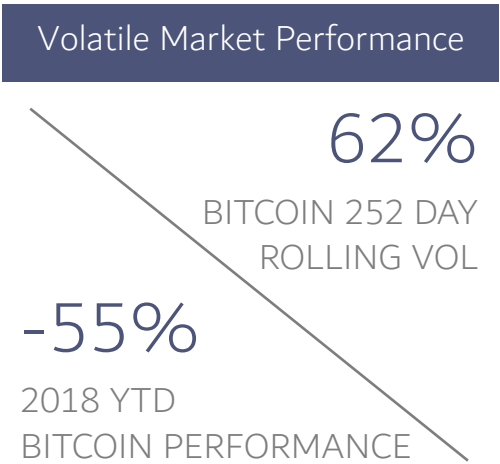
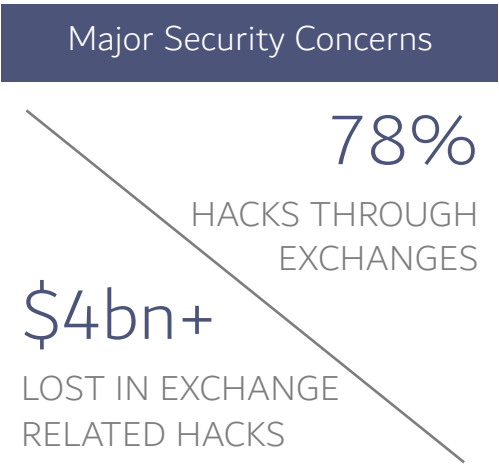
Crypto assets continue to gain traction

Great potential for exponential growth compared to the global financial assets economy



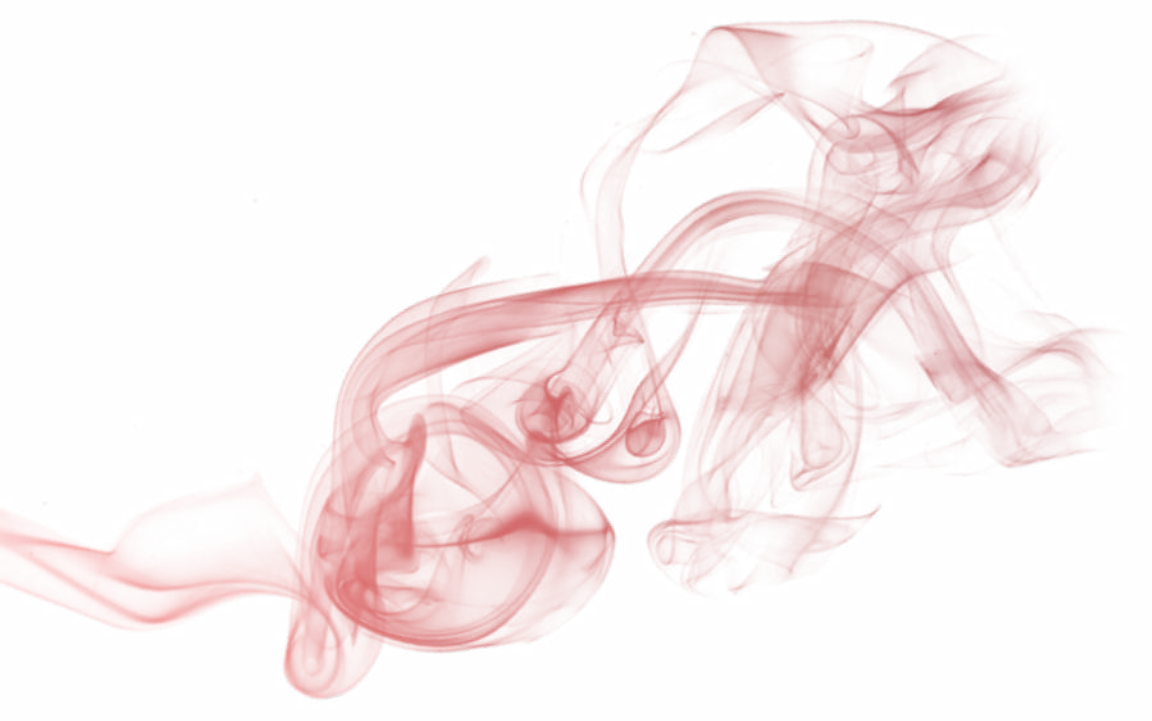
Market Challenges

Poor security, lack of liquidity and high volatility create a challenging market



Source: Hackernoon, Economist, Reuters, Banks.com, Bitcoinity.org, CNBC.com

Client Onboarding

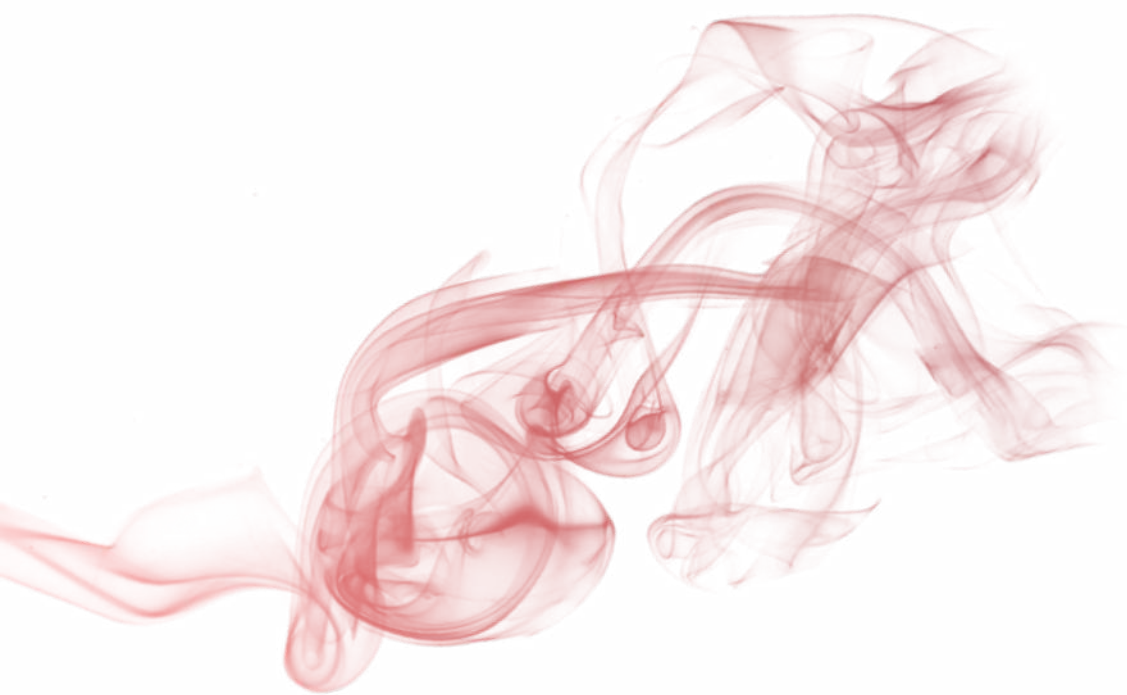


- Ticket size

Large number of smaller allocations due to high volatility

- Subscriptions in Crypto

Provenance of coins



- Reporting

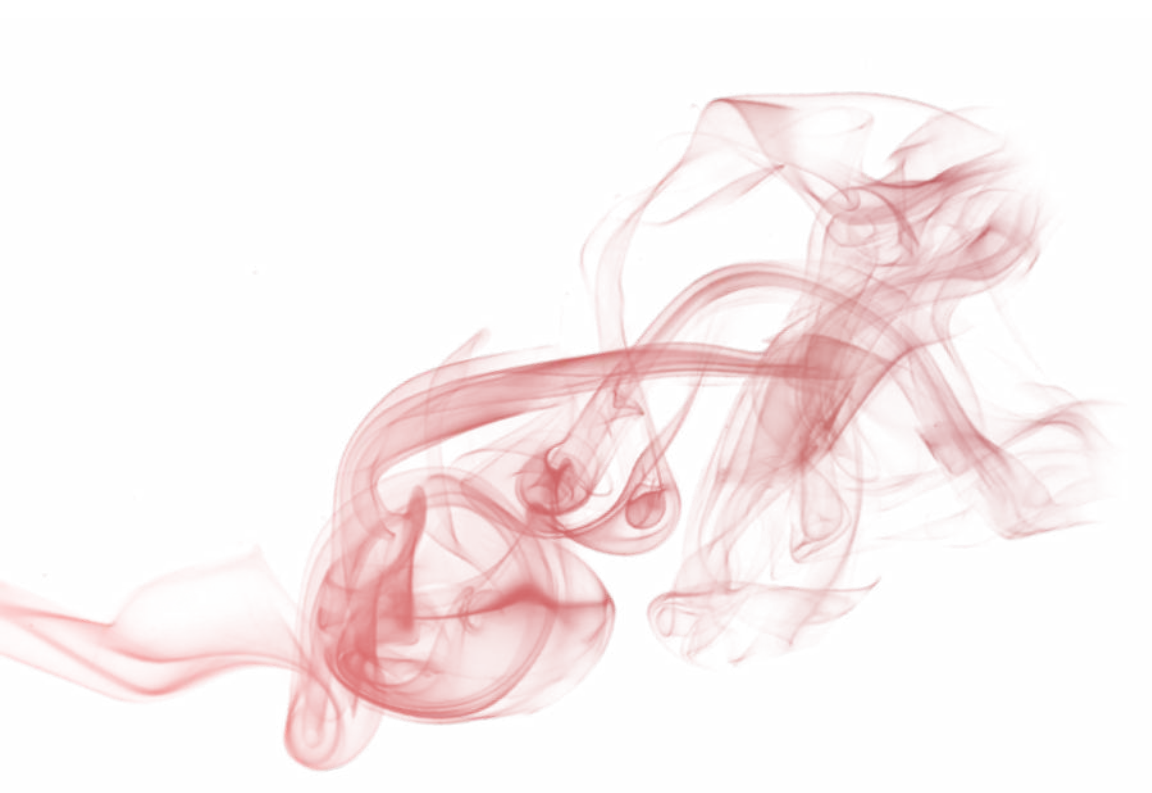
Absence of Prime Broker for reconciliation

- Counterparty risk

Lack of Transparency

- No Procedural Standards

API, Reports & time convention

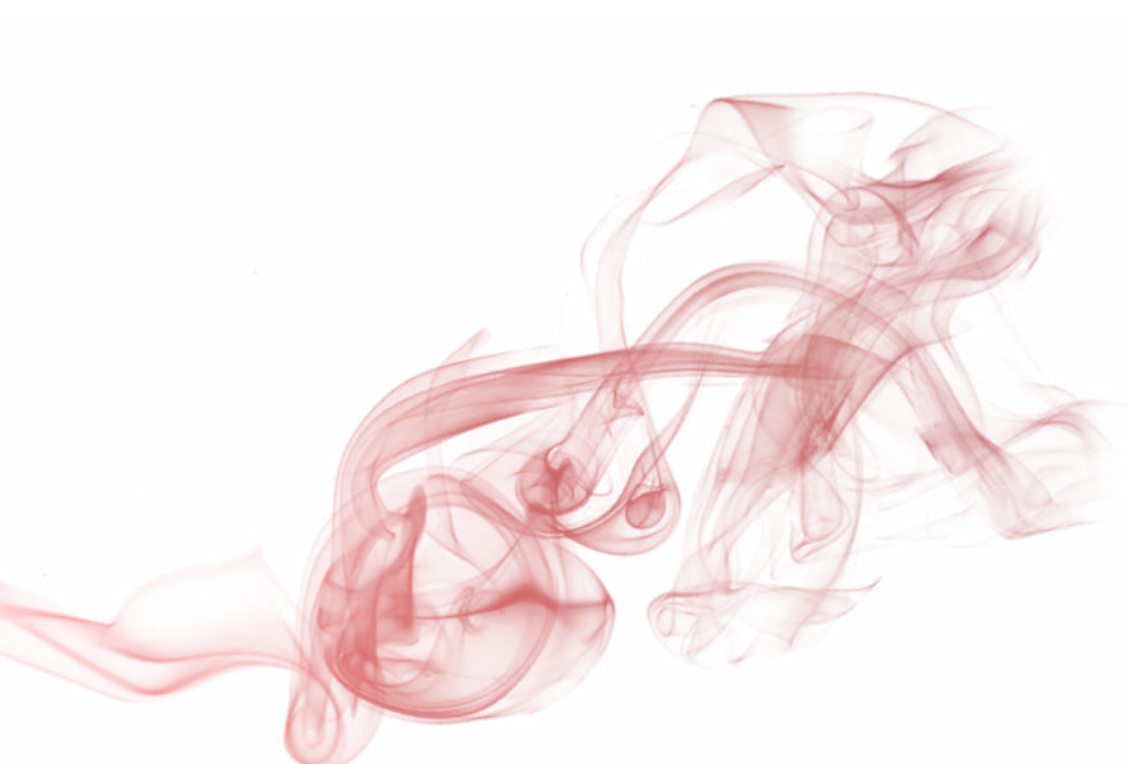


- Reference rate

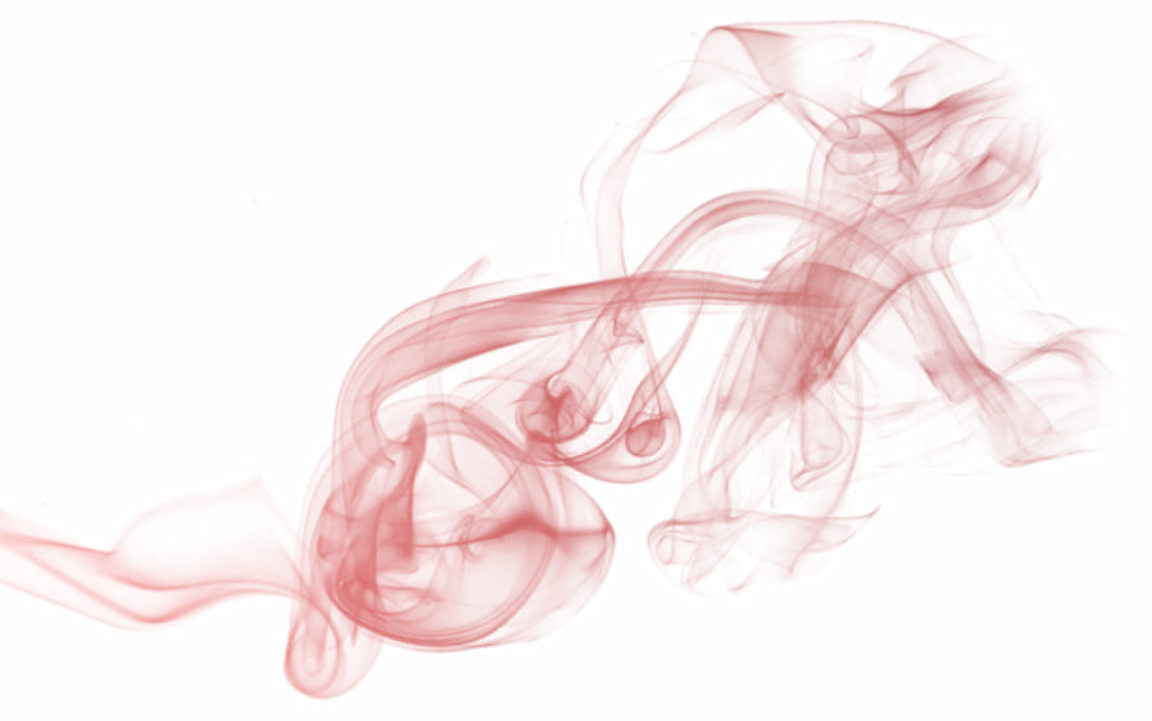
Exchanges, Liquidity & Timing

- Integration with FIAT

Portfolio rebalancing & timing of bank wire



- Limited global coordination
- Differing appraisal of Crypto currencies
 - US – Commodities
 - Japan – Recognized as currency
 - Most regulators are undecided



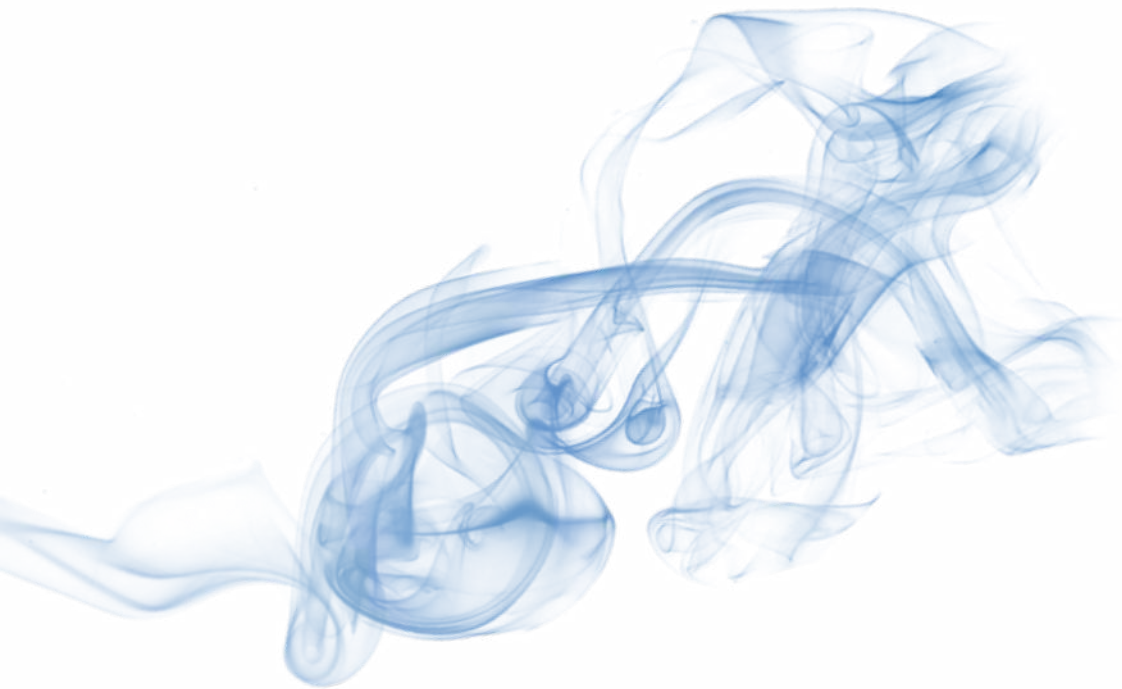
- Varying Global Classification

Limited transparency on regulatory status of tokens creates undefined tax liability

- Off-exchange transactions

May facilitate asset ownership change at a non-representative prices

The Future



- Streamlined Subscription process

Use of Blockchain to provide secure KYC without paper

- Blockchain Inter-operability

Real time position balances secured by blockchain security

- Real time client reporting

Real time position data and P&L available to Investors
(Blessing and a curse!)