

# Leading Asia-Pacific Digital Asset Trading Platform Provider, HashKey Group, Turns to Thales to Meet Stringent Security and Regulatory Standards as a Virtual Asset Service Provider

HashKey Group is an end-to-end digital asset financial services group headquartered in Hong Kong with operations in Singapore and Japan that has a firm-wide commitment of upholding the highest compliance and regulatory standard in the digital asset and blockchain economy.

HashKey empowers institutions and professional investors to capture opportunities in digital assets through its comprehensive professional-grade offerings, which include HashKey PRO, a proposed virtual asset trading platform operator, as well as a brokerage, blockchain and asset management services.

## The Challenges

As an emerging technology, the regulations and compliance standards for blockchain and crypto-assets are either absent, fragmented or inconsistent worldwide. From an organisational point of view, this leads to heightened security risks that HashKey was keen to mitigate with a secure, reliable solution. However, the

majority of existing solutions did not satisfactorily meet either the organisational standards or the security and compliance framework outlined by their local regulator.

The Securities and Futures Commission (SFC), Hong Kong's statutory body to regulate the securities and futures markets, introduced a new regulatory framework in late 2018 and position paper in 2019 to licence and regulate virtual asset trading platform operators. Under this framework, platform operators and their Associated Entities are expected to set up and implement strong internal controls and governance procedures for private key management to ensure all cryptographic seeds and keys are securely generated, stored, and backed up in a secure environment such as a Hardware Storage Module (HSM) with appropriate certification for the lifetime of the seeds or private keys. Meeting this regulatory standard was crucial for HashKey in order to maintain its operations as a highly secured virtual asset services provider.

## The Solution

To mitigate these challenges, HashKey turned to Thales because of its market reputation in developing industry-leading security solutions and its HSM market leadership. HashKey set up the Thales ProtectServer Network HSM by integrating the device seamlessly into its trading platform. The HSM solution works as a secure root of trust for HashKey's wallet system to generate and manage the private keys during the whole lifecycle.



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## The Results

The secure storage and processing of the cryptographic keys in the Thales HSM means the keys are never exposed in clear form, offering HashKey a level of security unattainable from software alternatives while providing a certified level of confidentiality and integrity that meets the strict security demands of regulated financial institutions. The solution has also allowed HashKey to build a premium-grade wallet system, which offers even better protection to the virtual assets of its customers who use the trading platform.

" We have been thoroughly impressed with Thales throughout this whole process, both as a solutions provider and as a partner. We pride ourselves on offering virtual asset products to customers with the highest security requirement, and the support from Thales has helped us maintain this world-class standard."

Nejfeh Demirian, Head of Product and Client Solutions, Exchange Business, HashKey Group

## About Thales

The people you rely on to protect your privacy rely on Thales to protect their data. When it comes to data security, organisations are faced with an increasing number of decisive moments. Whether the moment is building an encryption strategy, moving to the cloud, or meeting compliance mandates, you can rely on Thales to secure your digital transformation.

## Our Innovation

Thales' ProtectServer Network HSM hardware devices protect cryptographic keys from compromise. The security-hardened network crypto server provides encryption, signing, and authentication services to secure sensitive applications, including native blockchain algorithm support. Thales HSMs have led the market for more than 25 years and are ever-evolving to meet customer requirements and stay ahead of technological change. Thales HSMs are the foundation of digital trust for traditional technologies such as code signing as well as emerging technologies, including Blockchain, Quantum-Safe Crypto Agility, and 5G.

Thales offers a wide market-leading HSMs to meet customer needs from Luna Network HSM and payShield HSM to the flexible and customizable ProtectServer HSMs. The HSMs come in a variety of form factors and delivery options including cloud-based and hardware options to ensure customers meet the most stringent compliance and security mandates by providing high assurance FIPS 140-2 Level 3 validated roots of trust for any use case, any application, any industry and any environment.