

One Year from Launch and Hong Kong Digital Assets & Cryptocurrency Platform Q9 is Making Waves

A year on from its official launch in January 2021, digital assets platform Q9 has already been making its mark for individual investors and institutional clients in the constantly expanding universe of crypto assets. Q9 Capital describes itself as a full-service crypto investment platform for individuals and institutions, combining innovative products and personalised service to deliver a simple and safe solution for crypto investing. The firm reports that their best-in-class products, performance analytics and systematic investment offerings provide investors with the tools they need to accumulate assets, maximise returns and generate income from their crypto investments. As well as launching new products such as 'Earn' and 'Yield' to provide investors with a return on the crypto they hold, Q9 has even ventured into the delivery of a digital art exhibition in Hong Kong and has other new digital asset projects in its wings. The firm has its eyes set on now garnering more clients across Asia and the Middle East and is raising more funds from investors to fast-track its expansion. Hubbis 'met' with Q9's Managing Partner, James Quinn, again recently to learn more of the progress to date and the plans for the future.

The image shows a digital display for the Q9 Crypto Platform. It features the Q9 logo in a stylized font, followed by the text 'Crypto Platform'. Below this, there are several circular icons representing different cryptocurrencies like Bitcoin, Ethereum, and others. At the bottom of the display, there is a QR code and the website address 'www.q9capital.com'. The background of the display is dark blue with some abstract light patterns.

www.q9capital.com

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JAMES QUINN
Q9 Capital

Q9 today has staff covering trading, operations, technology, client services, sales and marketing across its global office network as well as team members supporting the expansion, located in China, the UK, Dubai and Cyprus. The main operations are in Hong Kong, with clients mainly in the Asia Pacific region, and the firm has its eyes on further expansion in the Middle East and Europe.

James himself joined Q9 in 2019 and is an ex-banker with many years of experience working in leading banks in the world of derivatives, as well as being a seasoned leader and entrepreneur having led financial services businesses and new ventures across multiple asset classes in Asia, as well as North and South America. Differentiation is a key.

Targeting the investor base

The first wave of crypto exchanges were largely designed for traders and early Bitcoin adopters, are often self-service and don't offer the flexibility that many investors may require. Q9,

on the other hand, is purpose built for the "investor base" and delivers crypto infrastructure and products to individual investors, traditional finance clients and firms such as family offices and wealth managers.

"For traders and many of the crypto OG's who've been in this space since the early heydays, having multiple exchange accounts, various interfaces, wallets and different venues for staking and access to decentralised finance is a feature of crypto, not a bug. But for everyone else this is a bug not a

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Q9's growing product set is built specifically for investors. As well as spot trading and custody, the firm provides structured products, income generating products and tailored solutions for hedging and risk management. Their pipeline for 2022 includes collateralised lending, funds and managed accounts, NFT custody, and DeFi products. The firm is also coming

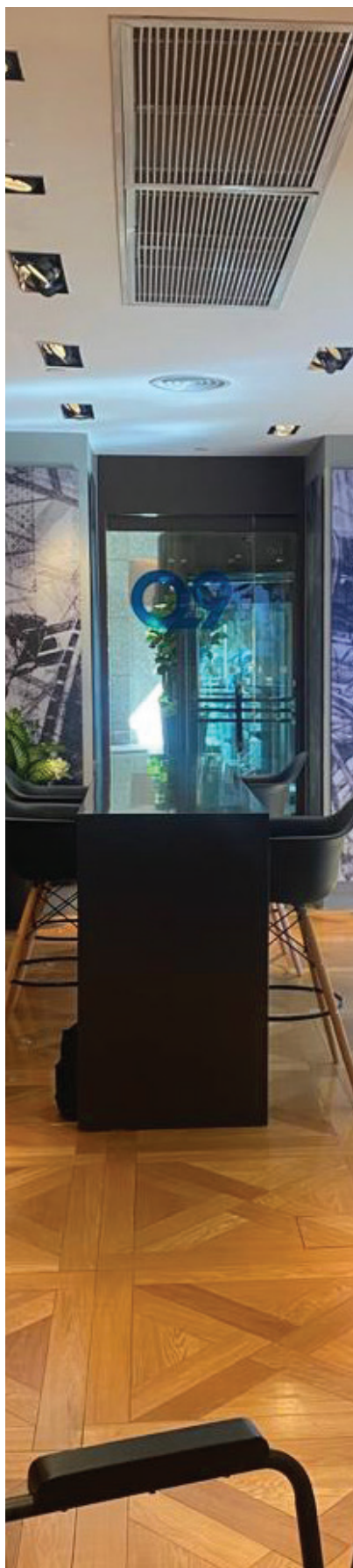
out with a turnkey white label solution so wealth managers and investment managers globally can offer digital asset trading and product access to their end clients.

Q9's three pillars

Q9 has three key pillars that Quinn says differentiate the firm from the competition. The first pillar is Client Experience. The firm combines a fully online trading and investment platform with dedicated relationship management for each client. All of the trading and execution can be done on the platform or via the mobile app,

including access to professional reporting and analytics tools, but having access to a relationship manager provides the necessary support and assistance. The RM deals with all the key questions from account opening to transacting and is there to build the confidence and the connectivity with the clients. "Nobody wants to be stuck in a customer service queue for multiple days or a week – particularly in a fast-moving sector like crypto – so having that personal touch means we can act fast if the customer needs support."

The second pillar is the Integrated Product Set, where Q9 has already built one of the broadest product sets in crypto globally, to provide investors access to crypto investment opportunities through their single platform, as



a one-stop-shop. This includes Spot Trading, Earn, Yield and their Custody Gateway. Investors can invest directly or can soon choose AutoInvest to easily invest in a portfolio of crypto assets which include coins, yield products or any combination. This can all be done with the click of a button.

The third pillar, James reports, centres on Institutional Infrastructure. He says Q9 has spent a lot of time on what are essentially institutional level processes and procedures that not only offer security and confidence but a great user experience, which is vital for this new asset class.

Specifically targeting the broad investor base of individual investors, family offices, wealth managers, corporates and funds, Q9 aims for a superior end-to-end digital experience that will encourage investors to use it as their default platform. “We are providing an institutional-level product direct to individuals, wealth managers and other institutions,” James reports, “and we have had considerable success thus far onboarding from the private wealth sector, including a number of family offices.”

Rapid evolution

Before he delves into the detail, James comments on the evolution of the digital assets’ universe and investor sentiment and appetite.

“A year ago, investors might have wondered how and where they can buy crypto, but today they are far more familiar and know more than just Bitcoin, far more than just spot buying or trading,” he reports. He says there has been a massive increase in scope, with growing understanding of the different things

they can do in the metaverse, or DeFi, which is decentralised finance, and of NFTs, or non-fungible tokens. “The boundaries are being pushed constantly as the blockchain behind all this facilitates a greater universe of digital financial instruments and investment opportunities, and as access becomes so much easier, allowing the ordinary investor to try their hand at gaining exposure, but through the types of products we are offering, not committing themselves to overly long holding periods.”

Riding the wave

And riding this wave of interest, James reports that considerable progress has been made at Q9, with a rapid expansion of the clientele and the product suite. He explains that since Hubbis first met with him in early 2021, the rapid growth in knowledge, activity and uplift in sentiment and confidence had encouraged Q9 to push their new products out more aggressively.

“We now have the most complete product set,” he reports. “We opened with the simple spot trading and custody offering, with a very easy to navigate and understand UI, then in April last year we came out with our ‘Earn’ programme – a yield generating product where clients lend their crypto and stablecoins to us, and that has proven very popular. We then officially launched our flagship ‘YIELD’ product in mid-January. In a nutshell, the investor chooses the digital asset, the amount, maturity and linked price, commits their crypto to ‘Yield’, those assets are locked up for a selected tenor, with payment in the form of an effective yield made in the settlement currency at expiry. We now have NFTs on our platform, and we even opened our Crypto Hub retail outlet in Central, Hong Kong.”

Q9 promotes the Hub as Hong Kong's premier cryptocurrency and NFT hub where both industry experts and crypto newcomers can join the community, learn, network, and become involved in the exciting world of cryptocurrencies.

"Our team regularly hosts events focusing on education and community outreach with a focus on digital asset adoption, blockchain technology and everything crypto," James explains. "And Q9's gallery space exhibits and sells curated digital works from renowned and upcoming local and international artists. We have just sponsored the Digital Art Fair here in Hong Kong [see box below], just as NFTs were taking off and the Metaverse was making it into the mainstream, and as Web3 was becoming something that people were actually talking about." [See box article below]

Extracting running yield from digital assets? Really?

He offers more detail on the Q9 'YIELD' Dual Cryptocurrency Product, created to help investors monetise the volatility of crypto markets and enhance investors yields. "The yield is secured at purchase, there are no hidden fees, it is an easy to use and access product, with short maturities and high yields," James explains. "The currency in which the product will be settled changes depending on how the settlement price compares with the linked price. It is available to international investors with no minimum commitment for account opening, while for residents of Hong Kong it is only for accredited investors."

He says this is a compelling product for investors as the

Art and digital assets meet in cyberspace

On January 3 this year Q9 Capital announced it would present an exhibition of Non-Fungible Tokens (NFTs) in collaboration with Ora-Ora, an established Hong Kong-based gallery representing international artists working across various media. Taking place at their central Hong Kong retail outlet, Q9 Crypto Hub, Poetic Enigma I is an exhibition of NFTs created by three notable artists of the contemporary art world, and four NFT creators established in the digital world.

"The showcase engages audiences with its unique perspectives on philosophy and life and reflects the trending digital culture of the NFT world," James reports. "Most noteworthy are the works by 3 artists with existing contemporary art practices pre-dating the age of NFTs."

Other works included in the exhibition are curated by Ora-Ora, and according to the release at the time are symbolic as unique and highly coveted collectibles. Infinite Tiles is an art collection generated from unique ETH addresses, with the price of each mint increasing with the number of mints. Loot (for Adventurers) is a collection of 8,000 unique bags of adventurer gear. Mendel Genesis Odyssey was created by Remy Bond and is a collection of 770 NFTs based on the adventures of the astronaut Mendel. Other NFTs by artist Pak are interactive project and strategy games, each possessing different requirement and rules that keep audiences on their toes.

Quinn elaborates on the significance of the project. "As unique and non-interchangeable units of data stored on the blockchain, NFTs have grown to be a significant factor in the western art industry. Consequently, digital art was an early use case for NFTs, as it assured unique signature and ownership. As the first of its kind in Hong Kong, our Q9 Crypto Hub is a go-to dedicated physical exhibition space for NFTs. We have facilitated a new digital universe of art with easy physical access."

interest, or yield, is far higher than what they're seeing certainly in traditional finance. "This is not rocket science either," he says, "as investors are basically buying what is equivalent to a fixed income product plus a vanilla option, and by selling that option, they get the enhanced yield. They thereby monetise their market view on crypto and collect premiums."

Often known as dual currency products (DCPs), James explains that these investments provide unique and customisable contracts where investors decide their preferred strike price, yield and maturity period at inception. Investors benefit from knowing their yield upfront with a pre-determined premium, and depending on whether the market

price is above or below your strike price at maturity, they receive their proceeds in BTC or USDC.

Yields typically range from 40% to 200% APR and can be rolled at maturity. "With interest rates on traditional bank deposits close to zero, investors are now increasingly looking for yield elsewhere in alternative asset classes like

can also choose to customise the assets, products and the weightings of their investments if they want something different to our off-the-shelf offering – kind of like a make your own salad. The dollar cost averaging smooths the effect of volatility over time, removes the headache of trying to time the market, and eliminates the emotion from allocating."

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cryptocurrencies," he reports. "We see YIELD as a major building block in the development of the Q9 platform. We are incredibly excited to expand our suite of innovative crypto products and 2022 is promising to be a strong year of growth for the platform on the back of this launch."

And here comes AutoInvest

And Q9 is soon to launch AutoInvest, which James describes as products that allow for allocating capital into different crypto baskets, with dollar cost averaging. "With the volatility of crypto fairly high, a lot of investors aren't sure if they are entering the market at the right time. AutoInvest will allow investors to make monthly or periodic contributions that will be automatically invested in, say, a chosen metaverse or alt-coin basket of crypto assets, or into a product such as Earn. Investors

He says AutoInvest will, for the time being, round out their direct-to-consumer offering. "By the end of Q1 this year, we will have Spot Trading, Earn, Yield, our Custody Gateway and AutoInvest and we will be one of the largest product set platforms in this market," he reports. "We will of course keep innovating and developing, but our focus once we launch AutoInvest will be more on expanding the client base, and on further fundraising for Q9 to take us even further along the road."

A White Label model available soon

Amongst the future developments, he says there will be more institutional products. "We are coming out with a turnkey white label solution for wealth managers and investment managers globally," he reports. "For example," he says, "imagine a registered investment advisor in Boca Raton,

Florida with 250 clients, and they want to offer clients the ability to trade crypto; well, they can buy our turnkey white label model and they have a platform they and their clients can use easily and that is tried and trusted."

And as to building the client base, James explains that the firm has no geographical restrictions other than not being able to take US residents or China onshore clients. "For the time being our clients are Hong Kong mostly and some in Asia and we are now moving more proactively across the rest of Asia and then to the Middle East and later into Europe. We are marketing there more through direct client outreach, looking at licensing globally for all those regions. We have a lot of conversation taking place."

He closes the conversation by distinguishing between individual investors, who even if they are very wealthy might only dabble in small amounts at first – and individual traders, who invest their time in buying into new products and opportunities in order to boost their income or returns.

Lifting the barriers to entry

"Investors generally do not really want to spend time on all this, they just want to buy in and then if all goes well, scale up somewhat," he says. "They often create a basket of the top cryptos, and they can then use 'Yield' or 'Earn' to enhance returns. They own those cryptos, they can store them with us in our unique Custody Gateway or shift them to their own digital wallets. They have full control. Q9's ethos is all about the removal of barriers to entry into the nascent digital asset universe."

He explains that another core driver for activity in cryptos has been the resurgence after more than two decades of inflation, following the vast flood of fiat money printing that has taken place in the major economies, especially since the GFC of 2008-9. "Cryptos offer decentralisation, they are outside the global financial system, and while they are in the speculative or alternative basket, they have some store of value, and thereby offer some protection in a high inflationary environment, so there is that additional driver for the higher levels of investment activity seen the world over," he comments.

Keeping it personal

He adds that while the Q9 platform is fully digital, the philosophy from the outset was to offer and maintain human connectivity. "We believe in offering a personalised service including a dedicated RM for each client," he elucidates. "Combined with the state-of-the-art platform, full administrative and advisory support, as well as individual reporting and the capability to tailor customised solutions, we are at the cutting edge of significantly enhancing the digital asset investment ecosystem."

He closes by reiterating the simplicity of the user experience on the Q9 platform. "At the end of the day, there is a fear of missing out factor

here," he says. "Imagine the dad whose children ask him why he did not buy into London property in the 1980s, when it was all so cheap, and extrapolate that to cryptos three or more decades from now. More and more people have 'FOMO' over the long-term value potential around digital assets and cryptos, and we simply make it incredibly easy and a pleasant user experience. In the early days of the internet, even later, it was not easy to necessarily pick the winners, but I think it was pretty clear to people at that point that they should have been investing in some companies in that space. Ditto digital assets. If you choose to ignore it, you might well really regret it over the long term." ■



Getting Personal with James Quinn

As Managing Partner at Q9, James is a seasoned leader and entrepreneur having led financial services businesses and new ventures across multiple asset classes in Asia, North and South America. He has almost 25 years of experience in capital markets with a focus on client service, trading and risk management. Before joining Q9, he was Head of Markets at Kenetic Capital, a crypto and blockchain focused firm in Hong Kong, and previously served as Managing Director at Deutsche Bank in equity derivatives, leading their index trading business across APAC. He has also held senior positions at Credit Suisse, and The MTI Company.

He holds a Master of Business Administration (MBA) from the University of Chicago Booth School of Business in analytical finance, statistics and economics. He was born and raised in Chicago, and has been in Asia now for almost 15 years, of which five years were in Tokyo from 2007.

“I moved into the digital asset world as a conscious and deliberate decision to venture into the future of finance,” Quinn explains. “I am actually not an early adopter in crypto, I got into this sphere only in 2017 both when it became more popular, and more specifically because I saw the opportunity to build a new business again in finance, like when I started in the 1990s, the derivatives businesses were just starting to build out worldwide, which was very exciting.”

He is confident this is the right approach because he is even more sure today that the market has been lacking the right type of state-of-the-art platforms, and the requisite levels of service and of personal relationship management, especially to individual clients and small businesses and small corporates, all of which he believes are required to really build the momentum in this space. “We have the products, services, security, compliance and strategy that will truly help our clients and truly differentiate us as the market develops,” James states, enthusiastically.

He is married with a son of 15 and daughter of 13, both at school in Hong Kong. “They were both raised here in Asia. Actually, my daughter was born in Tokyo, where I had worked from 2007 to 2012, first for Credit Suisse and then for Deutsche, so Japan has also been a big part of our adventure in this region; we remember it fondly. But the children were six and four when we came to Hong Kong, this is where they grew up.”

Leisure time is spent outdoors as much as possible, enjoying Hong Kong’s country parks, beaches and all sorts of activities. “Unusually for an American,” he reports, “I’ve also coached rugby, which I have learned a lot about through the children. The way we got into it is a bit of a typical expat Hong Kong story. It was virtually our first weekend in our new apartment, and we spotted our Swedish neighbours going out in their rugby kit. They invited us to go take a look, which we did, and we were hooked, both by the game and the whole environment. It has been a big part of our lives in terms of the community here. And if not playing rugby, we encourage the children to join us for a run or some other outdoor activity.”

