



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

17th November 2024

BITCOIN-RELATED



NYDIG: Bitcoin rallied 14.3% on the week and hit a new all-time high of \$93,495 on Nov 13. Bitcoin's rally continues while other post-election trades, such as equities, have lost a bit of steam. Bitcoin is now up 105.8% year to date, far surpassing every asset class.

Bitcoin's market cap reached a new milestone, surpassing silver and Saudi Aramco – making it the world's 7th largest asset at ~\$1.8 trillion. (See the list of top assets by market cap, [here](#).)

Bitcoin's blockchain data revealed that small addresses continued to accumulate BTC, even as whales stuck to their “sell on rise” strategy. Per CoinDesk: “The 40,000-foot view tells us that the recent buying pressure has largely originated from the Nasdaq-listed Coinbase exchange, often considered a proxy for the stateside institutional activity. However, granular data reveals that small addresses – often referred to as ‘shrimps’ – are actively boosting their coin stash as they chase the ongoing price rally.”

Bitcoin's recent peak spurred a jump in Polymarket's odds that it will surpass \$100,000 by year-end, with Polymarket participants assigning a 67% probability to the milestone.

David Bailey, Bitcoin Magazine CEO and advisor to the Trump election campaign on Bitcoin strategy, said: “There is at least one nation state that has been actively acquiring Bitcoin and is now a top five holder. Hopefully we hear from them soon.”

Jersey City's pension fund plans to buy Bitcoin ETFs in the coming weeks after starting the process to allocate to such products earlier this year. Mayor Steven Fulop said: “Would we have liked to get involved at \$60,000 as opposed to \$90,000? The answer's obviously yes. But I think if you look in a year or two years from now, it'll still be much higher than it is today.”

Bhutan's Bitcoin holdings surpassed \$1 billion, while El Salvador's Bitcoin holdings rose to more than \$500 million – both amid price appreciation.

MicroStrategy acquired another 27,200 BTC for \$2.03 billion at an average price of \$74,463 per coin. The purchases, conducted between Oct. 31, 2024, and Nov. 10, 2024, with proceeds from the issuance and sale of shares, bring MicroStrategy's aggregate holdings to 279,420 BTC, purchased at an average

price of \$42,692 each, totaling ~\$11.9 billion. (Also of note, Michael Saylor is reportedly planning the long-awaited \$100K Bitcoin party, potentially on New Year's Eve.)

Artificial intelligence company Genius Group (GNS) adopted Bitcoin as its primary treasury asset, committing 90% of its current and future reserves to be held in Bitcoin, according to a press release. The Singapore-based company said it plans to acquire an initial \$120 million worth of Bitcoin (~1,380 BTC) that will be held for the long term. It will also enable Bitcoin payments for its Edtech platform.

Publicly traded company Solidion Technology (STI) announced a strategic Bitcoin allocation for its corporate strategy. It plans to allocate 60% of excess cash, converting interest earnings, and committing future capital to BTC.

Fintech firm DeFi Technologies is launching CoreFi Strategy, aiming to offer investors “higher beta Bitcoin exposure” through Core, which is positioned as a “Bitcoin-staking” blockchain, despite Bitcoin itself not having a native staking model. Set to launch in the Q1 2025 on a Canadian stock exchange, CoreFi Strategy will accumulate BTC and CORE tokens, employing financial strategies to build its treasury and deliver regulated yield opportunities to investors.

Bankrupt crypto exchange Mt. Gox transferred 2,500 BTC, or \$222 million, to two unmarked wallet addresses on Nov. 11. The latest move marks the fifth batch of Bitcoin that Mt. Gox has transferred to another address this month.

The German government missed out on up to \$1.6 billion by selling 50,000 BTC at \$57,600 each just four months ago – right before a major rally in the asset's price. However, this pales in comparison to the US government, which missed a much larger opportunity by selling 195,091 BTC for a total of \$366.5 million via 11 auctions over the last decade – a stash now valued near \$17 billion, implying an opportunity cost of \$16.6 billion.

According to Lookonchain, a Bitcoin wallet that has been dormant for 13 years and holds 426.3 BTC worth ~\$36.62 million, transferred 42.3 BTC (~\$3.67 million). Another Bitcoin whale moved 2,000 BTC (worth ~\$178 million) to Coinbase after holding their stash since 2010, per Mempool.

Analysts at Bernstein urged investors who had refrained from allocating to the crypto industry due to regulatory concerns to “invert their mental model” post-US elections. The analysts identified spot Bitcoin and Ethereum ETFs, pure-play and AI-focused public Bitcoin miners, firms with Bitcoin corporate treasuries and crypto exchanges as avenues for exposure. (Read more, [here](#).)

NYDIG's global head of research Greg Cipolaro wrote: “While some investors have allocated to Bitcoin, the most common allocation for investors is still zero. There are no excuses now. It is now becoming a political imperative [and] investors who may have found it easy to dismiss or ignore the asset for various reasons will continue to do so at their financial peril.”

Bitcoin Magazine: NFL wide receiver Odell Beckham Jr said: “Soooo, who said taking my Rams salary in Bitcoin was dumb again?”

Stacks announced its sBTC upgrade for early December, introducing a decentralized two-way Bitcoin peg to enhance DeFi applications on Bitcoin's blockchain while competing with centralized wrapped Bitcoin alternatives.

INDUSTRY ADVANCES



The total crypto market cap soared to a historic \$3.15 trillion on Nov. 12. Investment bank Standard Chartered said a Republican sweep would allow the new government to push through positive policies for the digital assets sector, which could lead to total crypto market cap swelling to \$10 trillion by the end of 2026.

BlackRock's BUIDL fund, tokenized in collaboration with Securitize, is expanding from Ethereum to the Aptos, Arbitrum, Avalanche, Optimism, and Polygon blockchains. The expansion will allow applications on these networks to natively interact with BUIDL, increasing access for investors, DAOs, and other digital asset firms by allowing developers to build on the fund in their preferred ecosystem.

Franklin Templeton is expanding trading of its OnChain US Government Money Market Fund (FOBXX) to Ethereum. (The asset manager has added a series of new blockchains to support the fund this year, including, most recently, Coinbase's Base, Aptos and Avalanche. It uses the Stellar network as the primary public blockchain.)

Tether, the crypto firm behind the third-largest cryptocurrency (USDT), said it launched its asset tokenization service after CEO Paolo Ardoino teased the project for months. The platform, called Hadron, was designed to simplify the process of converting a wide range of real-world assets including bonds, commodities, stocks, other stablecoins, and loyalty points into digital tokens on blockchain rails.

The UK's HM Treasury confirmed plans to run a pilot for the issuance of digital gilts, UK government bonds.

Coinbase surged back into the US Apple App Store's top 10 free category, reaching the number one position in finance amid the recent Donald Trump-fueled crypto rally. The app rose from 435th the day before the US election to 8th as Bitcoin hit new all-time highs above \$93,000 on Nov. 13, likely reflecting renewed retail enthusiasm.

Coinbase Wallet is set to introduce a "tap-to-pay" crypto feature, aiming to compete with Cash App, Venmo, and PayPal. It plans to expand the feature to 50 countries by 2025 and enable users to link bank accounts and process stablecoin transactions.

Solana hit an all-time high in daily revenue, at \$3.81 million on Nov. 14.

Ethereum developers proposed EIP-7809 to enable native-like token properties, introducing opcodes such as mint, burn, and balance-checking for easier token management and expanded Layer-2 application innovation.

Ethereum Foundation researcher Justin Drake unveiled the "Beam Chain" proposal at Ethereum's Devcon, aiming to consolidate major upgrades like faster finality, improved staking, and native zero-knowledge proof support into a single overhaul of Ethereum's consensus layer.

ENS Labs, the company behind the Ethereum Name Service, is preparing to launch its own Layer-2 network. ENS Labs shared details of its planned Namechain network, saying: "This is the next evolution in ENS and part of the larger ENSv2 direction. By dramatically reducing costs, improving performance,

and providing a familiar Ethereum developer experience our hope is to see new opportunities for ENS and Ethereum flourish.” Namechain is expected to go live around the end of next year.

Lisk launched its Ethereum Layer 2 on mainnet, leveraging Optimism's OP Stack as part of the Superchain ecosystem. The project also plans a significant airdrop campaign beginning Nov. 21, distributing an initial 10 million LSK tokens over the first four months.

ZERO Network, an Ethereum Layer 2, launched fee-free transactions for Zerion Wallet users, leveraging zkSync's scaling solutions to eliminate the complexity of gas fees for on-chain activities.

Ethereum, a paramount blockchain due to its programmability and sprawling ecosystem of Layer-2 networks, is getting a new dimension: time.

Smart Transactions (STXN), a new project from Vlad Zamfir, who pioneered Ethereum's proof-of-stake blockchain system, released on a new platform, “Ethereum time machine,” that will enable applications to execute transactions based on future events.

Avara, the parent company behind Aave Labs and Lens, launched Family Wallet, describing it as “a secure, user-friendly crypto wallet for everyone.” according to the team: It offers features like in-app messaging, NFT support, DeFi integration, and advanced security.

NEAR Foundation launched Alpha for User-Owned AI with NEAR AI Assistant and Research Hub. According to the team: “The AI Assistant provides users with a personalized, user-owned AI, capable of Web2 and Web3 interactions, from blockchain transactions to e-commerce.”

AltLayer unveiled Autonome, a no-code platform for creating and deploying autonomous AI agents with a Trusted Execution Environment. Autonome is designed to advance the “Verifiable Agentic Web,” where AI agents have access to on-chain interactions.

Last Mile Production announced plans to implement B4ECarbon in its West Texas oil and gas operations – a collaborative effort by Blockchain for Energy (B4E) and Enovate Ai, B4ECarbon is an emissions management solution (combining AI, IoT, and blockchain) to streamline emissions tracking and reduce the environmental impact of operations.

In an effort to revive vacant properties and expedite real estate transactions, Baltimore is using a blockchain-enabled platform to manage property title records. Launched last week, the platform offers a secure system to provide verified, immutable property data to users, which will help reduce title fraud and decrease the time it takes to complete real estate transactions.

The Nigerian Civil Aviation Authority selected a blockchain-based platform to provide immediate relief to stranded or dissatisfied passengers (due to flight delays and cancellations), while minimizing operational risks for airlines.

MINING



Chinese crypto mining-chip maker Nano Labs announced that it will start accepting Bitcoin payments for its products – hoping to expand global transaction options.

On Nov. 13, The Supreme Court started weighing a bid from chipmaker Nvidia – as it attempts to avoid a suit alleging its executives misled investors about the extent its sales depended on volatile cryptocurrency miners. Nvidia asked the Supreme Court to reverse a lower appeals court's decision that a suit brought by company stockholders met the high legal bar to move forward with securities fraud allegations against the chipmaker.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES

US spot Bitcoin ETFs surpassed \$500 billion in cumulative trading volume – less than a year after their January debut.

The BlackRock iShares Bitcoin Trust (IBIT) broke \$5 billion in trading volume (\$5.2 billion), for the first time ever, on Nov. 13. (Only 3 ETFs and 8 stocks saw more action that day.)

An SEC filing for Q3 revealed Goldman Sachs holds \$710 million across various Bitcoin ETFs.

Goldman's greatest exposure lies in BlackRock's iShares Bitcoin Trust (IBIT), which currently holds 12.7 million shares valued at \$461 million. With this investment, Goldman Sachs now ranks as the second-largest holder of IBIT, behind hedge fund Millennium Management, which leads with \$844 million in holdings.

On Nov. 11, over \$295 million of inflows went into ETH ETFs, the highest daily volume ever. While this is still relatively modest compared to BTC, it's nearly triple the previous highs (\$107 million).

The SEC delayed its decision on options for spot Ethereum ETFs, citing concerns over investor protection and market manipulation.

BNYSE Arca filed Form 19b-4 with the SEC to uplist the Bitwise 10 Crypto Index Fund (BITW) as an ETP.

Canary Capital Group filed with the SEC to launch the first US ETF tracking HBAR, the native cryptocurrency of the Hedera Network.

Bitwise announced that it's listing a new Bitwise Aptos Staking ETP on the SIX Swiss Exchange on Nov. 19. The product will be the world's first Aptos Staking ETP.

Osprey Funds announced its newest fund – the Osprey BONK Trust. (BONK is a memecoin built on the Solana network.) It's now open for private placements from accredited investors. Osprey intends to obtain a secondary market listing on OTC Markets.

Grayscale announced it's reopening subscriptions for its private placement products. The full list of open private placements includes "Trusts" for: Aave, Avalanche, Basic Attention Token, Bitcoin Cash, Bittensor, Chainlink, Decentraland, Decentralized AI, Filecoin Trust, Litecoin, Livepeer, MakerDAO, NEAR, Solana, Stacks, Stellar Lumens, Sui, XRP, and Zcash.

Coinbase launched the COIN50 index, a benchmark representing the top 50 digital assets on the crypto exchange, weighted by market capitalization and capped at around 50% for the largest asset.

Eligible users can also trade COIN50 as a perpetual futures contract with up to 20x leverage – offering amplified exposure to the index's performance without expiration.

Dune, a crypto data platform, introduced the Dune Index, a new metric designed to measure meaningful blockchain adoption. (Dune also announced the acquisition of a16z-backed, blockchain simulation company smlXL.)

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

Aurum Equity Partners launched a \$1 billion tokenized equity and debt fund for data center investment. The fund will use Zoniq's asset tokenization solutions and will use the XRP Ledger (XRPL), an open-source and decentralized Layer-1 blockchain for RWA tokenization.

Zero Gravity Labs (0G Labs or 0GL), a crypto-AI startup developing infrastructure for a decentralized AI operating system, secured \$290 million in funding, including a \$40 million seed round and a \$250 million token purchase commitment. Investors include Hack VC, Delphi Digital, OKX Ventures, Samsung Next, Animoca Brands, and Polygon, among others.

Portal Ventures raised a \$75 million oversubscribed fund focused on pre-seed crypto startups.

Hyla Fund Management launched a \$30 million Latin America-focused crypto fund.

Notabene, a startup that helps cryptocurrency trading firms comply with anti-money laundering rules, raised \$14.5 million Series B funding – led by DRW Venture Capital, with participation from funds managed by Apollo, Nextblock, ParaFi Capital, and Wintermute.

LAKE, a Layer-2 blockchain on Polygon designed to facilitate the buying, selling, and investing in water resources via an RWA project, announced that it secured \$12.4 million in funding to expand globally and launch the LAK3 token.

Pharos raised \$8 million in seed funding to develop a Layer-1 blockchain targeting fintech use cases such as real-time payments and real-world assets.

Brevis, an efficient, verifiable off-chain computation engine powered by zero-knowledge proofs, raised \$7.5 million in seed funding – led by Polychain Capital and Binance Labs.

Pond, developing a decentralized AI model layer for the crypto space, raised \$7.5 million in seed funding – led by Archetype.

BetHog, a Solana-based crypto casino set up by FanDuel's founders, debuted with \$6 million in funding and unique player-vs.-player games that integrate live streamer interactions.

TAC, a TON network extension, secured \$6.5 million in a seed funding round to enable EVM-based applications for TON and Telegram users – led by Hack VC and Symbolic Capital.

A-World, a Web3 chain game, raised \$5 million in a Series A financing – led by IBGTG Capital and Sketch Venture.

IPOS, M&A, PARTNERSHIPS & DEALS



Coinbase acquired stablecoin payment processor Utopia Labs to integrate its expertise into the Base Layer-2 network and expand global on-chain payment solutions via Coinbase Wallet.

Bitwise acquired Attestant, an institutional-grade Ethereum staking provider with \$3.7 billion in staked assets, which will be rebranded as Bitwise Onchain Solutions.

Spirit Blockchain Capital, a blockchain-focused investment firm, announced the acquisition of Dogecoin Portfolio Holding, helmed by Chandler Song, CEO of Ankr and Strategic Advisor for Spirit Blockchain Capital.

DEFI



World Liberty Financial adopted Chainlink's interoperability and data standards to enhance the security and scalability of its DeFi ecosystem.

Starknet, a prominent Ethereum Layer-2 project, said that it will bring staking to its main network on Nov. 26.

Ethena's USDe is now integrated into Gate.io, offering spot trading, derivatives collateral with up to 45% APR rewards, and native staking options.

Firoza Finance, a DeFi platform compliant with Islamic financial principles that was formed by a strategic partnership between HAQQ Network and Liberty Finance, announced the upcoming full launch of its Shariah-compliant investment platform, Firoza, scheduled for Nov. 11.

CBDCS & STABLECOINS



The Bank of Korea (BOK) launched a pilot project that aims to digitize payment vouchers as part of its wider CBDC trial. The initiative seeks to expand the use cases of the upcoming digital won. The BOK believes that digitizing this sector could unlock massive value, reduce inefficiencies, and open up a new market for vouchers. Additionally, it will stamp out fraud, like counterfeiting and fake vouchers, duplication and reuse, employee fraud, and alterations.

Crypto stablecoin supply has reached ~\$168 billion, marking a new all-time high.

Tether financed a \$45 million Middle Eastern crude oil transaction, marking its expansion into the \$10 trillion trade finance sector while leveraging its USDT stablecoin to improve efficiency and reduce transaction costs.

Curve Finance launched its “Savings-crvUSD” stablecoin, enabling users to earn low-risk yields by overcollateralizing with assets such as ETH and Wrapped Bitcoin, aiming to enhance DeFi ecosystem efficiency and scalability.

PayPal USD (PYUSD), a US dollar-pegged stablecoin issued by payments giant PayPal, started using interoperability protocol LayerZero to enable transfers between the Ethereum and Solana blockchains.

KAST is launching a global on-ramp to USDC via SWIFT with fees between 0%-0.1% and a \$10k minimum. The service will initially be offered in Asia but the team expects to expand soon to the US, Europe, and the UAE.

Polygon's AggLayer, a cross-chain settlement solution, is integrating Agora Finance's AUSD as its native stablecoin, enabling seamless value transfer across all participating networks.

NFTS, BLOCKCHAIN GAMING & METAVERSE



98% of NFT drops in 2024 are dead, while only 0.2% have been profitable for investors, according to the State of 2024 NFT Drops report.

Melania Trump is selling a digital photo collection on her website ahead of the holiday season. The set is called “On the Move” and shows different parts of President-Elect Donald Trump’s wife in a variety of settings. The sets are selling for \$195 apiece. They come with 16 exclusive digital images.

Doodles art will appear on 100 million McDonald's coffee cups until the end of the year. Each coffee purchased will come with exclusive benefits, like access to the Doodles movie and digital avatar apparel. The collaboration will also be featured in Times Square and include limited physical merchandise.

Solana NFT marketplace Tensor is launching Vector.fun, a SocialFi platform that combines social interaction with token trading. Solana-based NFT marketplace platform DRiP launches VOLUMES, a music-focused initiative for indie artists compilations.

White Rabbit, a crowdfunded anime film on Ethereum by NFT artist pplpleasr and Maciej Kuciama made its world premiere at Devcon 2024 Bangkok.

Leading esports organization Team Liquid launched MyBlue, a fan engagement platform on the MoveVM-based L1 Sui. With MyBlue, Team Liquid fans will be able to customize the mascot avatar of Team Liquid “Blue” with digital collectible items that are earned from completing fan engagement quests such as watching live esports matches, player streams, or general social media engagement.

The Hanoi Museum in Vietnam hosted a unique ceramic exhibit with blockchain technology. With 200+ ceramic masterpieces, some weighing over a ton, artist Ngo Xuan Binh’s “Hien Linh” exhibition featured some creations that were embedded with identification chips that use blockchain and NFT technology, providing each piece with a unique digital identity.

Blockchain protocol Immutable introduced a new feature to streamline players’ experiences in Web3 games by allowing transactions to occur in-game.

Storacha, a high-performance decentralized storage solution built with Filecoin, launched its closed alpha network tailored for gaming, AI, and DePIN networks.

JOB MOVEMENT



ES Pablo Hernández de Cos, a former governor of the Bank of Spain who called for the ECB to work on a digital euro, will become the general manager of the Bank for International Settlements in July.

FX and digital assets tech and liquidity solutions provider Spotex announced the appointment of Leo Hmelnitsky as Chief Strategy Officer, Digital Assets.

Quai Network, a scalable Layer-1 blockchain, hired Stephen Wolfram (physicist and founder of Wolfram Research), as its new advisor.

REGULATIONS, RULINGS & COMMENTARY



Forbes reported that Screven County, Georgia made history on Nov. 5 when it became the first county in the US to use the Bitcoin blockchain to safeguard the results of its elections.

Donald Trump is reportedly planning to eliminate the 37% capital gains taxes on US-issued cryptocurrencies. A Trump Transition Team member said that this would only apply to companies that registered in the US before the token was issued – or ones which relocated to the US.

The Pennsylvania House of Representatives introduced a bill that would enable the state to hold Bitcoin as a reserve asset. The new bill, called the Pennsylvania Bitcoin Strategic Reserve Act, is the first of its kind and would allow the state's treasury to allocate up to 10% of its roughly \$7 billion state funds to Bitcoin – as a way to help combat inflation and diversify its investments beyond traditional assets like bonds and cash reserves.

Republicans retained control of the US House, securing a majority of 218 members, paving the way for crypto-friendly lawmakers to lead the Financial Services Committee and efforts for digital asset-related bills. The committee will likely appoint a new Chair this month or by December, with current Chair Rep. Patrick McHenry (R-NC) set to retire in January. Possible candidates to replace him include Reps. French Hill, Andy Barr, Bill Huizenga, and Frank Lucas – all of whom are supportive of crypto initiatives. According to Blockchain Association Director of Government Regulations Ron Hammond, a Republican-led committee would likely prioritize stablecoin regulations and crypto market structure, then later DeFi and NFTs.

Tesla billionaire Elon Musk and Strive Enterprises cofounder Vivek Ramaswamy – both Bitcoin and crypto backers – were named by US president-elect Donald Trump to lead the newly created Department of Government Efficiency, nicknamed DOGE. The price of Dogecoin has exploded higher in the run-up to the US election and Trump's involvement with Musk. (Business Insider pointed out that Dogecoin, at a

\$55 billion market capitalization, is now worth more than Ford, “a 121-year-old company that generated \$176 billion in revenue last year and was worth about \$47 billion on Nov. 11.”)

President-elect Donald Trump said former SEC Chair Jay Clayton would be his US Attorney for the Southern District of New York, heading up the state's Department of Justice branch. (Clayton, who has advised a number of crypto firms since leaving the SEC in December 2020, oversaw the production of the SEC's DAO Report, which claimed jurisdiction over a broad swath of the crypto industry.)

Donald Trump nominated Bitcoin advocate Robert F. Kennedy Jr. for US Secretary of Health and Human Services on Nov. 14.

The closely-watched Treasury secretary pick is still up in the air, though hedge fund executive Scott Bessent – who is very pro-crypto, particularly pro-Bitcoin – was leading the Polymarket odds with 73% of punters betting on him. Cantor Fitzgerald chief executive Howard Lutnick, who is leading Trump's transition team and is also the US banker of Tether, is the second favorite with 27% of the market.

Fairshake-backed Democrat Ruben Gallego secured Arizona's Senate seat, adding to the crypto PAC's success in influencing key elections, even as Republicans gained Senate control and remain close to taking the House majority.

SEC chair Gary Gensler made a speech that was described as “awfully close to a farewell speech” by CNBC in which he repeated his usual calls for crypto companies to register with the agency. (Trump has said he would fire Gensler “on day one” if Gensler doesn't resign.)

Cardano founder Charles Hoskinson announced plans to establish a Washington, DC policy office to advocate for bipartisan, crypto-friendly regulations, amid speculation over his potential advisory role under incoming president Donald Trump.

The Digital Chamber is urging US lawmakers to accelerate stablecoin regulation, warning that global competitors such as China are advancing their stablecoin strategies to challenge the greenback's dominance.

Italy scaled back plans for a steep crypto tax hike from 42% to 28%, reflecting political compromises needed to balance revenue needs with fostering a supportive environment for crypto investors and industry stakeholders.

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

South Korean police arrested 215 individuals linked to a \$232 million crypto scam in which victims were conned into buying worthless tokens with promises of 20x returns, often resulting in life-altering losses for middle-aged and elderly investors.

A crypto user mistakenly sent \$25 million in Renzo restaked Ether tokens to an inaccessible Safe Module smart contract address, rather than their regular Safe Wallet address, potentially locking the funds permanently. The user is offering a 10% reward, or ~\$2.5 million, to recover the funds.

DeFi lending platform Delta Prime suffered a second exploit in two months, with an attacker draining an estimated \$5 million in crypto from its Avalanche and Arbitrum implementations via a smart

contract bug. An unidentified hacker exploited a “code logic error” that allowed them to drain funds from Delta Prime's “claimRewards” contract used to pay out tokens to platform users, according to crypto security firm Fuzzland.

South Korea's FIU is investigating Upbit for up to 600,000 KYC violations, which could result in \$71,500 fines per case and jeopardize its business license renewal.

18 US states are suing the SEC for unconstitutional overreach and unfair persecution of the crypto industry under Gary Gensler.

Dogecoin investors dropped their class-action lawsuit against Elon Musk, which accused him of manipulating the price of DOGE during its 2021 surge from less than \$0.10 to around \$0.70.

The FBI raided the Manhattan home of Shayne Coplan, the CEO of decentralized betting market Polymarket. Agents executed a search warrant for Coplan's SoHo apartment on Nov. 13, seizing his phone and electronics. The raid did not result in Coplan's arrest. (The DoJ is investigating Polymarket over allegations it has allowed US-based users to bet on the site.)

The founder of a crypto mixing service Bitcoin Fog was ordered to serve 12.5 years in prison for laundering tens of millions of dollars from darknet markets that sold illegal drugs.

Bitfinex hacker Ilya Lichtenstein received a five-year prison sentence for laundering 120,000 Bitcoin from the 2016 hack, with his cooperation in other crypto investigations contributing to a reduced sentence, while co-conspirator Heather Morgan awaits sentencing.

Solana-based crypto wallet Phantom pushed an update to its iOS app after a number of users experienced app resets. The team behind Phantom urged affected users to restore their wallets using their recovery phrases.

Solana's MEV protocol Jito suffered a brief outage due to high demand, temporarily raising transaction fees by up to 30x, but restored full functionality within an hour.

MISCELLANEOUS

Forbes reported that the 11 top crypto billionaires, whose holdings largely consist of liquid tokens and stocks, have collectively added \$38 billion to their fortunes in 2024. ~\$24 billion, or 63% of the total increase, occurred after Sept. 1, as the industry became increasingly bullish on Donald Trump's ultimate victory in the presidential election on Nov. 5.

Robinhood announced its listing of Pepe (the frog-faced memecoin for spot trading) and Coinbase also revealed plans to list the token. Additionally, Robinhood reinstated Solana, Cardano and XRP for trading, having previously delisted them in response to SEC-related regulatory concerns.

Jupiter's DAO plans to burn 30% of its token supply – worth \$3 billion – during a theatrical ceremony at its January conference in Istanbul. Dubbed “Catstanbul 2025,” the event will feature the symbolic burning of a cat figure, highlighting Jupiter's flair for the dramatic.

Linea, the rollup blockchain built by Ethereum development firm Consensys, is on the brink of releasing its “LINEA” token.

1,359 projects were submitted to Colosseum’s Radar hackathon, a contest for Solana-based programs to win prize money – and possibly a seed check from Colosseum’s startup accelerator wing. The grand champion was Reflect, a delta-neutral currency protocol that lets tokens accrue yield without touching the banking system.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Anthony Pompliano (Nov. 11): Bitcoin Hits New All-Time High & Wall Street Is More Interested...

Bitcoin hit a new all-time high of more than \$82,300 this morning. This means the digital currency is up over 18% in the last 7 days. The market seems to like that a pro-Bitcoin President was elected.

The latest all-time high is going to be particularly important for the trajectory Bitcoin will travel in the next 12 months. I believe crossing \$80,000 – which is a nice, big round number – will catch the eye of many investors and capital allocators.

Bitcoin is now in a price range that has never been covered before. The charts look incredibly good too. Mark Ungewitter called it the “best chart on planet” yesterday.

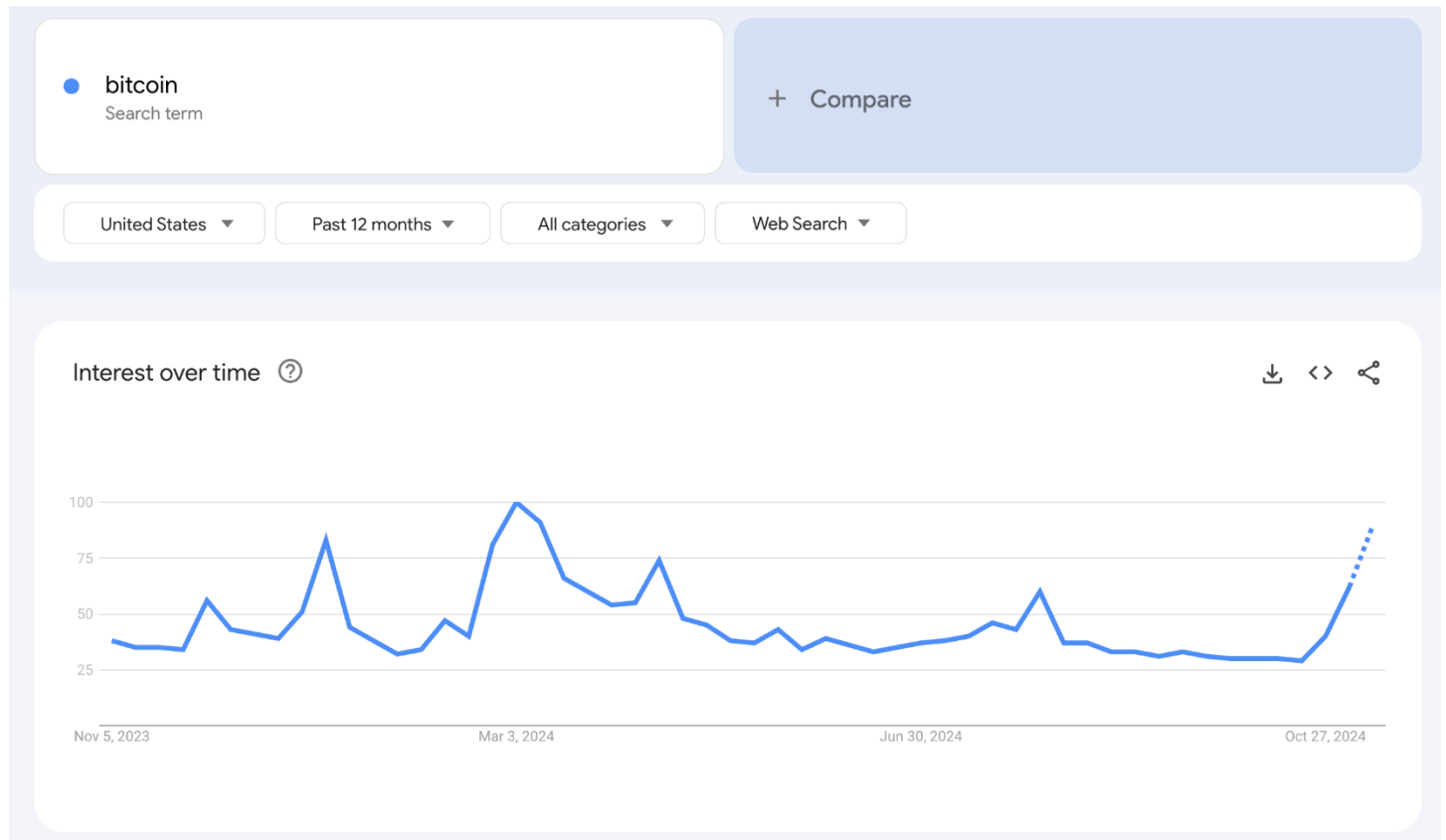


More importantly, the cross of \$80,000 signals the first time in years that Bitcoin has hit a new all-time in inflation-adjusted terms. Daniel Sempere Pico highlights the previous all-time high of more than \$69,000 is actually equivalent to over \$80,000 in today's dollars. This weekend's price appreciation put us over the new inflation-adjusted threshold.

\$69,420 in 2021 is worth
\$80,777.14 today

Institutional investors are going to be very interested in understanding Bitcoin, and potentially allocating to it, when the media is talking about it non-stop all week. If you don't think that is going to happen, then you are new around here. You will eventually learn.

Retail is leading the charge on word-of-mouth. You can see Google Search queries starting to rise compared to the last 12 months.



We still aren't to the levels we saw for the new all-time high post-ETF approval in March, but we are getting close. I would expect Google Search trends to eclipse March levels by the end of the year.

Speaking of history, we should pay very close attention to what happened four years ago. 2020 was the last halving year. We saw Bitcoin's price go from approximately \$15,000 in early November to over \$60,000 in March of 2021.

That is more than 400% price appreciation in 5 months. Not many assets can do that.

I am not predicting a repeat of the 400% gain in such a short time period, but I do think history is going to rhyme in the coming months. I wrote to you all on October 28th this year and said "don't get lulled to sleep by sideways summer. We should be coming out of hibernation soon and decision-makers become much more interested after prices have increased."

It is safe to say we are out of hibernation now.

It would not surprise me to see Bitcoin catch a very strong bid through the end of the year. Price is reflexive. Everyone on Wall Street copies each other. Financial advisors are starting to put on 1% positions for all clients unless the opt out. Here is an example message that someone posted online:

We are sensitive to your opinion on this particular investment. If you feel strongly that you wish for us **not to trade for a 1% weight of IBIT** in your portfolio, we request that you respond to this email no later than **Monday, November 11th at 9:00 AM** stating that you do not wish to participate in this exposure. We plan to execute the trade on **Monday, November 11th at 11:00 AM**. We will be using accumulated cash or previous sell trades to establish the position.

Additionally, there are rumors from some of the most knowledgeable Bitcoiners that we will see very large nation state purchases revealed in the coming months. Bitcoin Magazine CEO David Bailey claims a nation state has become a top 5 holder of Bitcoin recently but no one is aware they purchased the Bitcoin.



David Bailey

\$0.85mm/btc is the floor

@DavidFBailey

There is at least one nation state that has been actively acquiring Bitcoin and is now a top 5 holder. Hopefully we hear from them soon.

2:07 PM · Nov 9, 2024 · 275.2K Views

156

206

2.5K

117

Post your reply

Reply



BTCRoel

@BTCRoel · Nov 9

You mean bigger then El Salvador's holdings and not yet in this list? If true, it's BIG!

Governments					
Auto	us United States	N/A	-		₿ 208,109
CN	China	N/A	-		₿ 190,000
Auto	GB United Kingdom	N/A	-		₿ 61,245
UA	Ukraine (various)	N/A	-		₿ 46,351
Auto	BT Bhutan	N/A	-		₿ 12,541
Auto	sv El Salvador	N/A	-		₿ 5,929
VE	Venezuela	N/A	-		₿ 240
FI	Finland	N/A	-		₿ 90
GE	Georgia	N/A	-		₿ 66
BG	Bulgaria	N/A	-		₿ 0
DE	Germany	N/A	-		₿ 0
SUBTOTAL:					₿ 524,571

8

2

55

12K



David Bailey

\$0.85mm/btc is the floor

@DavidFBailey · Nov 9

Not on the list

15

2

143

11K

That would be a fairly important announcement. I will leave the speculation of who it is to all of you.

So what does all this data and information tell us – Bitcoin is going much higher between now and the end of 2025. I don't know what the exact price or timing will be, but it is hard to find a compelling argument to be bearish or reserved right now.

The world is realizing the importance of a decentralized, digital currency that continues to produce block-after-block of transactions regardless of what happens in the world. The United States has a pro-Bitcoin President going to the White House. And investors are realizing Bitcoin may be the solution they need. The results speak for themselves.

Bitcoin & Traditional Assets ROI (vs USD)

	Bitcoin	Gold	S&P 500
1 year:	+118%	+38%	+36%
2 year:	+368%	+52%	+51%
3 year:	+25%	+44%	+29%
4 year:	+422%	+44%	+69%
5 year:	+822%	+84%	+94%
6 year:	+1,186%	+122%	+120%
7 year:	+1,229%	+110%	+132%
8 year:	+11,435%	+112%	+177%
9 year:	+24,090%	+148%	+194%
10 year:	+19,737%	+129%	+194%
11 year:	+19,813%	+112%	+238%
12 year:	+734,040%	+55%	+335%
13 year:	+3.5 million%	+50%	+377%
14 year:	+30 million%	+97%	+399%

<https://casebitcoin.com>

Bitcoin & Traditional Assets CAGR

	Bitcoin	Gold	S&P 500
1 year:	+118%	+38%	+36%
2 year:	+116%	+23%	+23%
3 year:	+8%	+13%	+9%
4 year:	+51%	+9%	+14%
5 year:	+56%	+13%	+14%
6 year:	+53%	+14%	+14%
7 year:	+45%	+11%	+13%
8 year:	+81%	+10%	+14%
9 year:	+84%	+11%	+13%
10 year:	+70%	+9%	+11%
11 year:	+62%	+7%	+12%
12 year:	+110%	+4%	+13%
13 year:	+124%	+3%	+13%
14 year:	+146%	+5%	+12%

<https://casebitcoin.com>

Matt Hougan's (Bitwise) Weekly CIO Memo: "Bitcoin to \$500K – It's No Longer the First Inning. But Until Bitcoin Hits \$500K, It's Still Early."

As I write this memo on Tuesday morning, Bitcoin has just set a new series of all-time highs over the past 24 hours and is currently trading around \$88,000. It's now up roughly 100% year-to-date, and more than 25% since the historic election on November 5.

The market may pull back by the time we publish – it's come so far, so fast – but \$100,000 feels like it could be right around the corner.

Moments like these spark waves of emotion. Those who owned Bitcoin prior to the November election are jubilant, and rightly so. But many of those who didn't feel as though they've missed the boat.

For this latter group, I have a message: You're still early. In fact, you'll be "early" until Bitcoin crosses \$500K.

Let me explain.

The Case for \$500K Bitcoin (or Higher)

Let's start by stating the obvious: There is no guarantee that Bitcoin will ever be worth \$500K per coin. We don't even know if it will eclipse \$100,000! Bitcoin is volatile, its outlook is uncertain, and it could pull back at any time.

But in my view, \$500K per coin is the correct demarcation between early and late, for a very simple reason: It marks the point where Bitcoin would be "mature."

As I discussed a few weeks ago, an investment in Bitcoin is really two investments in one. When you bet on Bitcoin, you're making a bet that:

Demand for store-of-value assets like Bitcoin and gold will increase as governments take on debt and debase their currencies; and

Bitcoin will increasingly be accepted as a store of value, standing shoulder to shoulder with gold.

The second bet is just another way of saying that it's still early for Bitcoin. That bet is very much still "on." Here's why.

A mature store-of-value asset looks like gold. No one bats an eye when institutions allocate to gold or when central banks invest billions from their balance sheets. You don't read a ton of skeptical media stories about gold or see sitting US senators building anti-gold armies. Gold has "made it."

That's not true for Bitcoin. Bitcoin is still developing, even after this latest rally. It's still considered news when pensions and endowments make a small investment in crypto. The Department of Labor still warns 401(k) providers not to put Bitcoin in their portfolios, citing the need for "extreme care." And there is still excitement when big hedge fund investors reveal a positive view of crypto.

The market has come a long way with the massive success of Bitcoin ETPs and the rise of pro-crypto policymakers. But until Bitcoin is as boring as gold – widely held by central banks and institutions alike – it's by definition still early.

So why \$500K? Well, today gold is an \$18 trillion market, and Bitcoin is roughly \$2 trillion. That puts the store of value market at roughly \$20 trillion. A mature Bitcoin would at a minimum share this market equally with gold.

Roughly 20 million Bitcoins exist today – the remaining million will be issued over the next century – so Bitcoin would hold half the market when it hits \$500K.

Until then, it's still early.

Closing Thought: What It Will Take to Get to \$500K (And Why I Think It Will Go Higher)

What will it take for Bitcoin to actually get to \$500K? Among other things, we'll likely need the same groups that broadly allocate to gold today to also allocate to Bitcoin. The biggest missing piece in that equation is central banks.

Today, governments hold roughly 20% of the world's gold reserves, compared to less than 2% of the world's Bitcoin. For Bitcoin to approach the half-million-dollar level, we would need to see that gap narrow. That's a tall order, but we have seen some progress. Perhaps the biggest example here is the plan from Senator Cynthia Lummis (R-WY) for the US to adopt a national Bitcoin reserve, with a goal of buying more than \$80 billion worth of Bitcoin using government funds. If we start to see that happen, \$500K Bitcoin is fully within view.

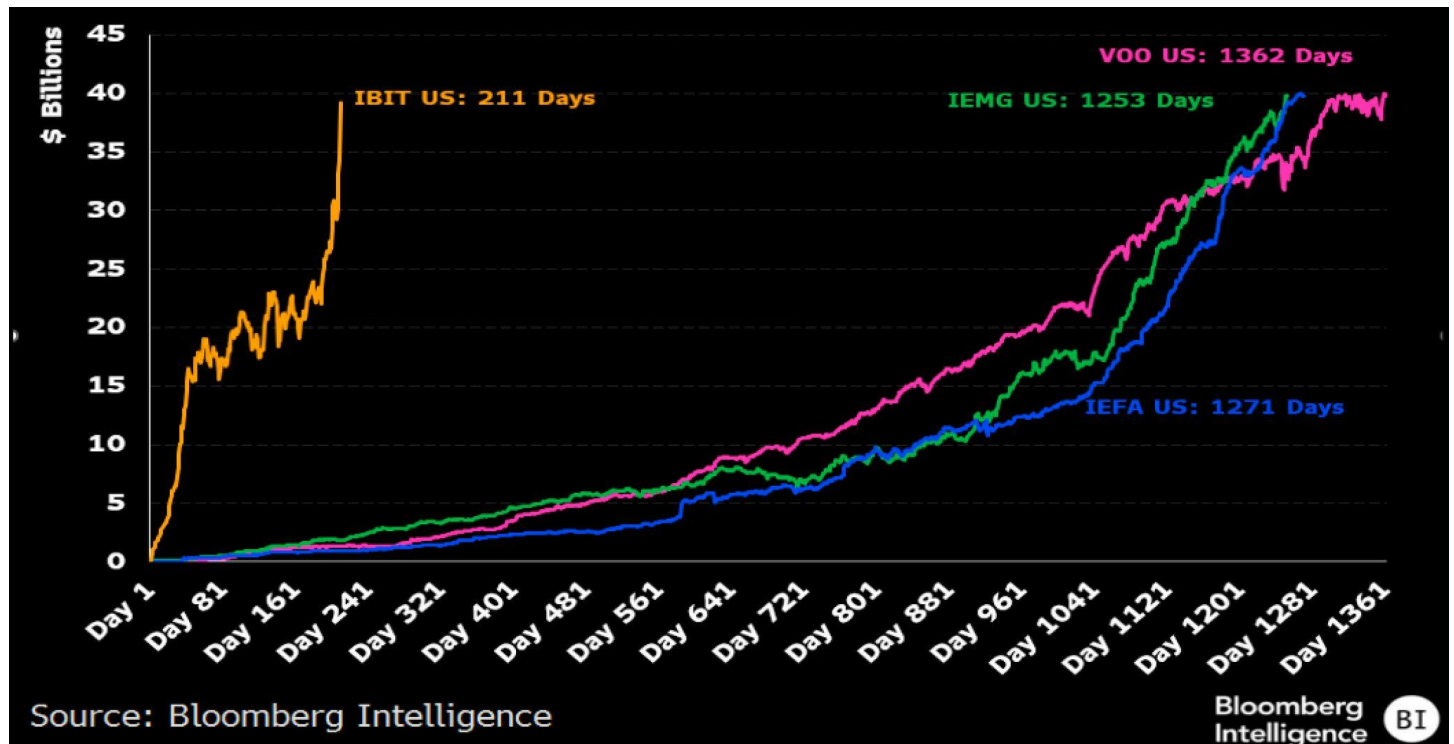
But ultimately, I think we will go higher. My \$500K target is based on Bitcoin eating into gold's market share, when, in reality, I think it will actually grow the overall market. It also assumes that the total store-of-value market is static, when I think it will grow rapidly as governments continue to pile on debt and print money.

Could we see \$1 million Bitcoin? Higher? Absolutely. But \$500K feels like a good start.

ARK Invest released “The Bitcoin Monthly October Report.” (Download it, [here.](#))



Eric Balchunas: IBIT has hit the \$40b asset mark (a mere two wks after hitting \$30b) in a record 211 days, annihilating prev record of 1,253 days held by IEMG. It's now in Top 1% of all ETFs by assets and at 10mo old it is bigger than all 2,800 ETFs launched in the past 10 years.



Nate Geraci: 19 of top 50 ETF launches this yr are now BTC-, ETH-, or MSTR-related... Includes 12 of top 18.... This is out of 610 launches overall.

Ticker	Fund Name	YTD Flow
IBIT	iShares Bitcoin Trust ETF	27,386,861,717
FBTC	Fidelity Wise Origin Bitcoin Fund	10,756,542,009
ARKB	ARK 21Shares Bitcoin ETF	2,613,974,905
PUSH	PGIM Ultra Short Municipal Bond ETF	2,469,101,150
BITB	Bitwise Bitcoin ETF Trust	2,324,913,700
ETHA	iShares Ethereum Trust ETF	1,437,696,014
RSSL	Global X Russell 2000 ETF	1,315,438,177
EVLN	Eaton Vance Floating-Rate ETF	1,064,458,200
CCMG	CCM Global Equity ETF	836,411,792
MSTY	YieldMax MSTR Option Income Strategy ETF	754,574,733
HODL	VanEck Bitcoin ETF	710,359,071
BITU	ProShares Ultra Bitcoin ETF	696,394,520
AMJB	Alerian MLP Index ETN	668,409,950
QQQI	NEOS Nasdaq 100 High Income ETF	562,792,119
BRRR	Coinshares Valkyrie Bitcoin Fund	551,925,328
BTC	Grayscale Bitcoin Mini Trust ETF	541,217,600
FETH	Fidelity Ethereum Fund ETF	538,943,685
MSTU	T-Rex 2X Long MSTR Daily Target ETF	534,537,000
QDTE	Roundhill Innovation-100 ODTE Covered Call Strategy ETF	515,531,898
SEIE	SEI Select International Equity ETF	508,670,154
EVTR	Eaton Vance Total Return Bond ETF	482,520,750
FCTE	SMI 3Fourteen Full-Cycle Trend ETF	460,888,086
VTEC	Vanguard California Tax-Exempt Bond ETF	459,383,252
EZBC	Franklin Bitcoin ETF	437,323,450
FHEQ	Fidelity Hedged Equity ETF	420,011,747
YMAX	YieldMax Universe Fund of Option Income ETFs	417,407,725
BTCO	Invesco Galaxy Bitcoin ETF	405,248,788
FLDB	Fidelity Low Duration Bond ETF	368,388,549
ETHW	Bitwise Ethereum ETF	324,293,370
ULTY	YieldMax Ultra Option Income Strategy ETF	304,250,480
ETH	Grayscale Ethereum Mini Trust ETF	301,929,100
KCSH	KraneShares Sustainable Ultra Short Duration Index ETF	299,490,800
CCNR	ALPS CoreCommodity Natural Resources ETF	284,461,981
AMDL	GraniteShares 2x Long AMD Daily ETF	273,339,987
ETHU	2x Ether ETF	263,733,294
VTEI	Vanguard Intermediate-Term Tax-Exempt Bond ETF	259,116,502
FTRB	Federated Hermes Total Return Bond ETF	253,984,200
RSPA	Invesco S&P 500 Equal Weight Income Advantage ETF	249,066,419
NBCR	Neuberger Berman Core Equity ETF	230,201,560
BTCW	WisdomTree Bitcoin Fund	217,470,751
SEIS	SEI Select Small Cap ETF	213,786,978
QFLR	Innovator Nasdaq-100 Managed Floor ETF	212,744,890
MSTX	Defiance Daily Target 2x Long MSTR ETF	207,594,928
XDTE	Roundhill S&P 500 ODTE Covered Call Strategy ETF	206,122,874
SEEM	SEI Select Emerging Markets Equity ETF	201,139,803
PTL	Inspire 500 ETF	201,101,500
YMAG	YieldMax Magnificent 7 Fund of Option Income ETFs	198,514,760
NBSM	Neuberger Berman Small-Mid Cap ETF	196,558,933
JEMB	Janus Henderson Emerging Markets Debt Hard Currency ETF	193,826,000
EAGL	Eagle Capital Select Equity ETF	185,162,850

Blockware Intelligence summarized last week from a mostly on-chain perspective...

BTC Breaks \$90,000: +136% year over year... +100% year-to-date... +36% in the past month... when Bitcoin goes up, it goes up FAST. A majority of Bitcoin's gains have been made during a small handful of days. That's why it's important to make sure you are long Bitcoin at all times – nobody can be exactly sure when these days are coming, and if you miss them, you miss out on most of Bitcoin's returns.

Long Term Holder Supply: Despite rapid growth in the Bitcoin price, roughly 70% of the circulating supply (13.8 million BTC) has not moved in at least six months. For reference, at the START of the 2020/21 bull market, that number was at 68%. The signal here is that the vast majority of Bitcoin holders are still unwilling to part with their coins at \$90,000. With demand vastly outweighing the new supply entering circulation via mining, the only other way for demand to find supply is to bid the price higher. So long as "long term holder supply" remains elevated, there's still plenty of fuel left in the tank for BTC to continue trekking higher.

Spot Bitcoin ETFs: Unsurprisingly, this was yet another week with historically high inflows into the spot Bitcoin ETFs. As of Thursday's close, the ETFs had net-inflows of \$2.12 billion for the week. This is the 5th largest week of total inflows since the ETF's launched, and it very well could reach the number 1 slot depending on the Friday data.

Futures Short Liquidations: Looking at the total amount of short liquidations helps us quantify the newly sophisticated market participants. The bull market of 2021 was fueled by hundreds of millions of \$ worth of short liquidations on a daily basis, while we are seeing nothing of the sort this time around. Degenerate retail is gone and institutional investors have taken their place. Moreover, on a market-cap adjusted basis, the little amount of short liquidations that we are seeing have much less of an impact on price. The price action is now being driven by a surge of demand hitting a market with very little supply available. This is far more sustainable than price appreciation resulting from short squeezes.

Cost to Mine 1 Bitcoin: Our thesis is that growth in the price of Bitcoin will outpace growth in mining difficulty, resulting in higher profit margins for incumbent Bitcoin miners. This is exactly what is playing out. While BTC is up 36%, difficulty is only up 10% over the past month and the next projected adjustment is zero %. As a result, the spread between the price of Bitcoin and the cost to mine Bitcoin has grown tremendously.

On-Chain Fees Spike: Transaction fees on-chain rose this morning to more than 100 sat/vByte. The volatility of transaction fees is a dark horse for mining profitability right now. As demand for BTC as a financial asset increases, demand to send BTC on the Bitcoin network will increase accordingly. There's a finite amount of room for transactions within each Bitcoin block, and so users must outbid each other in order to incentivize miners to include their transaction within blocks. This dynamic can lead to exponential surges in transaction fee revenue for Bitcoin miners.

Summary and conclusion from Glassnode’s “The Week On-Chain” from 11/12/24. (Read the full report, [here](#).)

This newsletter examined Bitcoin’s recent all-time high, primarily driven by solid spot market demand, mainly through US spot ETFs. Institutional interest has surged post-election, with notable inflows into CME futures and ETFs, favoring spot exposure and fueling Bitcoin’s entry into a new ATH discovery phase. Over 95% of the circulating supply is now in profit, typically followed by significant profit-taking.

Almost all of the circulating BTC supply is now held in profit, although this is balanced by a significant uptick in profit-taking activity. While realized profits by both short- and long-term holders have increased, they remain below previous ATH peaks, which may indicate many investors are willing to wait for higher prices.

Conclusion from Coin Metrics’ “State of The Network” weekly report from 11/12/24. (Read the full report, [here](#).)

Amidst periods of high uncertainty, studying options markets can uncover how the market is weighing the likelihood of each outcome. With the US election finally in the rearview mirror, markets have responded with explosive optimism over the past week. In many ways, the recent market movements reflect the market pricing in the likelihood for a favorable regulatory environment for the US crypto industry in the foreseeable future.

Regardless of who is in charge of any government in the world, blockchains remain a globally accessible, credibly neutral, and permissionless platform that anyone can use. Time will tell whether the market’s exuberance is just an irrational post-election honeymoon or the beginning of a new paradigm. But if the vibes now are indeed right, we may see greener pastures ahead for our fledgling industry.

Blockworks updated key metrics...

Total Crypto Market Cap	\$3.18 T
Bitcoin Market Cap	\$1.79 T
Ethereum Market Cap	\$374.42 B
ETH/BTC Ratio	0.03
Ethereum Gas Price	9.84 gwei
DeFi TVL	\$190.21 B
Fear and Greed Index	90 (Extreme Greed)

The Crypto Fear and Greed Index, a key market sentiment gauge, surged to an “Extreme Greed” reading 84 out of 100 on Nov. 13 – marking its second-highest level this year after March's peak of 82.



More rationale from Bitwise on why “we’re still early.”



Ryan Rasmussen  @RasterlyRock · 1h

Today @Matt_Hougan and I gave a crypto presentation to 350+ financial advisors from Morgan Stanley to Wells Fargo.

We surveyed the audience and...

77% of them do not allocate to crypto.

So yeah, I'd say we're still early.

12

↕ 33

♥ 207

9.5K



Sygnium released its 2024 survey. (The annual survey gathered insights from over 400 institutional and professional investors, possessing an average experience of over 10 years and spread across 27 nations. See highlights below.)

- 57% plan to ramp up their cryptocurrency exposure.
- 65% are bullish in the long-term.
- 56% said they expect to change their outlook to bullish within a year.
- Over 70% said ETFs have increased their confidence in the asset class.
- 30% said that digital assets are superior to traditional investments.
- More than half of respondents had over 10% of their funds in crypto, while nearly 46% considered boosting allocation in the next six months, while 36% planned to maintain the status quo, awaiting the optimal market entry.
- Single token investments remained the preferred strategy for 44% of respondents, followed by 40% for actively managed exposure.
- Layer-1 blockchains remained the highest area of interest, followed by Web3 infrastructure and DeFi. Tokenization of equity, corporate bonds, and mutual funds are now more popular than real estate, which topped the charts in 2023.
- With 69% of respondents perceiving increased regulatory clarity, asset volatility has become the primary concern, followed by security and custody worries.
- 81% said access to better information would have them consider boosting allocation.

Arca: The American Crypto Renaissance...

Putting The Importance of Last Week's Elections Into Focus

For the first time in the history of digital assets, crypto policy played a material role in the US elections. Crypto PACs raised \$245 million to support nationwide candidates supporting digital assets innovation in America. Of the 48 candidates supported by crypto's largest PAC, Fairshake, all 48 candidates won their respective races.

To be very clear, crypto and blockchain technologies are inherently nonpartisan in nature. This technology is intentionally designed to be open to all people of the world, irrespective of political affiliation, nationality, or economic status. Crypto's ethos would typically dictate that jumping into the murky waters of political lobbying is very anti-crypto. But the prior four years of attacks against the good faith actors in the crypto industry were certainly not typical. So, the crypto community participated in the democratic process and made their voices heard. Through the lens of our industry, the result was not a red wave nor a blue wave, but rather a Bitcoin-orange wave. And now that the election is over, investors are working through what this means for the future of our industry.

However, the near 30% weekly return for digital assets in the immediate aftermath of the elections is a good barometer for how impactful this election can be.

Simply put, the outcome of the 2024 US election is a renaissance moment for the crypto industry.

Events in crypto with this level of significance are rare. When they happen, they immediately expand the world's collective outlook about the potential of the crypto movement and where this technology will take the world going forward. Some events have originated from breakthroughs in blockchain technologies, while other events occurred due to the endorsement of crypto from outside parties that helped legitimize blockchain technology to the broader world:

- In 2009, the creation of Bitcoin introduced the idea of the world's first digital currency that can be electronically exchanged peer-to-peer via a permissionless, decentralized, uncensorable, and immutable cryptographic ledger known as a blockchain.
- In 2014, the rise of stablecoins introduced the idea of global payments on blockchain in tokenized US dollars. Stablecoins on blockchains now account for \$178 billion in total value.
- In 2015, the creation of smart contracts on the Ethereum blockchain allowed code to automatically execute actions on blockchains, which expanded the potential for use cases immensely.
- In 2020, "DeFi Summer" popularized the concept of DeFi. DeFi is an ecosystem of applications that leverage smart contracts to accomplish traditional finance and banking functions in a permissionless, global system. The TVL in the DeFi ecosystem today is over \$101 billion.
- In 2020, MicroStrategy became the first publicly traded company to adopt a Bitcoin strategy by buying 21,454 Bitcoin to protect its balance sheet from inflation. In total, MicroStrategy has spent \$9.91 billion to purchase 252,220 Bitcoin (\$20.17 billion at current prices). Elon Musk followed suit in 2021 by purchasing \$1.5 billion of Bitcoin for Tesla's balance sheet.

- Later in 2021, El Salvador became the first country to accept Bitcoin as legal tender and purchase Bitcoin for its reserves.
- Also, in 2021, the proliferation of NFT technologies introduced use cases on the blockchain for digital art, tokenized assets such as real estate, and token-gated social communities. NFTs are now a regular fixture at the biggest art auction houses in the world, such as Sotheby's and Christie's.
- In 2023, Blackrock filed for the first Bitcoin ETF. Blackrock's CEO Larry Fink went on live television to admit that he was wrong about Bitcoin and repeatedly advocated for the potential of Bitcoin and tokenization. Blackrock's Bitcoin ETF (IBIT) has been the most successful ETF launch in the history of ETFs, amassing ~\$33 billion in assets in less than 12 months from launch.
- In July 2024, US presidential candidate Donald Trump publicly endorsed Bitcoin and other digital assets while speaking at the Bitcoin 2024 conference in Nashville. Trump also stated the strategic importance of the US government holding Bitcoin as a reserve asset during that speech.

Then Versus Now

In the same analogical vein, the period leading up to now could be described as the Middle Ages, a time encompassed by stagnation and a general decline in ingenuity. 2022 kicked off crypto's Middle Ages, with three notable black swan events defining the period:

- The blow-up of once prominent blockchain Terra
- The insolvency of Three Arrows Capital
- The shocking bankruptcy and subsequent findings of FTX Exchange

These events set off a combination of:

- Negative external sentiment toward the crypto industry
- An exodus of previously enthusiastic participants and general malaise from remaining participants
- The SEC's approach of "regulation by enforcement" mostly against the good-faith actors of crypto-based in the US

The SEC has insisted that the Howey Test, established in 1946 before the concept of computers existed, is sufficient for regulating cryptographic blockchain tokens. The SEC filed an unprecedented flurry of enforcement actions and went to court to establish a legal precedent that tokens are securities. One of the most high-profile cases was the Ripple Labs (\$XRP) case, where Judge Annalisa Torres from The Southern District of New York was unequivocal in stating that \$XRP, as a digital asset, is not in and of itself an investment contract (security). The SEC was also sanctioned and ordered to pay over \$1.8 million dollars in the Debt Box case for "gross abuse of power", and soon after that, the SEC's Salt Lake City office was shut down. These are just two of the many cases that have yielded unfavorable rulings. Keep in mind that in the SEC's 90-year history, the SEC rarely ever receives unfavorable rulings when taking cases to court. This has resulted in members of the SEC being called to speak in front of Congress

multiple times to discuss their approach to regulating crypto. Despite all the attention, congress failed to pass meaningful legislation relating to crypto, and the SEC has not passed new rules for a formal digital assets framework. This has caused serious damage to the industry, ranging from capital formation, token design, developer talent, and innovation moving abroad.

Thankfully, the crypto industry in the US can now turn the page on the prior three years of crypto. Below are the most important takeaways from the election for our industry going forward:

- Political Alignment: Not only did the United States elect the first ever pro-crypto president, but it also appears likely that both chambers of Congress will have a Republican majority. As mentioned, Congress will have more pro-crypto members than ever before. Some of those wins included defeating staunchly anti-crypto congress members, such as anti-crypto incumbent Sherrod Brown's loss to the pro-crypto challenger Bernie Moreno in Ohio. Additionally, Donald Trump's team, JD Vance, Robert F Kennedy, Elon Musk, and Vivek Ramaswamy have publicly advocated for crypto for many years. Pairing an executive branch that is outwardly pro-crypto with a pro-crypto congressional majority greatly increases the likelihood of material and constructive crypto legislation passing.
- US Government Purchasing Bitcoin: Wyoming Senator Cynthia Lummis proposes a bill for the United States government to purchase up to 1,000,000 Bitcoin (~\$80 billion US dollars at current price) over five years to diversify and bolster the US government's strategic reserve. The idea of governments buying Bitcoin to protect against currency debasement, irresponsible spending, and spiraling debt has been an 'endgame' scenario theorized by Bitcoin believers since the early days. That is because it would create a game theory scenario where all governments worldwide would also need to buy Bitcoin to protect themselves from being left behind in fiat currencies that naturally decline in value over time as governments. This would cause a land grab for a mathematically fixed supply and scarce asset.
- Regulatory Regime Change: During Donald Trump's speech at Bitcoin 2024, he vowed to fire SEC Chairman Gary Gensler, on day one of his presidency. To be fair, this was expected regardless of which presidential candidate was elected. The rumored replacements for Chairman Gensler include pro-crypto Chief Legal Officer at Robinhood, Dan Gallagher, and pro-crypto SEC commissioner Hester Pierce (affectionately nicknamed Crypto Mom). Regardless of who is chosen for the role of SEC Chairman, it will most likely result in a more favorable regulatory climate for crypto innovation to thrive in the United States.
- Investor Protections: The new regime at the SEC also has the opportunity to create rules that will accomplish one part of the SEC's mission statement: protecting consumers. Many commonsense rules can be created to prevent blow-ups and scams that have marred the public image of crypto in its infancy. For example, most people still do not understand that the shocking fraud of FTX was not at all enabled by a blockchain or crypto. Ironically, if centralized exchanges in crypto, such as FTX, were hosted natively on transparent blockchain ledgers, the fraud would have been obvious and caught immediately. The reason why FTX was able to perpetrate such a massive fraud undetected is that there is no legal pathway for a crypto exchange to legally do business in the United States, evidenced by the recent Wells Notices issued to Coinbase, Robinhood, Kraken, and Crypto.com. So FTX was incorporated in the Bahamas, where there are no exact legal requirements for public disclosure of audited financial statements or market surveillance. The fraud that FTX was able to pull off would have been almost impossible if

incorporated in the United States, even at a dramatically smaller scale, because public companies and exchanges in the United States are required to release audited financial statements publicly, meet market surveillance rules, and complete other regulatory reporting requirements.

- Improved Token Design: DeFi Summer in 2020 ushered in “value accrual tokenomics.” The term refers to designing tokens to have tangible financial value derived from providing direct value back to token holders. For example, a lend/borrow DeFi protocol collects a small fee on all loans created on the platform, and the platform disburses a percentage of that revenue back to token holders (similar to stock dividends). With that tokenomic model, the token has a true inherent value that scales with the success of the underlying protocol. Including functions like revenue sharing puts tokens in conflict with the legal definition of an investment contract, and thus, founders moved away from this type of token. This is why memecoins, which have no inherent financial value (and are very prone to abuse), have gained popularity. The industry now has the opportunity to enact legislation that can create a clear path for registering tokens with direct value accrual tokenomics. Developers will be able to focus on creating and growing businesses that provide value to the world. Investors will be able to confidently make informed decisions that they are purchasing a token with a value that is directly correlated to the measurable growth of the underlying protocol. It has always been our opinion at Arca that token value accrual is an extremely important concept for the growth of protocols on blockchains and efficient market structure.
- Capital Formation: Capital formation in crypto has been greatly damaged by the perceived regulatory risks under the current administration. A few shrewd financial institutions and governments did not wait for the election to enter the space, such as the state of Florida purchasing \$800 million of Bitcoin and the Wisconsin Retirement Board investing over \$160 million into Bitcoin ETFs. The approval of the Bitcoin and Ethereum ETFs has helped in some regards. Still, these approvals have narrowed new investors’ knowledge, who often believe that these are the only legitimate assets that exist in the ecosystem. Most other capital has entered through crypto venture capital vehicles which has caused overfunding of new projects and oversaturation of new token launches that don’t necessarily push the industry forward. Anecdotally, from Arca’s conversations with investors, many institutions, governments, and high-net-worth individuals, we’re waiting for the election to yield a positive result before committing capital to the space. Now that the regulatory environment is more promising, we expect a significant increase in capital inflows to the crypto ETFs, private funds, and altcoins.

While crypto in America was put in timeout, countries worldwide carried the baton of crypto adoption. Europe passed legislation creating a comprehensive framework for digital assets called MiCA, many users across Asia made their crypto wallet their primary bank, and young women in Afghanistan used crypto rails to receive aid & escape financial oppression from the Taliban. It would be remiss not to point out that there is no guarantee of what will happen over the next four years. Campaign promises can be fickle, but it is clear that the efforts of the crypto industry during the 2024 election campaigns have shown politicians that this is a top priority for many voters going forward. US politicians’ understanding of the industry is no longer restricted to salacious headlines in the news, Democrats are starting to realize that hating crypto was a major political miscalculation – as we wrote in May, and all politicians are starting to understand why this small niche of the world is so passionate about this topic.

At its core, blockchain technology was created to be a force for good in the world and embodies American values.

Blockchain technology was created with the ideals of freedom from tyranny, entrepreneurial innovation, and equality for all. During the internet boom in the 1990s and early 2000s, US politicians made the extremely consequential decision to support American innovation. America would likely not hold its place in the world today if it had chosen not to support American innovation. The decisions US politicians will make over the next four years regarding digital asset innovation in America will be equally consequential. To Life, Liberty, and the Pursuit of Economic Freedom.

CCData released its “Exchange Benchmark – November 2024” report. (See key findings below. Download the full report, [here](#).)

- Coinbase and Binance Lead Centralized Exchange Rankings: In this edition, Coinbase and Binance topped the Spot and Derivatives categories, respectively. For Spot, four exchanges achieved an AA rating: Coinbase, Binance, Kraken, and Bitstamp — stricter data verification and grading criteria reduced the number of Top-Tier Spot exchanges from 19 to 16. For Derivatives, Binance, Kraken, Bybit, and OKX achieved AA grades, with Top-Tier exchanges rising from 10 to 14.
- Top-Tier Exchanges Continue to Dominate Trading Volume: Though comprising only ~20% of spot exchanges, Top-Tier exchanges command over 60% of the current trading volume, driving an average monthly volume of \$850bn out of \$1.4tn from April - September 2024. Five exchanges account for roughly 50.1% of all spot volumes during the Benchmark period. Binance dominates at 27.7%, alongside Bybit, Crypto.com, Coinbase and OKX.
- Over 50% of Exchanges Implement at Least One Stringent KYC Check: Among the 84 exchanges assessed, KYC requirements vary significantly. Only 23% require Source of Funds verification, and 29% require Proof of Address. While over 50% of Benchmark exchanges implement at least one stringent KYC check, a notable 26% lack any KYC requirements — a significant vulnerability and a potential compliance risk under AML regulations.
- Top Five Jurisdictions for VASP Licenses and Regulatory Restrictions: VASPnet data reveals that the United States and Canada lead with the highest number of licenses for Benchmarked exchanges, issuing 67 and 23 licenses, respectively, including MSB and VASP licenses. Lithuania holds the most European licenses with 17, positioning itself as a key player in the forthcoming MiCA regulations. Meanwhile, India's Financial Intelligence Unit has barred 19 exchanges, South Korea's Financial Services Commission 11, and the UK's FCA six, including Indodax and Coinmate.
- The Majority of Exchanges (58%) Utilize a Third-Party Custodian Compared to 43% in April 2024: Custodians are regulated and audited, as well as being operationally designed to protect digital assets. Counterparty risk is adversely high in the industry and can arise through human error, or shortcomings in technology or processes, therefore engaging custodians is vital for the safety of customer deposits.
- Binance Dominates BTC & ETH Market Depth at 5% Level: Binance maintains the deepest order book across BTC and ETH instruments at the 5% level, with \$350mn in depth between USDC and USDT pairs. Kraken and Bitfinex maintain similar depth, approximately \$154mn, however, their liquidity is concentrated on USD pairs, where they lead the market.

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

- US prosecutors filed to seize \$17.9 million in crypto tied to alleged bribes Sam Bankman-Fried directed to Chinese officials in 2021 to unfreeze \$1 billion in assets, showcasing ongoing efforts to recover misused funds from the FTX debacle.
- Gary Wang, the former chief technology officer of FTX, will be sentenced next week. He asked a judge not to send him to prison. A DoJ memo said he also built a tool to help federal agents detect fraud.
- Former Alameda Co-CEO Sam Trabucco agreed to forfeit \$70 million, a yacht, and apartments to FTX creditors.
- FTX is suing Binance and its former CEO Changpeng Zhao, seeking to recover \$1.8 billion allegedly transferred fraudulently by FTX co-founder Sam Bankman-Fried. The legal filing claims the funds were part of a 2021 stock buyback deal in which Binance sold its stakes in FTX’s international and US-based entities for a mix of FTT and Binance-branded tokens. The lawsuit also accuses Zhao of posting “false and misleading” tweets in 2022 that accelerated FTX’s collapse by triggering a run on withdrawals.