Hex Trust's Co-Founder & CEO on the Irrepressible Momentum behind the Digital Assets Revolution

Hex Trust is a fully licensed and insured provider of custody, DeFi, brokerage, and financing solutions for financial institutions, digital asset organisations, corporations and private clients. Its stated mission is to provide the world's most trusted infrastructure in the digital asset economy, and its stated vision is to secure the 'permissionless' future that the blockchain can empower. Hex Trust is well funded, with an array of shareholders providing over USD100 million since the firm was created in 2018. With AUM of more than USD5 billion, and more than 200 clients onboarded – including a host of well-known financial institutions – and supporting more than 250 coins and tokens, Hex Trust appears to have stolen a march on competition. Hubbis 'met' recently with Alessio Quaglini, Co-Founder & CEO, to learn more of the platform's current and future ambitions. We heard more about the proven track record to date, the diversity of the institutional client base, the drive to licensing and the commitment to compliance. We understood more of the depth of support Hex Trust offers for a wide range of digital assets, and the stringent focus of the platform on market-leading technology, and a security-first approach. And we also heard of the iconic Vespa that Alessio rides proudly through the streets of Hong Kong, replete of course with the Italian national flag.

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Alessio Quaglini
Hex Trust

Hex Trust offers a fully licensed framework successfully secured in key strategic regions across Asia, with plans to expand into Europe and the Middle East. Key licenses are already in place in Hong Kong and Singapore, resulting in compliance with the strictest KYC/AML and global regulatory standards, and allowing for the provision of core infrastructure supported by institutional-grade technology.

Institutional by design

"We deliver the highest standards of protection, scalability and interoperability, and that will improve further when we obtain additional licenses in Singapore, in Dubai, with the EU, and in the Bahamas," says Alessio. He says this means Hex Trust already delivers a bank-grade platform for securing, trading/brokerage, lending, and managing digital assets, all designed with a compliance-first approach, top level security and scalability for high transaction volumes.

The evolution of digital assets

To set the scene, Alessio offers his short-form version of the key trends in the digital assets universe. "The blockchain market has gone through an incredible transformation," he reports. "Born out of the turmoil of the 2008/9 global crisis when there was distrust of centralised control of money, it grew into a large ecosystem with millions of participants. Use cases have

Getting Personal with Alessio Quaglini

The Hex Trust literature describes Alessio Quaglini as a visionary entrepreneur with over 15 years of professional experience, developed in banking, regulatory body and management consulting.

Prior to co-founding Hex Trust, Alessio was the Head of Strategy Asia for BBVA, overseeing the overall business development and geographical footprint in Asia. Among the responsibilities, Alessio helped the Bank set up branches and obtain regulatory approvals in Taiwan, South Korea, Australia, and Japan. Alessio was subsequently Director of Financial Institutions at First Abu Dhabi Bank, where he was responsible for developing the bank's business with Financial Institutions and Non-Bank Financial Institutions in North Asia.

He also worked at the Italian Financial Services Authority (Consob) in Rome, where he was responsible for the supervision of public equity and derivatives markets in the market abuse department.

Alessio describes himself as an early adopter of cryptocurrency and set up Arepo Capital, a cryptocurrency hedge fund in 2016. He is somewhat of a Renaissance man as well, befitting a well-educated Italian, as he not only graduated in Engineering, but he spans the worlds of traditional and new world finance and also speaks four languages - English, Spanish, Italian, and Chinese (Mandarin).

Alessio actually earned his bachelor's and master's degrees in telecommunication engineering from La Sapienza University in Rome, his MBA from IE Business School in Madrid and UCLA in the US. He earned a Quantitative Finance diploma from Stanford and is also a CFA Charter holder.

Alessio hails originally from Rome, studied and worked in Spain and the US, and then moved to Hong Kong in 2010.

He recalls that it was during the GFC, soon after earning his MBA, that he was hired by the Italian securities regulator to help devise an automated system to detect market manipulations. "The regulators were trying to understand the derivatives markets and formulate better systems of control, and they hired economists, lawyers, mathematicians and also some engineers, and I was in that first hiring phase for them," he explains. "They were exciting times in the aftermath of the worst of the global crisis."

proliferated beyond finance into digital identity, collectibles, metaverse, gamefi, arts, and entertainment. Traditional financial institutions have entered the space, and many blockchain companies that began as start-ups have evolved into blockchain-native financial institutions."

He explains that Hex Trust has a core and vital mission, as both the traditional and blockchain-native financial institutions operating in the digital asset industry need access to licensed digital asset custodians to ensure their operations comply with regulatory requirements, to guarantee the security of assets at all times, and facilitate deep integration with the digital asset economy.

"This," he says, "is even more true when the value of the assets under management as well as the inter-connectivity between players in the industry increases. As a consequence, digital asset custodians have evolved significantly over the past decade to meet those needs and accelerate institutional adoption globally. And it is our central mission to keep building new institutional infrastructure at the same pace to maintain institutional participation at scale."

The era of Custody 3.0

In short, he explains that Custody 1.0 at the outset has now evolved to the era of Custody 3.0 which is about providing secure access to decentralised on-chain applications and services including staking, wrapping, delegating, DAO governance, trading, liquidity provision, token issuance, as well as centralised financing and structured solutions.

Key Priorities

Alessio explains that the first mission is to ensure that the platform offers the finest and latest technologies available in the market for institutional investors. "Quite simply, if you're not competitive from a technology perspective, it's going to be very hard to succeed, and we want to make sure that we're really up there at the top," he states.

Secondly, they want to complete their regulatory footprint. "We are currently regulated in Singapore and Hong Kong, and we want to finalise our current licensing applications in Dubai and Europe, as well as the Bahamas which will also cover the Americas," Alessio reports.

And he wants to ensure that the technologies are manned by the right people so the platform can offer a 24/7 service to its clients from an operational viewpoint. "The platform needs to be functioning seamlessly and continuously, without any downtime," he explains.

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"Our vision is that custody will become the core part of digital assets market infrastructure, and the enabling piece for the overall development of the industry going forward," he states. "We are strategically positioned as a fully licensed digital asset custodian located in financial services hubs worldwide, we are the trusted partner that enables financial institutions and organisations of all stripes to truly embed themselves in the industry in a safe, scalable, and compliant manner."

Licensed with skill

Alessio explains that with its operations and licenses in Hong Kong and Singapore and with relevant licensing in the works for Dubai operations, the platform is naturally Asia-centric to date, although expansion into Europe will take place with the new office in Milan and additional infrastructure will arise from the office in the Bahamas.

Alessio believes the blockchain will be increasingly relevant in the investment portfolios of investment managers. "You can use the blockchain to create new asset classes, and that is a rare phenomenon, once in a lifetime for most of us," he says. "This opens the doors to opportunities

to further diversify portfolios by allocations to assets that are less correlated with mainstream investments, even though it currently looks there is more correlation of late."

A revolutionary tool

Secondly, he reports that there is the structural element. He says the blockchain is a revolutionary tool that is a global 24/7, open source, and programmable instant-settlement layer that allows for the movement of assets and ownership rights across different wallets. This means that the ecosystem bypasses the entire global financial infrastructure.

not venturing at all into asset management or investment advisory. "We provide the core capabilities for our partners to enter the digital asset space with institutional level processes, protocols, and compliance," he states. "this includes typical prime brokerage services such as credit lines and so forth."

As to the future, Alessio explains that first one must realise that all assets in this world are becoming digitised. He says that US Dollars in bank accounts are not necessarily backed by actual banknotes, and so too gold ETFs are not backed exactly by real gold, these are simply digital entries in the ledger.

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"With the blockchain, we suddenly have one single infrastructure that everybody can connect to, it has the same rules for everybody and for every digital asset, with the same settlement and transactional rules," he explains. "And this is extremely valuable considering how much time and money we spend to connect different infrastructures across different countries and jurisdictions and regions for mainstream financial assets."

Step by step

Alessio reports that thus far Hex Trust confines itself to custody and prime brokerage,

Purely digital

But the 'true' digital assets that Hex Trust works on are fully backed by the blockchain, and those include of course the typical Bitcoin and Ethereum cryptos, that kind of store value types of assets. Additionally, the assets are diversifying all the time, ranging from cryptos to the stable coins that are designed to mimic the behaviour of the fiat currencies, to utility tokens that might for example represent cinema tickets, and non-fungible tokens (NFTs) that represent some kind of underlying ownership, for example a tiny portion of a museum level work of art of other collectible.

Rising demand

"Honestly, we cannot predict where the market will go, but what we can more easily project is the demand, which in the last five years has grown exponentially," Alessio reports. "There has been a global explosion in the number of digital wallets, all of which are outside the traditional banking system. There is literally a generational shift that is very tightly intertwined with social media platforms. And I think it's here to stay because there's a huge demand for it.

Alessio adds that the digital assets ecosystem should be approached with the same type of caution and care as for mainstream assets, with great attention paid to the quality and credibility of the intermediaries and service providers.

But he says that actually, perhaps even more care needs to be applied, as in the traditional financial space, there is intense regulation, but far less so in the digital asset universe, hence the investors need to adopt even greater prudence. "There has been a fallout in the digital assets ecosystem in recent months, and investors must recognise the risks involved," he says. "And they need to gravitate towards properly regulated players, of which Hex Trust is certainly a leading platform."

Jurisdictional diversity

His final comment is that although the platform has a strong presence in Hong Kong, that is because of its ongoing role as a centre for global finance, but not because of any regulatory or other support for digital assets.

"As we know, there is a clear policy in Mainland China against all kinds of cryptocurrencies, and frankly the role of Hong Kong in the digital assets space will be diminishing, not increasing," he observes. "We are there largely as it is an entrepot for sourcing capital, for which Hong Kong remains a powerful player, but not because the jurisdiction is or will be at the cutting edge of the digital assets and blockchain revolution. Singapore, Dubai and perhaps Europe are more likely to provide the leadership from the perspectives of both regulation and innovation in the years ahead." ■