



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

28th July 2024

BITCOIN-RELATED



NYDIG: Bitcoin rallied 1.8% in what could be characterized as up-and-down trading on the week.

In a research report, JPMorgan said any rebound in cryptocurrency markets in the near term is likely to be tactical in nature and not the beginning of a new long term bullish uptrend. The bank said this was because the price of Bitcoin is currently too high versus its production cost of \$43,000, and relative to its volatility-adjusted comparison to gold, which is \$53,000. (Bitcoin was trading around \$67,220 at publication time.)

Mt. Gox distributed ~\$336 million to four separate Bitstamp digital wallet addresses, according to blockchain analysis company Arkham Intelligence, with the Mt. Gox bankruptcy trustee still sitting on about \$6 billion in Bitcoin earmarked for distribution. Not all of the estimated \$8 billion will be distributed this year after some creditors choose to wait for the full amount owed them rather than settle for a smaller amount sooner. (Bitstamp began the process of returning digital assets to Mt. Gox creditors on July 25. Kraken said it successfully distributed Bitcoin and Bitcoin Cash from the Mt. Gox estate back to creditors.)

Data from blockchain analytics firm Arkham shows that a wallet labelled “US Government: Ryan Farace Seized Funds” moved 58.742 Bitcoins (worth ~\$4 million) on July 22. The wallet sent the funds to centralized crypto exchange Coinbase, which typically implies that the sender intends to sell coins through the platform. The funds transferred were seized more than three years ago from Ryan Farace, who was convicted for selling Xanax for Bitcoin on Silk Road.

Marathon Digital, the world’s largest Bitcoin mining firm, announced on July 25 that it has purchased \$100 million worth of BTC for its balance sheet. That brings the mining giant’s total Bitcoin holdings up to 20,000 BTC, worth ~\$1.28 billion at present. Going forward, the company doesn’t plan to sell a single Satoshi, and “effective immediately, MARA will once again adopt a full HODL strategy.”

Tokyo-listed investment firm Metaplanet's bought an additional 20.38 BTC (worth ~\$1.4 million) on July 22, completing its latest round of planned purchases. The acquisition brings Metaplanet's total Bitcoin holdings to 245.99 BTC, valued at ~\$16 million. (Metaplanet also announced a partnership with Hoseki, a

leader in Bitcoin verification solutions, to launch a Bitcoin proof of reserves system. And it acquired an exclusive license to launch Bitcoin Magazine Japan.)

British football club Real Bedford FC added \$4.5 million in Bitcoin to its treasury, bringing the total amount in Bitcoin it holds to ~\$5.4 million. The Bitcoin will be used for club operating expenses, as well as facilities improvements and community initiatives.

US public company OneMedNet bought \$1.8 million worth of Bitcoin.

Eric Balchunas: Michigan's Pension bought some ARKB. Although we have it as \$7.4 million, which is small %-wise for them but it's a start. They're now the third pension to report owning a Bitcoin ETF.

Steven Fulop, mayor of Jersey City, New Jersey, announced on July 25 that the city's pension fund will invest a percentage into Bitcoin, via ETFs.

Financial services firm Cantor Fitzgerald will open a Bitcoin financing business. CEO Howard Lutnick Said: "We are going to launch with \$2 billion in lending. We are going to welcome Bitcoin into the financing family of the global financial markets."

Donald Trump said: "On day one, I will fire Gary Gensler." Trump also promised to build a "strategic Bitcoin stockpile" for the US if he is elected, – "it will be the policy of my administration, the United States of America, to keep 100% of all the Bitcoin the US government currently holds or acquires into the future." In addition, if elected, Trump would refashion the US into a "Bitcoin superpower" and said: "I'm laying out my plan to ensure that the United States will be the crypto capital of the planet." (Watch his speech at The Bitcoin Conference, [here](#).)

Senator Cynthia Lummis, of Wyoming, will introduce a bill to direct the US Treasury to purchase 1 million Bitcoins – worth ~\$68 billion at current prices – over a period of five years next week. The move will be made to counter the effects of dollar debasement, per Lummis.

Michael Saylor of MicroStrategy laid out scenarios where Bitcoin could soar to a market cap of \$280 trillion by 2045, making up 7% of global wealth, should it achieve an annual growth rate of 29%. He even mentioned a bullish forecast where Bitcoin might be valued at \$49 million per coin, capturing 22% of global wealth, contrasting sharply with his (still impressive) 'bear case' prediction of \$3 million per coin and 2% global wealth share.

Investment manager VanEck released a report predicting that Bitcoin could potentially reach a total market capitalization of \$61 trillion, or ~\$2.9 million per coin, by 2050. This projection is based on the anticipated massive demand for Bitcoin as collateral for trade settlement and as a reserve asset for central banks. The report suggests that Bitcoin could be used to settle 10% of global international trade and 5% of domestic trade by 2050, leading to central banks holding 2.5% of their assets in BTC.

Independent presidential candidate Robert F. Kennedy Jr. doubled down on his support for Bitcoin. He stated: "I am a huge supporter of Bitcoin. I have most of my wealth in Bitcoin. I am fully committed." He also said his plan includes transferring about 200,000 BTC held by the government to the US Treasury and directing daily purchases of Bitcoin (550 BTC a day) to build a reserve of 4 million coins.

A new fund is offering Bitcoin holders a way to become EU citizens through Portugal's golden visa program. Alessandro Palombo, the co-founder and CEO of Unbound Fund, announced the possibility of gaining Portuguese citizenship by investing in Bitcoin. According to Palombo, investors indirectly holding Bitcoin worth 500,000 euros (~\$542,000) through the fund will be eligible for the Portugal Golden

Residence Permit Program, the country's five-year residence-by-investment program for non-EU nationals. The fund invests in companies with 100% passive Bitcoin holdings and will also invest in BlackRock ETFs for security and simplicity.

The University of Wyoming established the UW Bitcoin Research Institute, marking the first academic institute dedicated to Bitcoin studies.

Privacy and security firm Proton, known for solutions like Proton Mail, Proton VPN, and Proton Drive, launched a self-custodial Bitcoin wallet called Proton Wallet.

Lightning Labs announced the release of Taproot Assets on Lightning, the first multi-asset Lightning protocol on mainnet. With this release, assets can be minted on Bitcoin and sent via the Lightning Network instantly for low fees.

The Breez SDK is launching integration of the Liquid Network in addition to their support for the Lightning Network. Breez SDK makes the integration of Lightning support easier for developers and is used by Relai, Cake Wallet, and CrowdHealth.

INDUSTRY ADVANCES



Banking app Revolut, one of the world's most valuable financial startups and crypto-friendly companies, finally won a British banking license after a three-year wait. Last year, chief executive Nik Storonsky stated: "[We're] doubling down on crypto products."

Crypto firm Ledger unveiled a new hardware wallet called "Ledger Flex," which features a touchscreen.

The asset management arm of Coinbase is creating a tokenized money-market fund, jumping into one of the hottest crypto-powered corners of finance. Reportedly, Coinbase Asset Management has been working with Bermuda-based Apex Group to help facilitate its tokenized fund.

Tokenization firm Libre is launching new blockchain-based funds on Solana, including the Hamilton Lane SCOPE senior credit fund, aiming to increase accessibility and liquidity.

Credit ratings agency Moody's is joining the Monetary Authority of Singapore's (MAS) Project Guardian, a collaboration between the public and private sectors exploring asset tokenization. Moody's looks to provide risk analysis for tokenized fixed-income products, including fixed-income securities, fund units, stablecoins, and tokenized deposits.

AgriDex completed its first agricultural trade on the Solana blockchain, moving over 200 olive oil bottles and several wine cases from South Africa to London.

A new platform on the Base network now allows US politicians to receive crypto donations in 240+ different cryptocurrencies, facilitated by Coinbase Commerce.

Ferrari is expanding its crypto payment options to Europe following a successful US launch in October. The luxury sports car giant's European dealer network can start accepting crypto payments for Ferrari vehicles by the end of July.

TON Core, in collaboration with the non-custodial wallet Tonkeeper, launched a new smart wallet standard – enabling gasless transactions on TON blockchain.

Air France Industries KLM Engineering & Maintenance and Parker Aerospace Group rolled out a revolutionary blockchain platform for back-to-birth track and trace of aircraft parts.

Austrian energy provider Energie Steiermark is teaming up with blockchain pioneer Powerledger to launch the smartCOMMUNITY energy trading platform. smartCOMMUNITY is a new blockchain-enabled energy monitoring and trading platform that is designed to enable prosumers to monitor their energy usage and production as well as to be able to share their surplus with other participants of their choice across Austria on a peer-to-peer trading basis.

MINING



HIVE Digital Technologies announced its plan for a 100 MW project in Paraguay, utilizing green and clean energy sourced from the Itaipu hydroelectric dam. The opportunity is expected to add up to an additional 6.5 Exahash per second (EH/s) to the company's Bitcoin mining operations, increasing its global EH/s to 12.1 EH/s.

Bitcoin miner Bitfarms adopted a new “poison pill” strategy following a tribunal ruling in favor of rival Riot Platforms regarding its first shareholder rights plan, designed to help prevent Riot's takeover of the company.

Paraguay shut down 70+ illegal Bitcoin mining operations in the past five years, which reportedly stole enough electricity to power an entire city.

A Bitcoin mining device with a hashrate of only 500 gigahashes per second (Gh/s) managed to mine a block on July 24, earning a reward of \$206,000 in Bitcoin. This event stands out given that the device has only a 1 in 1.1 billion chance of achieving this roughly every 10 minutes.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES



BlackRock's IBIT saw net inflows of \$526.7 million on July 22, marking the spot Bitcoin ETF's largest intake since March 13.

ARK Invest offloaded 118,209 shares of its ARKB spot Bitcoin ETF (worth ~\$7.8 million) on July 24, as the firm rebalanced its fund weightings. (ARK's investment strategy aims to let no individual holding take up more than 10% of a fund's portfolio. ARKB was the largest holding in ARKW, comprising ~11% of the fund at a market value of \$162.5 million. The sale from its Next Generation Internet fund (ARKW) marks the first time ARK has sold shares in ARKB since the spot Bitcoin ETF launched in January.)

According to Odaily, the SEC approved Grayscale Bitcoin Mini Trust's 19b-4 form on July 26 – set to be a spin-off product of the Grayscale Bitcoin Trust (GBTC). A company spokesperson said that the company is still awaiting the approval and activation of the S-1 registration statement.

The Hong Kong Stock Exchange made history tomorrow with the launch of Asia's first inverse Bitcoin ETF. The CSOP Bitcoin Futures Daily (-1x) Inverse Product began trading on July 23. The ETF will invest in short positions on Bitcoin futures contracts traded on the CME.

Spot Ether ETFs concluded their first day of trading on July 23 in the US with over \$1 billion in trading volume (overall net inflows of \$107 million compared to \$600 million for spot Bitcoin ETFs on their debut). Nearly half of that trading volume (outflows of \$484 million) was in the newly converted Grayscale Ethereum Trust (ETHE). BlackRock's iShares Ethereum Trust ETF (ETHA) led the way with \$266.5 million worth of inflows. Bitwise saw the second highest inflows, with \$204 million flowing into the Bitwise Ethereum ETF (ETHW).

Bitwise, one of eight issuers to launch a spot Ethereum ETF in the US on July 23, became the first to publish its wallet addresses and set Ethereum Name Service subnames for the fund, allowing for simple verification of its assets. The firm is also donating 10% of profits from ETHW to Ethereum developers.

NYDIG: ProShares seemed to put forth a great effort to get into the spot ETH ETF race at the last minute, but its ETF did not launch. We pointed out in previous notes that major details were lacking in their filing, so perhaps getting everything together at the last minute proved to be too big of a hurdle for ProShares. Whatever the reason, we now have 9 spot ETH ETFs.

SEC Commissioner Hester Peirce suggested that allowing staking for Ethereum ETFs may be reconsidered. In an interview, Peirce mentioned that the product features that were excluded could always be reassessed. This comes after the SEC approved spot Ethereum ETFs in May without the staking option due to the SEC's stance that staking constitutes an investment contract, leading to a lawsuit against Ethereum development firm Consensus. Bloomberg analyst Eric Balchunas noted that Peirce's view aligns with the expectation that both staking and in-kind creation/redemption for spot ETH and BTC ETFs might be reconsidered, especially if there's a change in the US government following the upcoming election.

Hashdex filed an S-1 registration with the SEC for an ETF that will initially hold Bitcoin and Ether, with potential to include other assets pending regulatory approval.

Swiss-based Laser Digital, the digital asset subsidiary of Japanese investment bank Nomura, is reportedly planning to introduce an alternative to spot ETH ETFs. Unlike the nine Ether ETFs, Laser Digital's ETH fund would generate yield and accrue rewards from the underlying Ethereum blockchain network.

BlackRock's Head of Digital Assets, Robert Mitchnick, said that the launch of spot Ethereum ETFs is unlikely to lead to a proliferation of funds tracking other crypto assets like Solana's SOL or Polygon's MATIC. He stated: "If you think of Bitcoin, today it represents about 55% of the market cap. Ether is at 18%. The next plausible investible asset is at, like, 3%. It's just not close to being at that threshold or track record of maturity, liquidity, etc."

FUNDRAISING & OTHER FUNDING (\$5 MILLION OR MORE)



Galaxy Research: \$3.2 billion in total venture capital was raised for crypto businesses in Q2 2024, the highest amount for a three-month period since 2022, and up from \$2.5 billion in Q1.

Galaxy Digital has secured \$113 million for its latest crypto venture fund. Mike Novogratz's firm is hoping to hit \$150 million.

Superstate launched a new tokenized fund that employs a "cash and carry" investment strategy to generate yield for investors. Superstate buys spot Bitcoin and Ether, while taking equivalent short positions in BTC and ETH futures. Its first tokenized fund, which holds short-term US T-bills, has gathered \$80 million of assets since debuting earlier this year.

Bitrue Ventures launched a \$40 million investment fund. It seeks to develop projects across crypto, including AI crypto crossovers, GameFi, real-world assets, and DePINs.

Cormint, an emerging Bitcoin miner focused on mining Bitcoin at the lowest possible cost, announced that it successfully raised \$29 million in Series B equity.

NPC Labs secured \$18 million in funding, led by Pantera Capital, to develop a GameFi ecosystem on the Base protocol and build user-friendly Web3 games.

Caldera raised \$15 million in a Series A funding round, led by Peter Thiel's Founders Fund.

Bitcoin Layer-2 blockchain Bitlayer closed \$11 million in a funding round led by Franklin Templeton, highlighting traditional finance's growing interest in DeFi technologies.

Igloo, the parent company of the popular NFT brand Pudgy Penguins, raised over \$11 million in a strategic funding round led by Peter Thiel's Founders Fund to develop a new Layer-2 blockchain Abstract.

aPriori, a liquid staking platform on Monad, raised \$8 million in seed funding – led by Pantera Capital.

OpenSocial Protocol secured \$6 million in funding, led by Framework Ventures and North Island Ventures.

Web3 AI firm Network3 garnered \$5.5 million to expand its team and develop its decentralized AI infrastructure.

IPOS, M&A, PARTNERSHIPS & DEALS



Bitcoin rewards app Fold is planning a public listing on Nasdaq through a merger with SPAC Emerald Acquisition.

BitFlyer Holdings acquired FTX Japan and plans to launch potential crypto-based ETFs in Japanese markets.

Riot Platforms acquired Block Mining, a Kentucky-based Bitcoin miner, in a \$92.5 million deal to boost its mining capacity by an additional 60 megawatts immediately.

Bitcoin miner Bitdeer Technologies has become an alluring takeover target, broker Benchmark said in a research report on July 22. Bitdeer's value has been bolstered by the growing interest in crypto miners' energy assets from AI and HPC firms in recent months. The broker raised its Bitdeer price target to \$16 from \$13 and reiterated its buy rating on the shares.

Bitcoin Magazine and MicroStrategy announced the launch of Bitcoin for Corporations. This strategic partnership aims to provide comprehensive resources and educational content to corporate leaders, underscoring a joint commitment to fostering Bitcoin adoption and education on a global scale.

SunnySide and Cryptech, two wholesale distributors and service providers for digital asset mining and HPC data center equipment, joined forces to launch Synteq. Synteq aims to meet the needs of the digital mining and HPC industries at scale by growing the reach of its digital hardware wholesaling business as well as rolling out new services.

Howe-Baker International signed a MoU with D Energy to pioneer clean hydrogen production using blockchain technology.



A new governance proposal aims to create a clear roadmap for implementing a fee switch for staked AAVE and having a way for the token “to collect rewards generated from the protocol revenue.” If passes, staked AAVE will still be compensated in AAVE tokens, but a new “Buy & Distribute” program, funded by the protocol’s new excess revenue, will be introduced.

Binance introduced the Binance Account Bound Token (BABT), a non-transferable proof-of-KYC token that users can utilize across various crypto and DeFi platforms, enhancing on-chain identity verification.

Jito Foundation launched an open-source staking and re-staking service for Solana, allowing protocols to enhance economic security using various crypto assets.

Liquidium, a Bitcoin-based DeFi platform, conducted a surprise airdrop during its token-generation event, distributing 10% of its total token supply to users and select Ordinals communities.

FILLiquid, the open-sourced decentralized Filecoin-based lending platform, announced the official launch of its mainnet alongside the successful completion of its Token Generation Event. With this, FILLiquid unveils its Filecoin liquidity pool, marking a significant advancement in Filecoin storage power growth by allowing FIL holders to deposit tokens to earn interest and Storage Providers to secure loans.

CBDcs & STABLECOINS



Deputy Governor Mamerto Tangonan said he expected the Philippines to launch wholesale CBDC by 2029 at the latest.

Australian stablecoin payments startup Stables announced its expansion to Europe in partnership with Mastercard. The new partnership will allow Stables users to make purchases with Circle's USD Coin in 27 countries throughout Europe wherever MasterCard is accepted and through digital vendors like Apple and Google Pay.

Solend officially rebranded to Save and is introducing a new suite of products on its platform, save.finance – including SUSD (a decentralized stablecoin protocol), saveSOL (a liquid staking token), and dumpy.fun (a Solana memecoin shorting platform).

NFTS, BLOCKCHAIN GAMING & METAVERSE



A member of the ApeCoin DAO proposed to launch a hotel in Bangkok using Bored Ape Yacht Club collection as its theme – renovating an existing hotel with BAYC-themed rooms, an ApeCoin bar, and a swimming pool. The DAO member requested \$356,000 in ApeCoin to complete the work, saying that they already reached an agreement with the hotel.

Atari launched an on-chain arcade on Base. Its first game is Asteroids.

Ethereum-based game Illuvium went live on the Epic Games store.

OKX launched a Telegram mini-app game called “OKX Racer,” challenging users to earn points by guessing if Bitcoin's price will “moon” or “doom” at five-second intervals.

A new report revealed Meta plans to slash the budget for its metaverse division, Reality Labs, by 20% over the next two years.

JOB MOVEMENT



Bitcoin-only investment app Swan Bitcoin said it's pulled the plug on the mining business, canceled plans to list shares, and made what appear to be deep job cuts.

REGULATIONS, RULINGS & COMMENTARY



The Trump campaign notched another \$1 million in crypto donations since the start of Q2, bringing its grand total to \$4 million, CNBC reported prior to the Bitcoin Conference.

The Digital Chamber urged Vice President Kamala Harris to adopt a more positive stance on crypto and choose a running mate with a pro-innovation track record.

A narrow bill to create a US working group to dig into crypto use in terrorism and money laundering passed the US House of Representatives in a routine vote. The legislation isn't likely to get any further without a Senate counterpart, but it marks another congressional approval of a crypto measure.

Blockchain-friendly Roberta Metsola was reelected as EU Parliament President. (In 2018, as a member of the European Parliament for Malta, she called for regulation on crypto and blockchain when needed, without stifling innovation. She was also president during the passage of the EU's crypto bill, MiCA.)

India's Finance Minister Nirmala Sitharaman kept crypto tax rules unchanged, as expected, in her address announcing the nation's budget for 2024-2025 on July 23. (India plans to release a discussion paper on its cryptocurrency policy stance by September, following consultations with relevant stakeholders to gather diverse opinions on the matter.)

Russia allegedly passed a bill within parliament that allows Bitcoin and other cryptos to be used in international trade.

Coinbase filed a motion to compel the SEC to make public internal communications, including by chair Gary Gensler, on its internal discussions about crypto. (The company has dialed back its request for messages to be made public after judge Katherine Polk Failla warned Coinbase was going too far in its demands for messages from before Gensler was appointed to the SEC.)

BUGS, OUTAGES, HACKS, SCAMS, ALLEGATIONS, INVESTIGATIONS, ENFORCEMENTS & WRONGDOINGS



According to a report by TRM Labs, Russian-speaking ransomware groups were responsible for at least 69% of all crypto proceeds from ransomware in 2023, which exceeded \$500 million.

Two promoters of the Forcount crypto Ponzi scheme, which defrauded Spanish-speaking investors of \$8.4 million, pleaded guilty to wire fraud conspiracy and face up to 20 years in prison.

Rho Markets, a decentralized lending protocol built on the Scroll blockchain, halted operations after a security incident that compromised its USDC and USDT pools. Blockchain security firm Cyvers reported that the attacker siphoned \$7.6 million from the protocol.

CB Payments, an e-money institution and payments processor tied to Coinbase, was fined more than 3.5 million pounds (\$4.5 million) by the Financial Conduct Authority for lapses in controls designed to prevent onboarding of so-called high-risk customers.

A court ordered Thomas Braziel, founder of crypto bankruptcy claims firms 117 Partners and 507 Capital, to repay \$1.9 million after he embezzled funds to buy luxury items and crypto, instead of distributing assets from a receivership fund.

The Australian arm of international bank HSBC has informed customers that it began blocking customer payments to crypto exchanges as of July 24 – citing scams.

DeFi platform dYdX said that one of its on-chain trading services was “compromised” on July 23 and warned users against visiting dydx.exchange until further notice. dYdX is reportedly negotiating the sale of its v3 software while simultaneously disclosing that it was compromised.

Blast protocol MonoSwap announced it experienced a hack, which compromised a MonoSwap developer's PC through a phishing attack, leading to the withdrawal of most staked liquidity positions and significant protocol damage.

MISCELLANEOUS

X removed long-standing cryptocurrency emojis, including Bitcoin.

Citi analysts hiked their price target on Coinbase stock to \$345 from \$260 and given it a "buy" rating. The broker said Coinbase is likely to benefit from an improving regulatory regime in the U.S. after the presidential election in November and the Supreme Court's overturning of the Chevron precedent.

Ethereum core developers are debating the inclusion of EVM Object Format in the upcoming Pectra upgrade, with some expressing concerns over its potential risks and complexity.

Talos, a leading provider of institutional technology for trading digital assets, announced the establishment of its new European entity in the Netherlands.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

The documentary *God Bless Bitcoin* is now free to watch, [here](#).



David Hoffman lists the reasons behind why it's a "insane bullish setup" for Bitcoin (and crypto)...

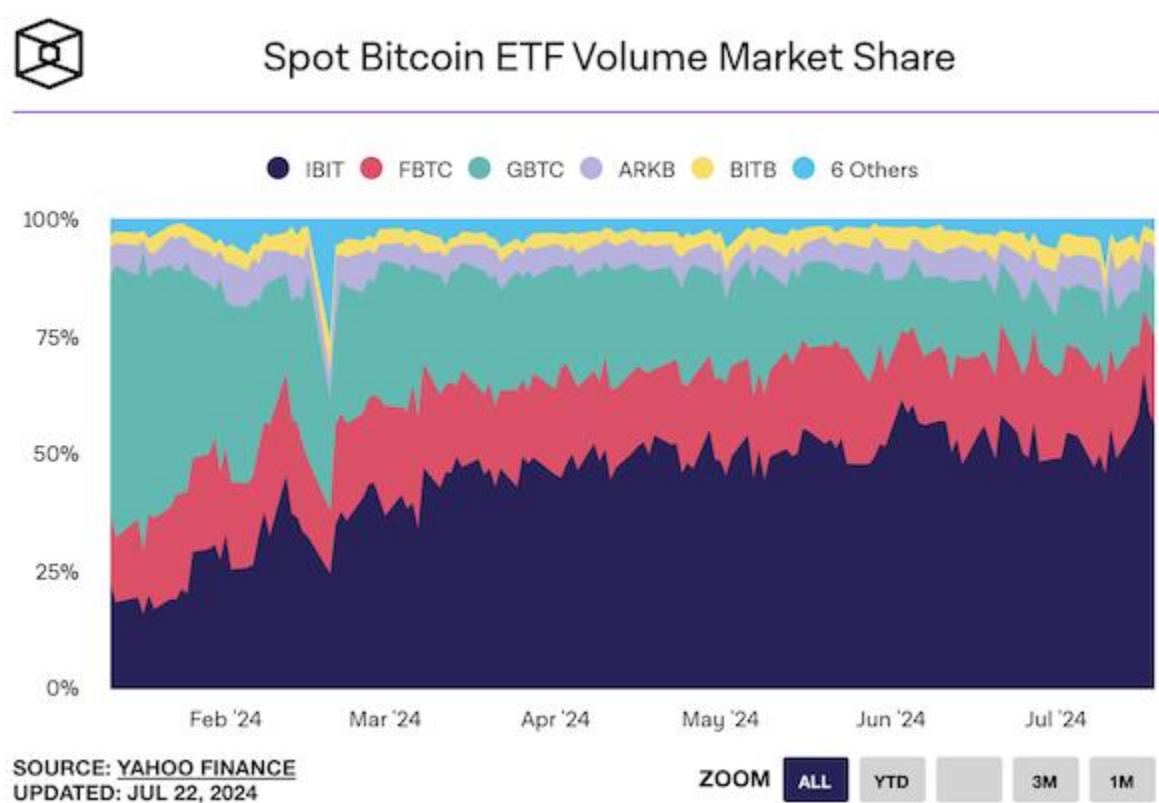
 **DavidHoffman.eth/acc** @TrustlessState

Insane bullish setup rn:

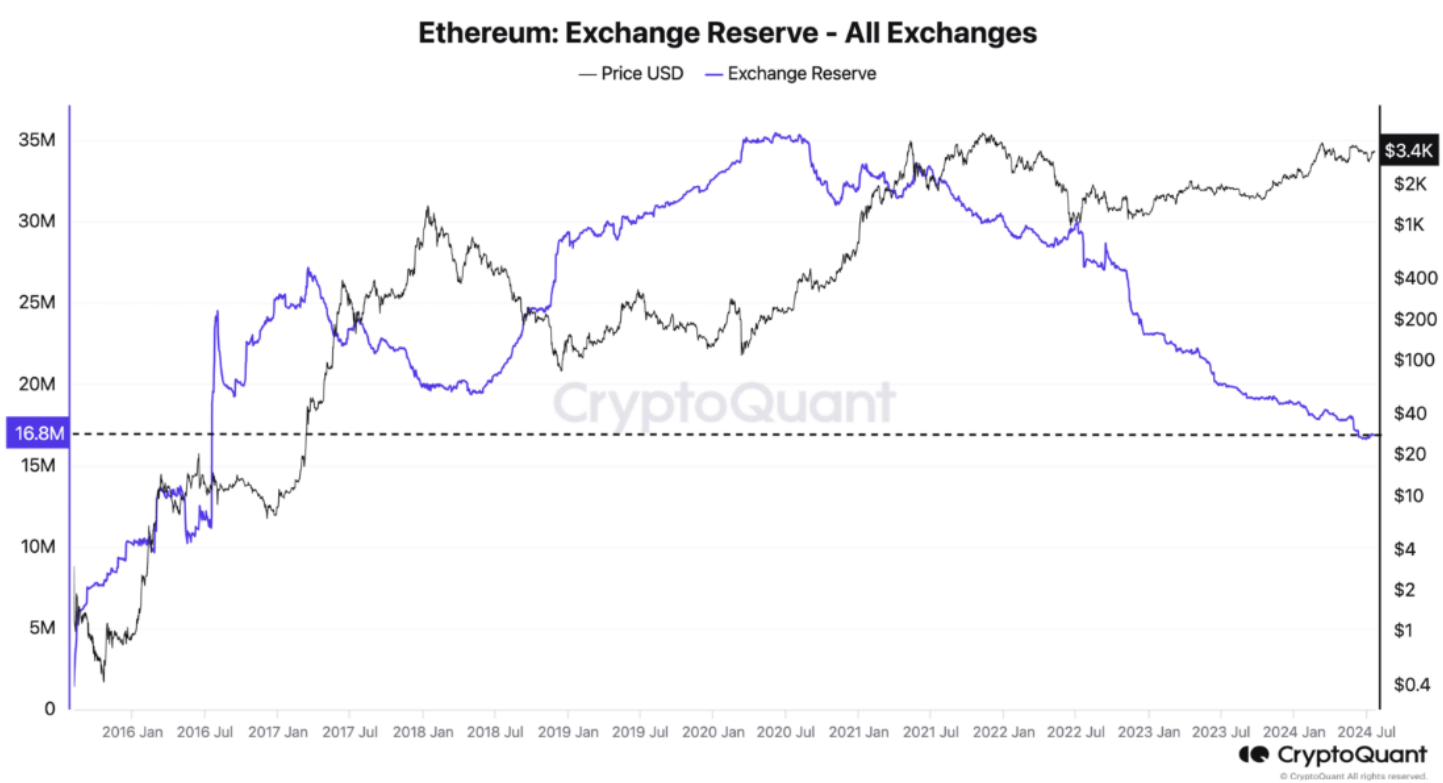
- Trump election locked in
- JD Vance most pro-crypto VP possible
- Jamie Dimon bullish **\$BTC** *because* of Trump
- Gary Gensler resignation
- **\$ETH** ETFs approved tmrw
- Speculation Trump wants BTC on the Fed balance sheet
- Fed rate cut cycle looming

10:15 AM · Jul 22, 2024 · **66.5K** Views

The Block: The iShares Bitcoin Trust (IBIT) has roared to a new all-time high, capturing an impressive 67% of the spot Bitcoin ETF volume market share. This surge surpasses its previous record of 61%, further cementing BlackRock's dominance in the crypto ETF space.



With spot ETH ETFs set to begin trading, ETH held in exchange reserves dropped to 8-year low...



NYDIG: Spot Ether ETFs launched this week in what could only be described as underwhelming. While it is still early in their lifecycle, since spot ETFs began trading on July 23, they have yielded a cumulative outflow of \$177.6M. By comparison, three days into the life of the Bitcoin ETFs, fund flows collectively were a positive \$805.7M.

ETH ETFs Since Launch

Fund	Ticker	Cumulative Fund Flows	Current AUM (\$)
Grayscale Ethereum Trust	ETHE	(1,157.2)	7,122.1
Grayscale Ethereum Mini Trust	ETH	119.2	1,027.1
iShares Ethereum Trust	ETHA	354.9	335.7
Bitwise Ethereum ETF	ETHW	250.0	229.0
Fidelity Ethereum Fund	FETH	180.1	170.8
VanEck Ethereum ETF	ETHV	35.5	42.3
Franklin Ethereum ETF	EZET	17.1	17.8
Invesco Galaxy Ethereum ETF	QETH	15.4	14.6
21Shares Core Ethereum ETF	CETH	7.5	8.7
Total		(177.6)	8,968.2
Challenger Funds (ex ETHE)		979.6	1,846.1



Source: Bloomberg

ETF Launch Day Comparisons: ETH vs BTC

Trading Turnover (\$M)	ETH	BTC	% ETH of BTC
Total Spot ETFs	1,083.3	4,660.0	23.2%
Challenger Funds (ex GBTC, ETHE)	625.4	2,331.1	26.8%

Daily Fund Flows (\$M)	ETH	BTC	% ETH of BTC
Total Spot ETFs	106.8	655.2	16.3%
Challenger Funds (ex GBTC, ETHE)	590.9	750.3	78.8%



Source: Bloomberg

CCData: Ethereum spot ETF net inflows predictions – 6 months...

Firm	% of Bitcoin	Conservative 6 Month Inflow Prediction
CCData (Research)	23%	\$3,564,080,000.00
Standard Chartered (Research)	48%	\$7,500,000,000.00
Galaxy Digital (Research)	30%	\$4,648,800,000.00
Citi (Research)	30%	\$4,648,800,000.00
Kraken (Head of Strategy)	29%	\$4,500,000,000.00
Bloomberg (Analysts)	10%	\$1,549,600,000.00
JP Morgan (Analysts)	6%	\$1,000,000,000.00

CCData released its “Into the Ether: Weighing Up the Impact of the ETH ETFs” report.” (See key findings below. Download the full report, [here](#).)

- **Ether ETFs Capture 17% of Bitcoin Flows:** The nine Ether ETFs saw \$106.8mn in net inflows on day 1 compared to spot Bitcoin ETFs, which recorded \$655mn in inflows - capturing ~17% of those for Bitcoin ETFs. Trading activity was also lower, with Ether ETFs trading \$1.12bn, compared to \$4.5bn for spot Bitcoin ETF.
- **Projected Inflows and Price Impact:** Bitcoin ETFs accumulated \$15.5bn in net flows within the first six months, boosting Bitcoin's price by 22.89%. If Ethereum ETFs capture a similar proportion of inflows as Bitcoin ETFs, we could see around \$3.56bn in inflows over the next six months. Using our linear regression model, this level of inflow is projected to drive a 43% increase in Ethereum's price, potentially pushing it to approximately \$4,900.
- **Grayscale's ETHE Sees \$480m in Outflows:** The Grayscale Ethereum Trust experienced \$484.1 million in outflows, representing nearly 5% of its AUM. In contrast, Grayscale's new product, the Ethereum Mini Trust, which aims to offer a fraction of the underlying asset at a lower price, managed to attract \$15.1 million on its first day of trading.
- **Industry Experts Share Opinions on Flows:** Prior to the launch, industry experts predicted significant inflows into Ethereum ETFs, drawing comparisons with the earlier Bitcoin ETFs. Estimates vary, with Standard Chartered projecting \$15-45bn in the first year, Citi forecasting \$4.7-5.4bn in the first six months, and Kraken suggesting \$750mn-\$1bn per month - this optimistic outlook underscores the anticipated strong demand and potential market impact of Ethereum ETFs.
- **Examining Ethereum's Price Sensitivity:** Due to lower liquidity and the deflationary supply mechanism introduced by EIP-1559, Ethereum is more price-sensitive to inflows compared to Bitcoin. Examining order book market depth at the 5% level, and comparing ETH to BTC, we see BTC commands a ratio of approximately 1.41 in terms of aggregate liquidity across exchanges. This means Ethereum is clearly more price-sensitive at the 5% level based on currently available orders.

Matt Hougan's (Bitwise) Weekly CIO Memo: "The 60/30/10 Portfolio: How to Build a Diversified Crypto Sleeve – With Bitcoin, Ethereum, and crypto equities now available as ETPs, investors can get exposure to most of what crypto has to offer."

Historically, building a crypto portfolio has been hard for traditional investors. You had to cobble together exposure using unfamiliar apps, private funds, or inefficient products, often with high costs.

Those days are over.

With today's launch of spot Ethereum ETPs, investors can now – for the first time – capture the largest opportunities in crypto using just three low-cost, liquid ETPs.

Here's the portfolio I think investors should use as the starting point:

- Bitcoin ETP: 60% allocation
- Ethereum ETP: 30% allocation
- Crypto Equities ETP: 10% allocation

I'll explain below why I think this is the "base case portfolio" for most investors. I'll also cover how you can over- or underweight these three areas to build a customized portfolio that fits your needs—and how you can supplement it with other strategic exposures.

Why Diversify in Crypto

First, let's start with the "why." Why build a crypto sleeve instead of just investing in Bitcoin?

In short: Crypto is not one thing. It is a breakthrough technology that can be used for many purposes. You can use crypto to create a new monetary asset (i.e., digital gold); to build a more efficient financial industry (i.e., DeFi); to move dollar-backed assets more efficiently (i.e., stablecoins); to speed up the settlement of stocks and bonds (i.e., tokenization); and much more (decentralized infrastructure, NFTs, prediction markets, decentralized social media, etc.).

These are multi-trillion-dollar markets. As an investor, I want exposure to all of them. Unfortunately, no single crypto ETP gets the job done.

Consider Bitcoin, crypto's largest and best-known asset. It is the leading monetary asset in crypto, and it's tackling a massive market. But Bitcoin is just over half of the total crypto market. Importantly, it is not the leading platform for DeFi, or tokenization, or other smart-contract applications. That's Ethereum, crypto's second-largest asset, which has a dominant market share in the smart-contract space.

Both Bitcoin and Ethereum are exciting, and leaders in their respective categories. But if you buy only one, you're missing a big chunk of the market.

Similarly, there are certain applications of crypto that are best captured by using companies, not crypto assets. For instance, stablecoins are one of crypto's most exciting applications – digital dollars on the

blockchain, available globally! – but most of the value from creating stablecoins accrues to the companies that build them, not the blockchains on which they trade.

If you want exposure to the fullness of what crypto offers, you need all three: Bitcoin, Ethereum, and crypto companies.

Building – and Customizing – a Crypto Portfolio

As mentioned, I believe the right starting point for combining these three assets is as follows:

Bitcoin ETP: 60% allocation

Ethereum ETP: 30% allocation

Crypto Equity ETP: 10% allocation

I chose these weights because 60-30-10 broadly reflects the market capitalization of each asset. Why not start with what the market is telling you about the relative importance of each asset?

I suspect many investors, however, may want to customize their exposures by over- or under-weighting certain segments. For instance:

- Overweight Bitcoin: Bitcoin's primary use today is as a store of value and emerging monetary asset. If you are concerned about hedging your portfolio against inflation, or about global monetary debasement, you will want to overweight Bitcoin.
- Overweight Ethereum: Ethereum's primary use today is as a smart-contract platform supporting applications like DeFi and tokenization. If you want to make a bet on these applications growing—for instance, on Wall Street embracing tokenization—you will want to overweight Ethereum.
- Overweight Crypto Companies: Crypto companies have underperformed crypto assets over the past year: The Bitwise Crypto Innovators 30 Index is up “only” 68% in the past 12 months, compared to 128% for Bitcoin. Adjusted for growth, crypto companies are trading at attractive valuations. Opportunistic investors may want to overweight these stocks.

Beyond this, some sophisticated investors may want to augment their core crypto portfolio with satellite positions in other crypto exposures. For instance, crypto index funds offer exposure to a broader array of crypto assets. (Full disclosure: Bitwise manages the world's first and largest crypto index fund.)

Alternatively, investors may be interested in active and hedged exposures, which have a very different risk profile than long-only investments. Others may want to look into venture investments, which focus on private companies and next-generation tokens.

But the three-ETP portfolio is a great place to start. It provides exposure to the vast majority of the market and the leading applications of crypto. And it does so with the comfort, familiarity, and cost efficiency of traditional ETPs.

A few years ago, even the largest institutions in the world would have struggled to put together this kind of comprehensive crypto portfolio at such a low cost. Today, every investor can. Sounds like progress to me.

Summary and conclusion from Glassnode’s “The Week On-Chain” from 7/24/24. (Read the full report, [here](#).)

Perpetual futures markets are the most liquid and deep instruments within the digital asset markets, making them a valuable market information source. As BTC prices traded down into the \$53k region, it resulted in a meaningful deleveraging event, as many long-biased traders were liquidated near the lows.

The recovery price bounce has also been very strong, returning a majority of Short-Term Holders to an unrealized profit. This has provided much-needed financial relief and is supported by a period of net positive capital inflows over recent weeks.

Conclusion from Coin Metrics’ “State of The Network” weekly report from 7/23/24. (Read the full report, [here](#).)

While initial attention may focus on the immediate performance of Ethereum ETFs, their true impact will become evident over the coming months. This period will provide insights into the demand for ETH ETFs relative to Bitcoin, the characteristics of these investment cohorts, and broader effects on the Ethereum ecosystem, including network adoption, scaling infrastructure, and applications. Nevertheless, this launch marks a pivotal milestone in the expansion and maturation of crypto-asset markets. By broadening accessibility to ETH and its ecosystem, the introduction of ETH ETFs represents not just a new investment vehicle but also a significant catalyst for Ethereum's expanding role in the global financial landscape.

Blockworks updated key metrics...

Total Crypto Market Cap	\$2.65 T
Bitcoin Market Cap	\$1.32 T
Ethereum Market Cap	\$421.48 B
ETH/BTC Ratio	0.05
Ethereum Gas Price	5 gwei
DeFi TVL	\$156.94 B
Fear and Greed Index	68 (Greed)

Highlights from Pantera Capital's Blockchain Letter: "Political Pivot on Blockchain."

FORMER AND POTENTIALLY FUTURE PRESIDENT OF THE UNITED STATES TO SPEAK AT BITCOIN 2024

Let that sink in a minute.

That is just such a massive sea change.

Several parts of the US government have been very antagonistic to blockchain – for way too long.

I've never understood why be negative. Who is the negative voter? I mean, apart from Senator Warren, who is voting against financial inclusion for everybody on earth with a smartphone? Never made any sense.

93 million Americans own crypto. And they vote. The former president's comments on May 5th changed everything.

The market odds of the SEC approving the Ethereum ETF went from 6% to effectively 100% in the space of only two weeks.

There's a profound line from the Watergate scandal. HR Haldeman warned White House Counsel, John Dean, to hold off because – as he observed:

"Once the toothpaste is out of the tube, it's going to be very tough to get it back in."

I feel like that about Blockchain. Satoshi got it out of the tube.

Some regulators have thrashed about, trying to stuff it back in the tube. They've finally given up. The toothpaste is out for good.

Once the SEC approved the Ethereum ETF they've effectively admitted that Ethereum is not a security. A US District Court has ruled that XRP is not a security (in most instances). It's over.

I do want to give credit to the agencies that did act early. The CFTC sent a commissioner to my house in Lake Tahoe for our second Blockchain Summit in 2014. They held public hearings and have had futures for seven years. The IRS ruled in 2013 that blockchain is property – not currency – so holders get long-term capital gains tax treatment. They should be applauded for being very early – and right – about blockchain regulation.

The Bitcoin 2024 conference in Nashville this week is a coming-out moment for our industry. Having evangelized for blockchain at some incredibly tiny events in the earliest days, I decided I wanted to be there – give Bitcoin one more little push. I'm going to speak at the conference on Friday, the 26th.

IN THE NATION'S SELF-INTEREST

Reporter: "Crypto – I remember when you said it was a 'fraud' and 'a disaster waiting to happen.' And by the way, you were not wrong. There have been disasters and fraud."

Trump: "I've been right."

Reporter: “But more recently, you’ve embraced the community. You said it should be made in the USA. So, tell me why you changed your mind.”

Trump: “Because it’s a very similar answer. If we don’t do it, China is going to pick it up and China’s going to have it — or somebody else, but most likely China. China’s very much into it. Also, it’s not going away. It’s amazing. I’ve gotten to know a lot of people – like even the meeting in San Francisco [Trump’s June 6 fundraiser]. I went to San Francisco, I met many people that – these are people that this is really becoming an industry [for].

“Now, if I throw it aside, it’s going to be picked up in another country, most likely China – they’re pretty advanced in that sphere. So, you have to look at it – what I want, again, is what is good for the country. If we don’t do it...”

– The Donald Trump Interview, Bloomberg Businessweek, July 16, 2024

Distilled to its essence – that is actually spot on.

No matter how much policymakers rant and rave, it doesn’t make blockchain go away. It just makes it go to the Bahamas or to China or someplace bad. The results of this repression have been negative for the United States and these regulators’ constituents, the retail investor/voter.

US PRESENCE: CRYPTO REGULATION VS. INTERNET REGULATION

The prior stance of crypto-asset regulation is the polar opposite of the rest of the internet.

The US government literally built the internet (ARPANET, which celebrated the 50th anniversary of TCP/IP last year). The US government then empowered early internet companies with a myriad of Congressional advantages. In particular, the US gave them safe harbor against regulation and provided an 8.25% discount versus their brick-and-mortar competitors via no sales tax. The result is that all of the largest internet companies in the world are in the United States (or essentially Chinese copies of them).

So far in the blockchain era, the US’ regulatory approach has had the opposite effect. It scared 95% of blockchain trading to move offshore to the Bahamas and opaque firms like FTX instead of being regulated in the US. Similarly, 93% of the market cap of blockchain protocols are in projects domiciled outside of the United States.

ALIGNMENT OF INTEREST

I love this bit. Literally the next words from his mouth from the mid-sentence quotation above was:

“The other thing is, I did things like NFTs and, you know, stuff. And I noticed that 80% of the money was paid in crypto. It was incredible. So, NFTs are, you know, I did the – very successful. We had one year to sell it out and it sold out in one day. The whole thing sold out: 45,000 of the cards. And I did it three times [and] I’m going to do another one, because the people want me to do another one. It’s unbelievable spirit. Beautiful. But the thing I really noticed was everything was paid in – I would say almost all of it was paid in crypto, in this new currency. And it opened my eyes.

“So, we have a good foundation. It’s a baby. It’s an infant right now. But I don’t want to be responsible for allowing another country to take over this sphere. And so, I think we’re going to be good. Also, I’ve gotten

to know people in the industry, they're top-flight people. And you ask Jamie Dimon, Jamie Dimon was, you know, very negative and now all of a sudden he's changed his tune a little bit."

– The Donald Trump Interview, Bloomberg Businessweek, July 16, 2024

Who would have thought? Our interests are aligned! He's selling digital assets. I'm (investing in and ultimately) selling digital assets. Wow.

I think this is the most underpriced development in markets today. Having a President whose interests are aligned with the blockchain community would be a huge change. Going from aggressive negative to a positive is a massive swing.

As a visceral symbol of the sea change, Pantera portfolio company Bitwise will be ringing the New York Stock Exchange closing bell on Friday.

Blockforce Capital: “The Impact of Inheritance on Crypto.”

Why crypto will benefit from the largest generational wealth transfer in history...

One critical dynamic to discuss is the major demographic shift that could significantly boost crypto's adoption and usage over the next 20 years.

The Baby Boomer generation is currently the wealthiest cohort in America, collectively owning over half of the nation's \$140 trillion in wealth. Boomers are now between the ages of 60 and 78. With the average life expectancy in the U.S. being 77 years according to the CDC, the unfortunate reality is that most Boomers will pass away over the next two decades (if you are reading this mom and dad, please live to be 196). Putting the morbid reality aside, older generations are set to pass trillions of dollars of money and assets to their children in what will be the largest generational wealth transfer in history.

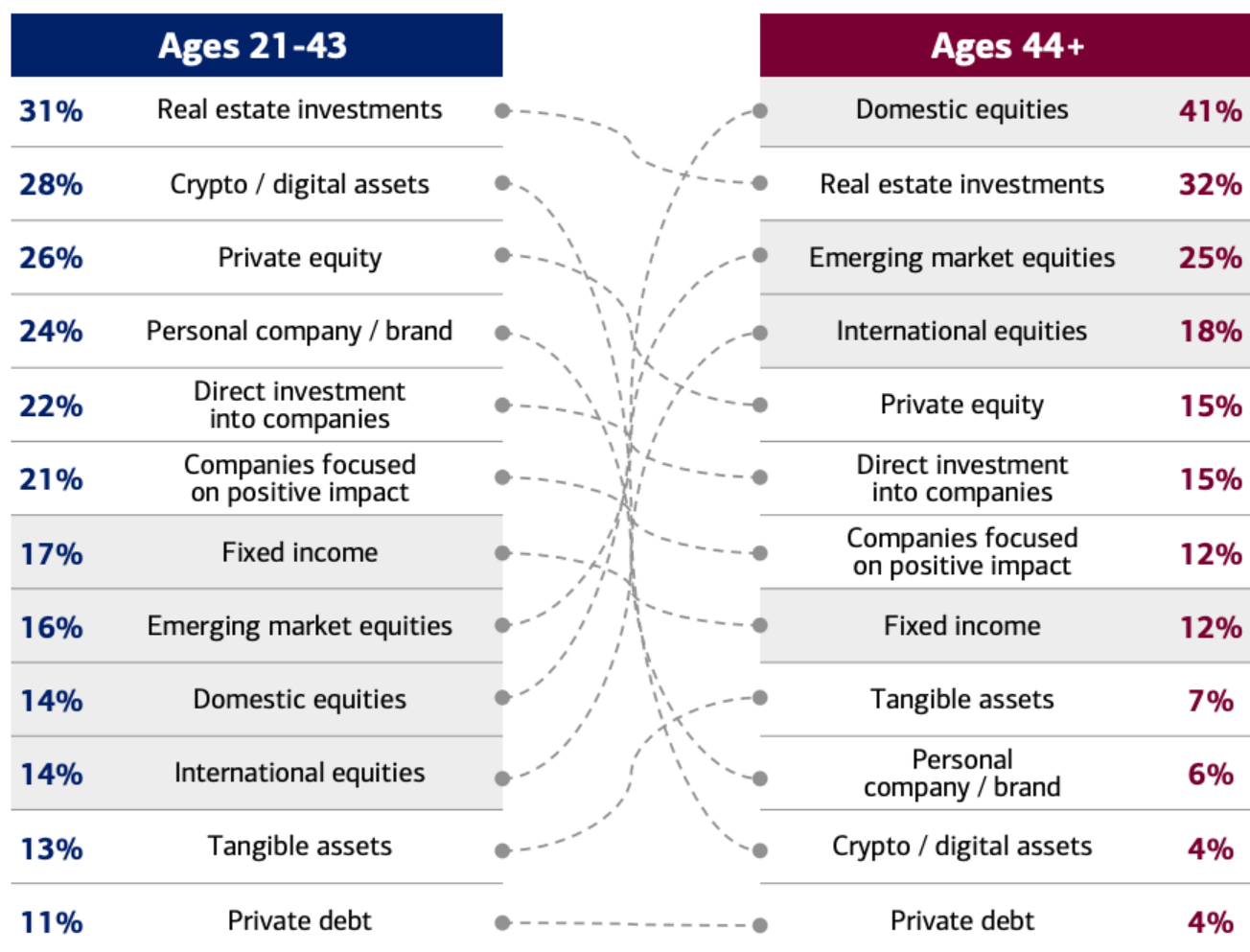
Over the next two decades, Cerulli Associates estimates that \$73 trillion will be transferred from older generations, primarily Baby Boomers, to younger generations, with Millennials being the primary beneficiaries. Bank of America estimates this figure to be slightly higher at about \$84 trillion by 2045. Consultancy firm Knight Frank even estimates \$90 trillion will be inherited by Millennials over the next 20 years, potentially making them the “richest generation in history.”

Here is the thing: Millennials and Gen Z invest differently from their parents. Having grown up with the internet and smartphones, these digitally native generations have experienced significant economic challenges such as the Great Financial Crisis, the Occupy Wall Street movement, rising inflation, crippling student debt, and skyrocketing house prices. Unlike Baby Boomers, many Millennials will retire without defined pension plans and Social Security is unlikely to be a reliable source of retirement income for us (yes, I'm a Millennial). We see the unsustainable financial path the U.S. Government is currently on and recognize the risks of endless money printing. These economic challenges have weakened the financial footing of most Millennials, causing our ability and propensity to invest or save to fall behind Baby Boomers at similar ages. It should be no surprise that there is a sense of disillusionment with the traditional financial system among younger generations.

According to a survey published by Bank of America, 72% of Millennials and Gen Z believe it's no longer possible to achieve above average returns by investing solely in traditional stocks and bonds. This sentiment is reflected in their investment preferences: while older investors favor traditional equities, younger generations are more inclined towards Bitcoin and crypto.

Six options outrank traditional investments, for younger investors

Greatest opportunities for growth



Source: https://ustrustaem.fs.ml.com/content/dam/ust/articles/pdf/2024BoA-PB_Study_of_Wealthy_Americans.pdf

The appeal of Bitcoin and crypto among Millennials and Gen Z might even be underestimated by Bank of America. A study by the CFA Institute and FINRA found that crypto assets are the most common investment held by Millennial and Gen Z investors, surpassing stocks, bonds, and real estate. For over half of these younger investors, crypto accounts for their primary and largest investment, and this trend is growing faster than any other asset class.

As a recent Galaxy Digital report on this trend pointed out, “having an alternative financial system using digitally native currency outside the control of banks and governments has resonated with [Millennials and Gen Z]. Bitcoin and crypto’s appeal aligned with the values of younger generations as a digital-first, accessible, permissionless, privacy-focused, always online independent approach to personal finance.”

The bottom line is that a significant portion of that \$70-90 trillion of inheritance, which is currently largely comprised of stocks, bonds and real estate, is going to be reallocated away from traditional investments and into crypto over the next 20 years.

As a fun thought exercise, let's assume that \$10 trillion (roughly 10-15%) of that inheritance gets reallocated to crypto over the next two decades. If you remember our analysis from earlier this year, crypto's market cap does not go up 1:1 for every dollar that gets invested. The long-term average multiplier is 4x meaning for every \$1 invested into the crypto ecosystem, the market cap increases by \$4. Therefore a \$10 trillion capital inflow into crypto could potentially increase the market cap of the crypto industry by \$40 trillion. Keep in mind the market cap of the crypto industry today is only \$2.1 trillion.

That is a 20x increase over the next two decades from U.S. based Millennials and Gen Z alone. This projection doesn't account for investments from hedge funds, pension funds, or corporations. It doesn't take into account any international investors (hint: the U.S. accounts for only roughly one quarter of the crypto market). When you consider the upcoming generational wealth transfer and the investment preferences of younger generations, the future of crypto looks extremely promising.

The Franklin Templeton Academy is offering a crypto course, which explores Blockchain, Bitcoin, Ethereum, tokenization and NFTs, DeFi, staking/lending, the crypto investment thesis and using crypto to build a financial advisor's practice. (Learn more, [here](#).)



The Academy

Raise your crypto IQ

Prepare for client questions and concerns

1.0 CFP®, CIMA®, RMA® & CPWA® CE CREDIT ELIGIBLE¹

Clearly and confidently explaining crypto to clients is quickly becoming an essential skill as this asset class gains wider acceptance.

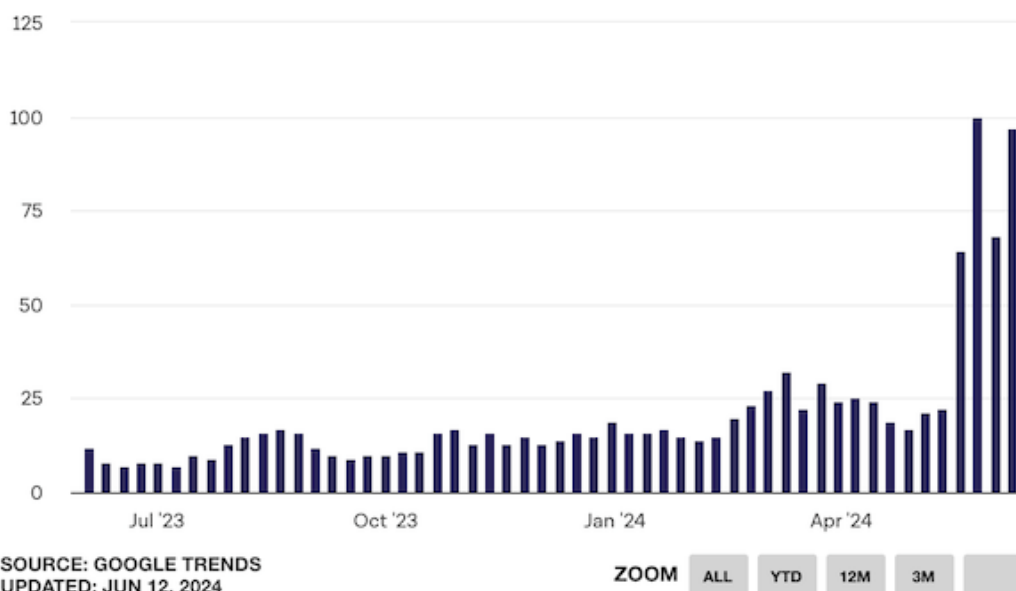
If you're just getting up to speed – or could use a quick refresher – we invite you to [explore Franklin Templeton's digital assets education module](#).

Approved for CE credits and hosted by renowned author and advisor Ric Edelman, this entertaining and informative video series covers:

The Block: Google search volume for the term “on-chain” is hitting unprecedented heights, signaling a surge in mainstream interest in blockchain technologies. The search interest has skyrocketed 5x from around 19 at the start of 2024 to a peak of 100 in recent weeks, marking an all-time high.



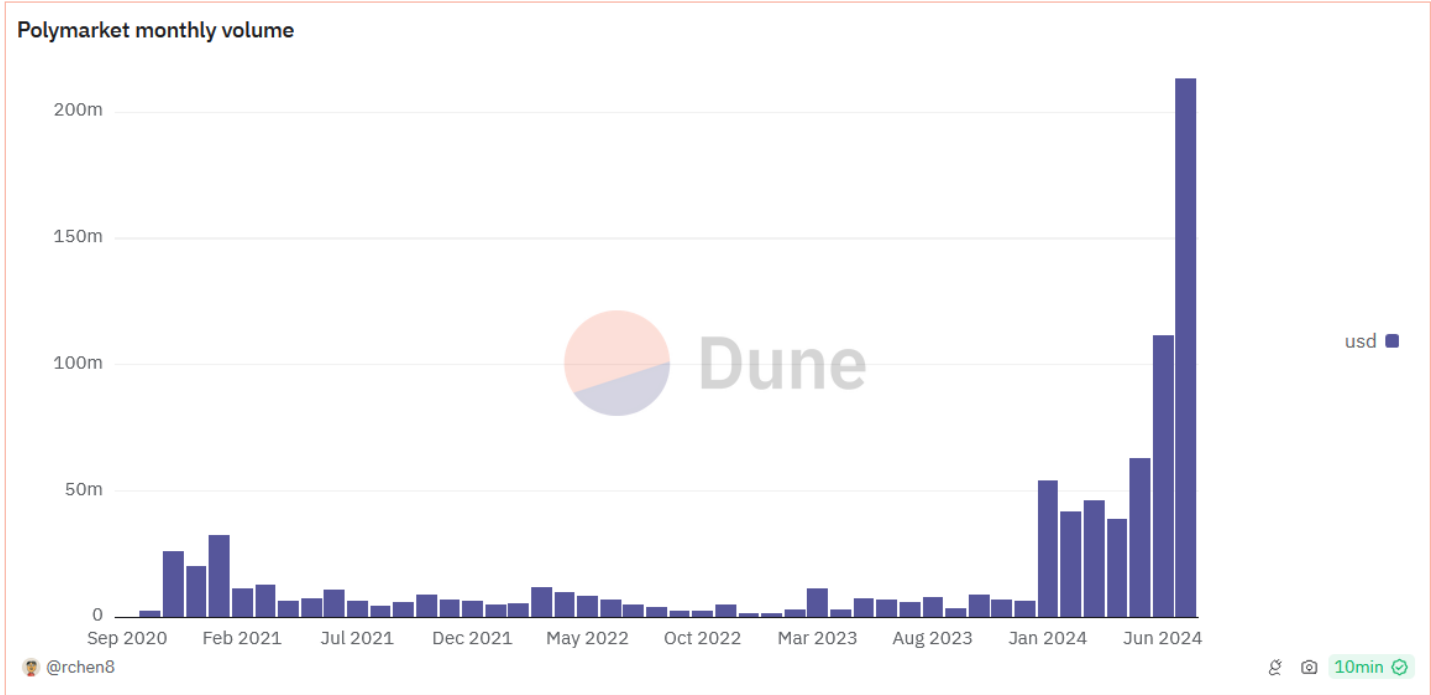
Google Search Volume - Onchain



On-chain minting of the trailer for the documentary *Vitalik: An Ethereum Story* went live on July 23, allowing crypto users to help fund the decentralized distribution release of the film across theaters across the globe and on streaming platforms. The documentary follows the ups and downs of the blockchain network over the last three years through its co-founder’s eyes, including one of the most difficult software upgrades in history. It releases on September 18.



Blockworks: As attention around the US election reaches a fever pitch, Polymarket is on track to be the ultimate victor regardless of who wins the presidency. The decentralized prediction market dApp on Polygon is hitting all-time highs in monthly trading volumes of \$213 million, according to Dune. To put that in perspective, June racked up monthly trading volumes of \$111 million.



Mark Cuban said Kamala Harris' camp is reaching out to him about crypto...



Although Harris passed on speaking at the Bitcoin Conference...



Continued fallout from the various crypto liquidity issues, regulatory problems, and 2022 'crypto winter' in the space...

- A federal judge signed off on a petition from US Justice Department officials requesting more time to assess the “forfeitability of funds” former FTX CEO SBF made to several political action committees (PACs). SBF reportedly donated ~\$40 million directly to political candidates and PACs in 2022 before the collapse of his crypto exchange.
- Defunct crypto lender BlockFi announced the sale of its FTX claims at a “substantial premium to their face value.” The transaction will enable a final distribution of 100% of eligible customer and general unsecured creditor claims, the firm said.