



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

24th November 2024

BITCOIN-RELATED



Bitcoin rocketed up again this week, nearly breaking \$100K, and setting a new all-time high in the process – with the conversation shifting to when, not if Bitcoin will break \$100K.

Bernstein analysts outlined key upcoming catalysts that could propel Bitcoin's price to their cycle target of \$200,000 in 2025. Analyst Gautam Chhugani said: “We are entering a stage, where we expect intrigue will turn to pain for the Bitcoin bears. Bitcoin to \$100K seems around the corner and our \$200K Bitcoin target [by the end of] 2025 now looks not as delusional.” Catalysts: Trump's crypto-friendly appointments, including potential picks for Treasury Secretary and SEC Chair, could help drive positive regulatory momentum for the industry... Progress toward a national Bitcoin stockpile, as Trump pledged during his campaign... The current average Bitcoin ETF net inflow rate of \$1.7 billion per week... And MicroStrategy's plans to raise \$42 billion for further Bitcoin acquisitions over the next three years.

VanEck's head of digital asset research, Matthew Sigel, officially announced that the asset management firm advocates the concept of Bitcoin's strategic reserve.

MicroStrategy Chairman Michael Saylor is scheduled to brief Microsoft's Board next month on adopting Bitcoin for their corporate treasury strategy.

MicroStrategy acquired another 51,780 BTC between Nov. 11 and Nov. 17 for ~\$4.6 billion at an average price of \$86,627. The business intelligence firm now holds 331,200 BTC, worth ~\$30 billion, bought at an average price of \$49,874 for a total cost of ~\$16.5 billion. The company also completed a private offering of \$3 billion of 0% convertible senior notes due in 2029 to buy more Bitcoin. Allianz, the world's largest insurance company by assets, purchased \$742 million of MicroStrategy's of the offering. (MSTR broke into the top 100 US publicly traded companies by market cap, with its value hitting \$96 billion.)

Tokyo-listed firm Metaplanet purchased an additional 124.1 BTC (\$11.3 million), increasing its total holdings to 1,142.2 BTC. It also issued ¥1.75 billion in 1-year 0.36% bonds, with the proceeds to fund additional purchases of Bitcoin.

Medical tech company Semler Scientific acquired 215 BTC between Nov. 6 and Nov. 15. It now holds 1,273 BTC.

China-based integrated circuit design company Nano Labs penned a news release, noting confidence in Bitcoin being “a reliable store of value amidst its rising global adoption.”

Cosmos Health, which develops and sells drugs and medical equipment in Europe, announced that it plans to add Bitcoin and Ethereum to its balance sheet. The company also said it was working to accommodate clients who want to make payments in crypto.

Publicly traded Hoth Therapeutics plans to buy up to \$1 million worth of Bitcoin as a treasury reserve asset.

YouTube rival Rumble, associated with fringe or right-wing content creators due to its low levels of moderation, is considering adding Bitcoin to its balance sheet, according to chief executive Chris Pavlovski.

Private company Oasis Engineering announced its decision to increase its Bitcoin allocation to 25% of cash flows starting in 2025.

INDUSTRY ADVANCES



Charles Schwab plans to directly offer crypto investments to its clients, president and incoming CEO Rick Wurster told Yahoo Finance in an interview on Nov. 21. Wurster will step into the new role on Jan. 1.

Ethereum futures open interest jumped 12% to a fresh high of \$20.8 billion on Nov. 22, signaling short-term bullish momentum in the derivatives market, according to CryptoQuant analysts.

In the last 30 trading days, Binance’s total trading volumes across spot and derivative markets came in at \$3.5 trillion, outpacing the Nasdaq and NYSE, which each accounted for \$3.2 trillion and \$1.7 trillion over the same period.

Mastercard connected its blockchain-based system for shifting tokenized assets, the Multi-Token Network, with JPMorgan’s recently rebranded digital assets business Kinexys (formerly known as Onyx).

Crypto exchange Gemini is expanding – and launching operations – in France after being granted a VASP license.

BitGo, the US digital asset infrastructure provider for institutions, officially launched its services in Singapore.

Tokenization firm Securitize has introduced the “sToken,” a new way to gain liquidity from real-world assets while still earning a yield, using the ERC-4626 token standard. BlackRock’s BUIDL token, backed by short-term US Treasuries, is the first asset to be integrated into Securitize’s “deUSD RWA Institutional Program,” launched in collaboration with Elixir.

Archax, a UK-regulated crypto exchange and custodian, added funds from State Street, Fidelity International, and LGIM to the range of tokenized real-world assets that it offers. The firm will initially

provide tokenized access to certain State Street Global Advisors, Fidelity International, and LGIM money market funds.

NexBridge Digital Financial Solutions S.A de C.V, a digital asset issuer based in El Salvador which recently won digital asset service license from local regulators, teamed up with Bitfinex Securities to offer the first regulated public tokenized T-Bill offering in the country.

Philippine Digital Asset Exchange (PDAX) chief executive officer Nichel Gaba stated: “Blockchain technology is helping democratize the treasury bond market, making it more accessible to those who otherwise would not be able to afford it. The government and fintech giant GCash are set to launch “GBonds” (tokenized treasury bonds), which will make it easier for Filipinos to invest in government bonds.

Global beverage corporation Suntory Group announced a pilot project to tokenize its signature Japanese Premium Malt’s bottled beer on the Avalanche blockchain.

Crypto liquidity provider B2C2 issued its first on-chain corporate bond using Ethereum, denominated in USDC.

Crypto wallet Phantom ranked ninth among free iPhone apps, outperforming Instagram and WhatsApp – as it gains popularity for supporting multiple blockchain ecosystems.

The highly-anticipated Ethereum-compatible Layer-1 Monad began rolling out its testnet as part of a phased release. (Monad claims to have optimized the way Ethereum works to provide greater throughput with a one-second block time, using a pipelined architecture for more efficient processing. Monad is also EVM bytecode-compatible, making it simple for Ethereum developers to port their existing decentralized applications to the blockchain.)

Ethereum Layer-2 scaling solution Starknet is releasing a new version focused on reducing Starknet’s Layer-1 blob footprint. The new version will reportedly make blob gas 5x cheaper.

Telekom MMS, a subsidiary of Deutsche Telekom, joined NEAR ecosystem’s Enterprise Node Operators program to support decentralization and security of the NEAR blockchain. Deutsche Telekom is the first telecommunication company to operate a validator within the NEAR protocol.

Lido co-founders are developing “Y,” a blockchain identity platform that avoids biometric data by focusing on online activity, directly competing with Sam Altman’s World Network.

Chiliz Group is set to launch a non-custodial Socios.com wallet for its 2.3 million users.

Morpheus, a decentralized AI network looking to reduce AI centralization and data monopolies, officially launched its mainnet.

Virtuals Protocol launched Virtuals Fun, a new Initial Agent Offering platform that addresses previous limitations in AI agent tokenization. Within three weeks, it launched 1,000 agents and had \$250 million in trading volume.

Solana memecoin incubator Pump.Fun is achieving unprecedented levels of user adoption. With more than \$27.7 million in monthly fees for November, Pump.Fun is on track to break its all-time high in fees generated. If activity continues at its current pace, Pump.Fun’s projected fees at month’s end will exceed \$41.6 million, representing a 36% jump from the current record of \$30.5 million in fees set last month.

Pump.Science launched as Solana's first DeSci platform. Backed by the Solana Foundation, it introduces a gamified approach to longevity research through tokenized compounds like Urolithin A and Rifampicin. The platform features a market cap-based progression system for testing compounds across different organisms, from worms (\$69k+) to human trials (\$10m+), with live-streamed experiments providing real-time data.

Indian blockchain technology startup Grow Digi was granted two patents comprising technology (a Layer 1 that will allow enterprises to develop their own blockchain-based applications) that reduces the need for data storage by ~95%, reducing time for transactions and enhancing security.

Sustainable Aviation Fuel book and claim platform Avelia is expanding into the airfreight sector. The company, which currently offers its services to the business travel sector and is part of the Shell group, will now offer its blockchain technology to track and allocate SAF emissions savings for both freight forwarders and shippers.

The Toledo Museum of Art purchased the digital artwork “Abyssinian Queen” by Ethiopian art collective Yatreda, using USDC on the Ethereum blockchain.

MINING



Mara Holdings, a cryptocurrency mining and blockchain technology company (taking a playbook strategy from MicroStrategy), completed a \$1 billion issuance of zero-coupon convertible senior notes due March 1, 2030. The company plans to use most of the proceeds to acquire Bitcoin.

In an effort to tackle electricity shortages, Russian officials disclosed plans to suspend cryptocurrency mining in several regions this winter.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES



US spot Bitcoin ETFs surpassed \$100 billion in combined AUM on Nov. 20. (BlackRock's IBIT and Grayscale's GBTC lead the market, holding \$45.4 billion and \$20.6 billion in net assets, respectively.)

Billionaire Paul Tudor Jones' hedge fund has \$230 million worth of BlackRock's Bitcoin ETF, reported by Bitcoin Magazine.

On Nov. 19, Grayscale completed reverse share splits of its two crypto ETFs, the Grayscale Bitcoin Mini Trust ETF and Grayscale Ethereum Mini Trust ETF.

The CFTC and OCC approved options trading for spot Bitcoin ETFs. Options on IBIT began trading on Nov. 19. This was described as “the most significant market structure change for Bitcoin since the ETF launch.” Per Bloomberg Intelligence analyst James Seyffart: “Final tally of IBIT's first day of options is just shy of \$1.9 billion in notional exposure traded via 354,000 contracts.” Fellow analyst Eric Balchunas

added: “\$1.9 billion is unheard of for day one.” IBIT options had a call-to-put ratio of 4.4:1 on their first day.

REX Shares and Tuttle Capital Management announced that options trading was available for the recently-launched T-REX 2X Long Ether Daily Target ETF (ETU) and T-REX 2X Inverse Ether Daily Target ETF (ETQ).

The SEC is now “engaging” with applicants for spot Solana ETFs, according to multiple sources. VanEck, 21Shares, and Canary Capital have all filed S-1 forms for spot Solana ETFs, with Bitwise also signaling intent via a new Delaware entity registration on Nov. 20.

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

Monkey Tilt, a crypto-based gambling platform, announced a \$30 million Series A funding round – led by Pantera Capital.

Wyden, a leader in institutional infrastructure for the digital asset trading lifecycle, closed its latest funding round, securing \$16.9 million. The Series B round was led by Truffle Capital.

Valantis Labs raised \$7.5 million across two funding rounds to develop its modular DEX protocol, promising enhanced liquidity and functionality compared to Uniswap V4.

OpenLayer, a blockchain startup by ex-Robinhood engineers, raised \$5 million to build AI-powered data sharing tools that bypass Web2 restrictions, enabling more personalized and decentralized apps.

IPOS, M&A, PARTNERSHIPS & DEALS

Goldman Sachs is reportedly in talks to spin out its digital assets platform into a new company within 12-18 months, enabling large financial firms to create, trade, and settle assets via blockchain.

Digital Currency Group is taking the potential of the intersection of AI and blockchain to the next level with spinoff Yuma – a new initiative under the DCG umbrella inspired by Y Combinator’s accelerator model. Yuma is set to catalyze innovation by backing subnets tied to Bittensor, the decentralized protocol at the forefront of AI-driven crypto development. Silbert described Yuma as an “accelerator” that provides startups with capital, resources, and validation tools to launch their own AI-driven subnets.

Trump’s social media company Truth Social is reportedly in advanced discussions to acquire Bakkt, a crypto platform founded by Intercontinental Exchange. The proposed all-stock deal would move Bakkt, which has struggled with profitability and pivoted away from its initial focus on institutional trading, under Trump Media and Technology Group.

Sol Strategies (formerly Cypherpunk Holdings) entered into a definitive agreement for the acquisition of high-performance validators from Cogent Crypto.

The Sui network entered a new strategic partnership with \$1.5 trillion asset manager Franklin Templeton Digital Assets. Through the partnership, Franklin Templeton will support Sui ecosystem builders and deploy novel technologies.

One Trading, a leading European crypto-asset exchange and EU's first perpetual futures trading venue, partnered with Solidus Labs, a category-definer in crypto-native compliance and security solutions.

Japan's SBI Sumishin Net Bank (NEObank) started to offer security tokens to its 7.7 million banking customers. It's part of a collaboration with Mitsui & Co Digital Asset Management, which launched a direct-to-consumer security token service last year, Alterna.

Tassat Group, a leading provider of private permissioned blockchain-based real-time settlement solutions, announced a strategic partnership with Veuu, an innovative AI-powered healthcare fintech company, to improve the inefficiencies and opaqueness plaguing the healthcare claims and payment process.

Silver Scott Mines partnered with MC2 to launch a blockchain authentication platform. Silver Scott Digital's TrustNFT.io will utilize the foundation that Crypton Media is built on to build a centralized blockchain NFT platform specifically for authentication purposes.

DEFI



Solana's staking APY (7-day moving average) reached an all-time high (over 10%) driven by a combination of issuance, fees, and MEV rewards, signaling increased profitability for stakers.

Binance unveiled BFUSD, a “reward-bearing margin asset” offering a 19.55% annual percentage yield. BFUSD will be used as collateral for futures trading, with users accruing daily rewards in their wallets. (Despite its name, Binance clarified that BFUSD is not a stablecoin.)

Wintermute's proposal to allocate a portion of Ethena protocol revenue to Staked ENA (sENA) and related programs was approved by Ethena's risk committee.

Maple Finance is expanding to Base to provide institutional lending. It will leverage LayerZero and AerodromeFi to strengthen Base's on-chain economy.

CBDOS & STABLECOINS



Crypto stablecoin supply reached \$174.7 billion, marking another new all-time high.

Coinbase Wallet introduced USDC rewards. For the first time ever, earn 4.7% APY with USDC Rewards simply by holding USDC in your wallet on-chain.

Payments firm Stripe is expanding its crypto products to Layer-1 blockchain Aptos and stablecoin issuer Circle plans to bring its flagship stablecoin, USDC, to the network.

Sky, formerly known as Maker, launched its USDS stablecoin, formerly known as DAI, on the Solana blockchain.

Quantoz Payments, based in the Netherlands, launched Ethereum-based stablecoins EURQ and USDQ to comply with European regulatory standards.

Former Coinbase Custody CEO Ryan Bozarth's new platform, Dakota, offers crypto-native banking solutions by converting client funds into stablecoins backed by US Treasuries and providing fee-free transfers via ACH, Fedwire, SWIFT, and SEPA.

Dutch fintech Quantoz launched MiCA-compliant euro (EURQ) and dollar (USDQ) stablecoins, fully backed by fiat reserves and supported by Tether and Kraken.

NFTS, BLOCKCHAIN GAMING & METaverse



A Southern District of New York Bankruptcy Judge approved Celsius Network's request to serve legal notices via NFT airdrops. Each NFT will contain a hyperlink directing recipients to a website where they can access the legal complaint and other relevant documents. These digital assets will be airdropped directly to the digital wallets associated with the disputed transfers. (Celsius, which is undergoing insolvency proceedings, seeks to recover funds from allegedly fraudulent transfers to unidentified digital wallets.)

Magic Eden announced the tokenomics for its ME token, which will reward users for trading across Bitcoin, Solana, and EVM ecosystems. The ME token is part of Magic Eden's broader plan to create a unified platform for trading NFTs and tokens across multiple chains.

FIFA and game studio Mythical Games are teaming up to create a new mobile arcade-style soccer game called FIFA Rivals. The free-to-play game, which will be available on iOS and Android devices, will allow players to build and manage their own soccer clubs while competing against others in real-time matches. It's due out in summer 2025.

Yield Guild Games expanded its Onchain Guilds Platform to Coinbase's L2 Base. YGG's Onchain Guilds platform on Base aims to provide tools for tracking contributions and managing shared assets.

Season 2 of Yuga Labs' multiplayer metaverse project "Project Dragon" launched with new avatars and rules for its virtual world game.

JOB MOVEMENT



Binance says it expects to have 645 full-time compliance employees on staff by the end of the year

– a 34% increase from last November – as it continues to build out its compliance department citing the industry’s “rapid maturation.”

REGULATIONS, RULINGS & COMMENTARY

SEC Chair Gary Gensler will step down on Jan. 20, coinciding with the start of President-elect Donald Trump's term, according to a statement released by the agency on Nov. 21. (Also, Democratic SEC Commissioner Jaime Lizárraga announced on Nov. 22 that he planned to step down from the agency on Jan. 17 because of his wife’s health issues.)

Trump will likely pick 1) Brad Bondi (global co-chair of investigations and white-collar defense at the law firm Paul Hastings) 2) Brian Brooks, former acting comptroller of the currency and former CEO of Binance.US. 3) Theresa Goody Guillén (co-leader of the blockchain team at law firm BakerHostetler) 4) Paul Atkins (a former SEC Commissioner). Brooks and Bondi have become crypto industry favorites, followed by Guillén, due to their work in the industry.

Trump nominated the crypto-friendly Howard Lutnick (CEO of Cantor Fitzgerald) to lead the US Department of Commerce.

Trump nominated hedge fund manager Scott Bessent for the role of Treasury Secretary. Bessent is the founder of Key Square Group and previously led investments at Soros Fund Management. He is known to be very supportive of crypto and Bitcoin in particular.

Trump's team is considering creating a position specifically focused on crypto policy, marking a first in the White House, according to Bloomberg. The Trump team is reportedly screening candidates to serve in that role.

Trump had a private meeting with Coinbase CEO Brian Armstrong, according to a report from the Wall Street Journal. People familiar with the matter said the agenda had to do with discussing personnel appointments for Trump’s incoming administration.

Wyoming Senator Cynthia Lummis proposed converting a portion of the US Treasury’s 8,000+ tons of gold reserves into Bitcoin to establish a strategic BTC reserve.

South Dakota Republican Representative Dusty Johnson will likely lead the Subcommittee on Commodity Markets, Digital Assets, and Rural Development, a subset of the House Committee on Agriculture responsible for workshopping legislation on digital commodities exchanges. He’s expected to push for CFTC oversight in a crypto market structure bill.

Kentucky Republican Representative Andy Barr began distributing a pamphlet that describes what his policy priorities would be as House Financial Services Committee Chair. In it, Barr promises to advance legislation which would “foster innovation in fintech and digital assets” within his first 100 days.

FDIC Chair Martin Gruenberg announced his resignation effective Jan. 19, amid criticism from Rep. Tom Emmer for his alleged role in “Operation Chokepoint 2.0,” which pressured banks to restrict crypto services and contributed to Silvergate and Signature Bank’s collapses.

The UK plans to draft a regulatory framework for the crypto industry by early next year, according to Economic Secretary Tulip Siddiq. The rules will apply to stablecoins and staking services and will end months of uncertainty for the industry.

A Shanghai court released an opinion stating that the personal ownership of cryptocurrencies is not against Chinese law (citing attributes of property), offering explicit legal clarity for crypto holders on the mainland. The comments were part of a case review for a recent lawsuit involving disputes between two companies about an ICO, which is considered illicit financing in China.

Russia proposed a maximum 15% tax on income from crypto trading and mining, categorizing such earnings as property under new draft amendments.

South Korea plans to enforce a 20% crypto gains tax in 2025, while significantly raising the exemption limit from \$1,795 to \$35,919 to address prior criticisms.

A Texas judge struck down the SEC's expanded "dealer" rule that sought to regulate market liquidity providers, including crypto firms, calling it an overreach of the agency's authority.

A judge denied Kraken's request for an interlocutory appeal in its SEC case, asserting the delay would hinder resolution of whether the exchange's tokens qualify as securities.

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

South Korean police officially identified North Korea as the entity behind the 2019 Upbit exchange hack, where 342K ETH (now valued at >\$1B) was stolen. This marks the first time South Korea has publicly attributed a crypto heist to North Korea.

Manifold Finance, a crypto project once brimming with promise, has now been reduced to memes and missed deadlines. Its founder Sam Bacha is dodging accountability for the \$126 million collapse as investors watch their funds vanish. The saga is a cautionary tale of unfulfilled roadmaps, crumbling trust, and community frustration in DeFi.

Thala, a decentralized finance protocol built on the Aptos blockchain, recovered the \$25 million stolen in an exploit after successfully negotiating with the hacker.

Basketball hall-of-famer Shaquille O'Neal agreed to pay \$11 million to settle charges in a class action suit related to the Astrals NFT project he promoted.

BIT Mining, which rebranded from online sports lottery service 500.com in 2021 to focus on cryptocurrency mining, will pay a \$10 million criminal penalty to resolve a DOJ investigation into an alleged bribing scheme. In a parallel action, the firm also agreed to pay a \$4 million civil penalty to settle similar SEC charges, credited against the DOJ figure.

The SEC is distributing a collective \$4.6 million to eligible investors in BitClave's 2017 ICO. BitClave's ICO, which occurred during the 2017 ICO boom, raised \$25.5 million from thousands of investors in just 32 seconds.

Lawmakers urged the US Treasury to intensify action against crypto mixers like Tornado Cash, citing ongoing national security concerns despite prior sanctions.

A federal grand jury in the Southern District of Florida indicted nine individuals for conspiracy to launder US currency and operating an unlicensed money-transmitting business. The charges follow a multi-agency operation involving Homeland Security Investigations, the IRS Criminal Investigation Unit, and the Broward County Sheriff's Office, which found that the defendants used cryptocurrencies to launder drug money from the US to cartels operating out of Mexico and Colombia in between 2020 and mid-2023.

The Chinese Communist Party expelled Yao Qian, a former influential figure in China's blockchain industry and ex-head of the central bank's digital currency institute, for alleged corruption involving crypto.

Heather “Razzlekhan” Morgan was sentenced to 18 months in prison for laundering funds from the Bitfinex hack, following her husband's five-year sentence last week.

Federal authorities accused Adam Iza, a cryptocurrency entrepreneur, of financial conspiracies and extortion. Prosecutors allege Iza used LA County sheriff's deputies to carry out his criminal bidding – with at least six deputies relieved of duty in connection with the case. Iza has pleaded not guilty.

A California court ruled that Lido DAO participants could be held liable under partnership laws, rejecting claims that its decentralized structure exempts it from legal accountability.

Coinbase will suspend trading in Wrapped Bitcoin on Dec. 19, citing its routine asset reviews, but users can still withdraw their wBTC tokens after delisting. BitGo, the longtime custodian of wBTC, ceded partial control to Bit Global, which has ties to Justin Sun and the TRON ecosystem, through a strategic partnership in August, sparking security concerns.

Community uproar hit ai16z's ecosystem after competing Eliza-themed AI tokens launched, causing market confusion, price crashes, and accusations of insider trading.

Sui Network experienced an unexpected two-hour outage on Nov. 21. Its downtime was caused by a bug in its transaction scheduling logic, which led to its validator network crashing. The issue was quickly resolved.

MISCELLANEOUS

Bernstein analysts named Robinhood the top “crypto deregulation trade,” following Trump's election win this month, raising their HOOD share price target to \$51 – around 45% upside potential. The analysts expect the firm's crypto revenue to grow by 20%, reaching 38% of total revenues by 2025, driven by new potential token listings to compete with Coinbase. Robinhood could further benefit from a pro-crypto regulatory shift, enabling additional services like staking, stablecoin access and lending in the US. And further expansion into Europe via its proposed \$200 million acquisition of the crypto exchange Bitstamp is another potential catalyst.

Polymarket blocked French traders on Nov. 22, weeks after reports that the country's government was investigating the prediction markets juggernaut for gambling law compliance.

A Polymarket whale, who previously earned \$11 million betting on Trump's presidential win, lost \$3.6 million betting on Mike Tyson to defeat Jake Paul.

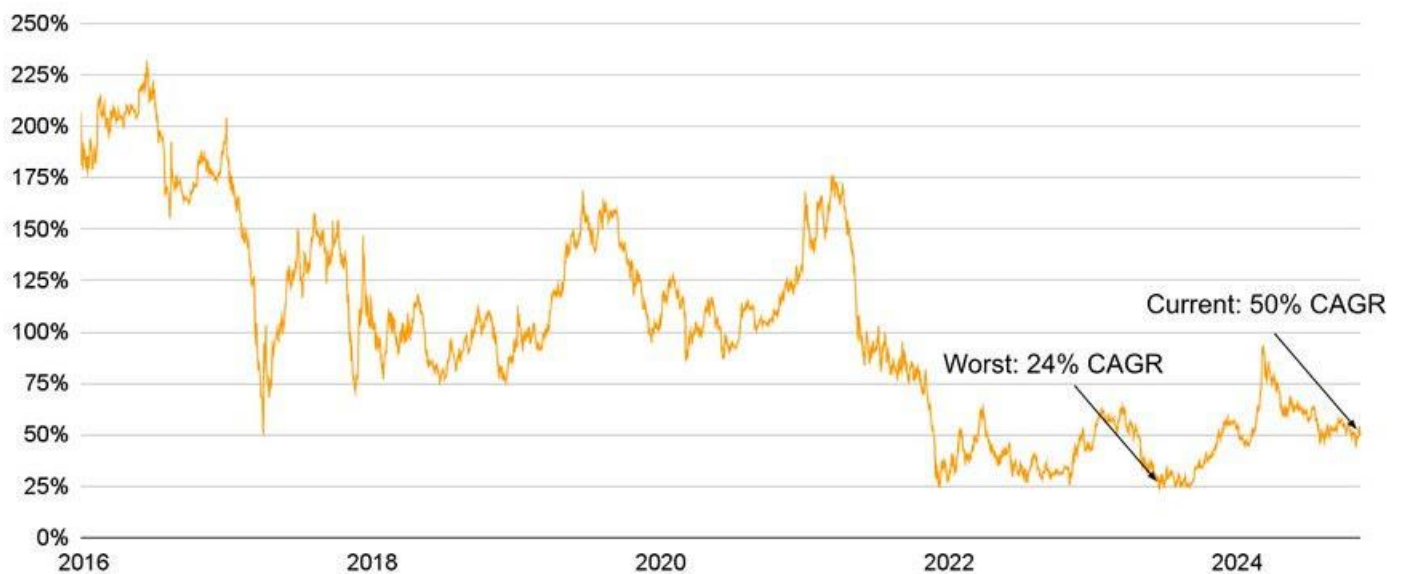
Tron founder Justin Sun outbid others for Maurizio Cattelan's infamous duct-taped banana art piece, Comedian, for \$6.24 million, including fees, at Sotheby's contemporary art auction in New York on Nov. 20.

ETHGlobal Bangkok's hackathon showcased 713 crypto projects targeting AI, DAO tools, and games, with 10 finalists competing for a \$750,000 prize pool.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Mark Harvey: “The absolute worst 4-year CAGR for Bitcoin is 24%. This means that even if you bought BTC at the worst possible time and held it for 4 years, you would still achieve an average annual return of 24% on your money. BTC price if it was to return 24% annually and held for the next: 4 years: \$215K... 5 years: \$267K... 10 years: \$782K. However, the current 4-year CAGR is 50% – BTC price if it was to return 50% annually and held for the next: 4 years: \$461K... 5 years: \$691K... 10 years: \$5.2M.”

Bitcoin: Rolling 4-Year CAGR



Price data: Yahoo Finance

Fidelity's Timmer points out that Bitcoin has been the big winner since the election...

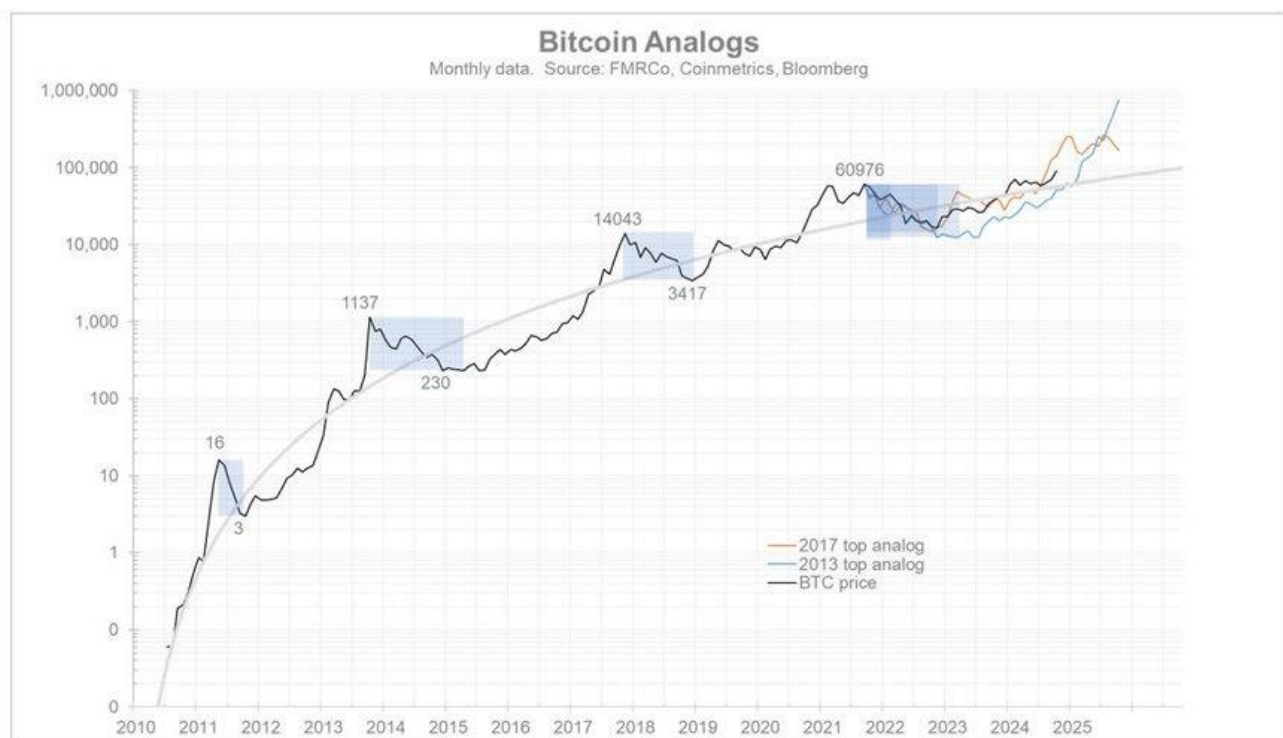
"We are now almost two weeks post-election, and with the House now also called for the Republicans. Per the chart below, the standout so far been Bitcoin, which soared past \$90k last week."



Data source: FMRCo, Bloomberg, Haver Analytics, FactSet. Data as of 11/17/2024. Past performance is no guarantee of future results.



"Bitcoin appears to be following the playbook of the last two winters-turned-into-summers. There's an unmistakable rhythm to Bitcoin's cycles."

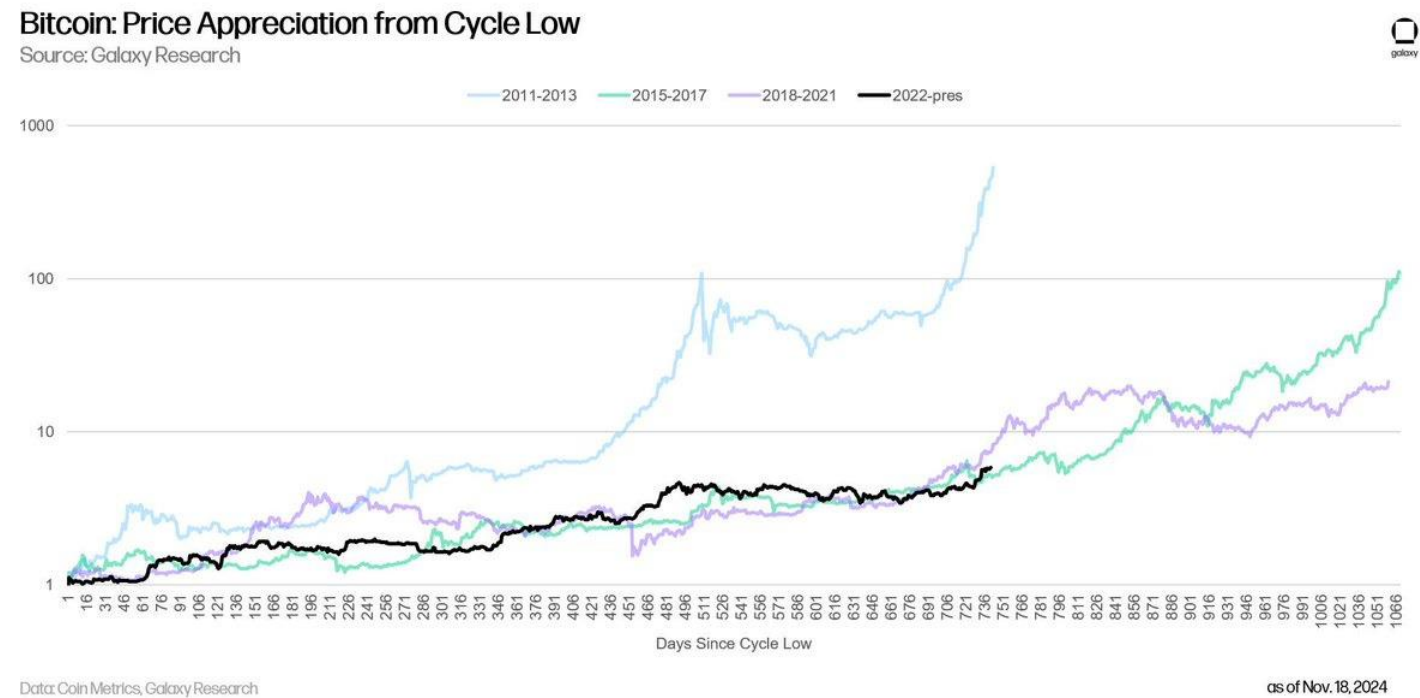


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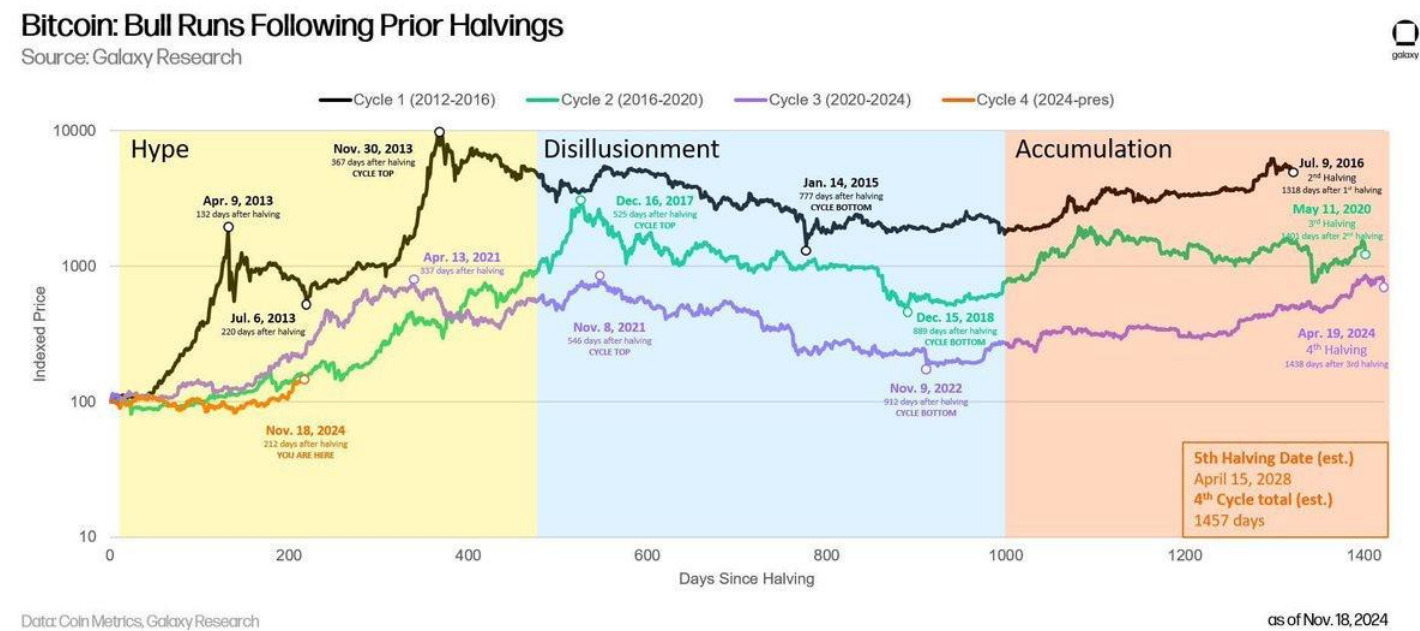


Galaxy Digital’s Head of Research Alex Thorn...

“Bitcoin on track from prior cycle lows and now outperforming the 2015-2017 cycle.”



“It’s been 212 days since the 4th halving and Bitcoin price performance is finally moving up closer to historical trend... if the patterns repeat, we’re in store for some fireworks in the coming months.”



“The Satoshi Papers” is now available for pre-order. It features 10 essays by some of the world's leading Bitcoin scholars examining what happens when a key function of the state – the issuance of money – is automated by a stateless, global protocol. (Place a pre-order, [here](#).)



NYDIG: Retail (Non-Filers) Still Dominate Ownership and Were Buying During the Quarter...

Holder Types by ETF - Q3 2024

Institution Type	GBTC	ARKB	IBIT	BITB	BTCO	HODL	BTCW	FBTC	BRRR	EZBC	BTC
Bank	0.1%	0.3%	0.2%	0.2%	0.0%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%
Brokerage	1.3%	14.6%	4.1%	7.7%	4.3%	10.3%	6.3%	4.2%	4.6%	7.5%	10.1%
Family Office/Trust	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Hedge Fund Manager	1.4%	5.2%	12.4%	10.7%	0.0%	5.0%	0.3%	13.7%	0.2%	0.6%	0.7%
Holding Company	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Insurance Company	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment Advisor	10.5%	12.5%	6.6%	4.7%	0.8%	21.7%	4.0%	6.9%	0.1%	2.9%	3.4%
Other	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Pension Fund	0.0%	0.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Private Equity	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Trust	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Unclassified	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Venture Capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-Filers	86.6%	67.2%	75.9%	76.6%	94.9%	63.0%	89.4%	75.1%	95.1%	88.9%	85.7%
AUM (9/30/24) (\$M)	14,029.7	3,203.3	23,232.9	2,500.2	516.6	742.0	229.2	11,481.6	569.6	450.4	2,140.9
HF Ownership (\$M)	190.0	165.4	2,875.4	268.4	0.2	36.9	0.7	1,569.8	1.2	2.6	16.0



Source: Bloomberg, NYDIG

Aggregate Spot ETFs - Q3 24

Institution Type	Ownership Share	\$ Millions
Hedge Fund Manager	8.7%	5,123.1
Investment Advisor	7.8%	4,634.6
Brokerage	4.5%	2,649.3
Pension Fund	0.2%	111.4
Bank	0.1%	84.9
Private Equity	0.1%	56.3
Trust	0.0%	26.4
Holding Company	0.0%	14.2
Family Office/Trust	0.0%	14.9
Other	0.0%	6.2
Venture Capital	0.0%	2.0
Insurance Company	0.0%	3.0
Unclassified	0.0%	0.4
Non-Filers	78.5%	46,369.8



Source: Bloomberg, NYDIG

Q-Q Ownership Share Changes

Percentage of Total

Institution Type	Q1 2024	Q2 2024	Q3 2024	Change
Hedge Fund Manager	8.0%	8.4%	8.7%	0.2%
Investment Advisor	6.4%	8.3%	7.8%	-0.5%
Brokerage	4.2%	4.6%	4.5%	-0.1%
Pension Fund	0.3%	0.2%	0.2%	0.0%
Bank	0.1%	0.1%	0.1%	0.0%
Private Equity	0.1%	0.1%	0.1%	0.0%
Trust	0.0%	0.0%	0.0%	0.0%
Holding Company	0.0%	0.0%	0.0%	0.0%
Family Office/Trust	0.0%	0.0%	0.0%	0.0%
Other	0.0%	0.0%	0.0%	0.0%
Venture Capital	0.0%	0.0%	0.0%	0.0%
Insurance Company	0.0%	0.0%	0.0%	0.0%
Unclassified	0.0%	0.0%	0.0%	0.0%
Non-Filers	80.7%	78.1%	78.5%	0.3%



Source: Bloomberg, NYDIG

Quarterly BTC ETF Ownership Changes

Millions of USD

Institution Type	Q1 2024	Q2 2024	Q3 2024	Quarterly Change	Fund Flows Q3 2024
Hedge Fund Manager	4,724.8	4,412.6	5,123.1	710.5	485.2
Investment Advisor	3,805.3	4,333.2	4,634.6	301.4	80.2
Brokerage	2,488.5	2,403.5	2,649.3	245.8	123.1
Pension Fund	163.2	105.5	111.4	5.8	0.4
Bank	80.5	60.6	84.9	24.3	21.2
Private Equity	69.9	50.6	56.3	5.7	3.1
Trust	24.0	25.0	26.4	1.4	0.1
Holding Company	22.9	9.4	14.2	4.8	4.3
Family Office/Trust	3.9	7.8	14.9	7.1	6.7
Other	3.6	5.9	6.2	0.4	0.1
Venture Capital	1.9	3.5	2.0	(1.5)	(1.7)
Insurance Company	0.5	2.0	3.0	1.0	0.9
Unclassified	0.4	0.3	0.4	0.0	0.0
Non-Filers	47,615.0	40,804.9	46,369.8	5,564.9	3,481.4



Source: Bloomberg, NYDIG

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

BTC on the Cusp of \$100,000: +1,251% in the past five years... +124% Year-to-Date... +47% in the past month. This is the 3rd consecutive Friday morning where I sat down to write this market update while absolutely dumbfounded by the price of Bitcoin. It's not surprising though – we have been anticipating a Q4 move all year long. But nonetheless, it's exciting to experience price appreciation of this velocity.

2024 Scoreboard - MSTR leads the way: For as well as BTC has performed this year, there's one name that is taking that cake and we all know who that is: MicroStrategy. MSTR is up 540% year-to-date, and over 100% in the past month. There's wildly different opinions on MicroStrategy – allow us to explain what is actually going on here...

MicroStrategy Explained: The bond market is MASSIVE. It's the largest financial market in the world. The global value of the bond market – including government bonds, corporate bonds, municipal bonds, and other fixed-income securities – is ~\$130 trillion. Corporate bonds alone represent a ~\$34 trillion market – approximately 17 times bigger than the market cap of Bitcoin. Investors purchase bonds because they don't like volatility. They prefer downside protection even if it means less potential upside. How can this cohort of investors gain access to the upside potential of Bitcoin – the most important emerging asset class in the world – without exposing themselves to BTC's notorious volatility? Enter: MSTR convertible notes. It's like purchasing a bond – the principle is protected. But embedded in the contract is the ability to – rather than get back the principle – convert into MSTR equity at a predetermined strike price. It's a bond with a call option embedded. The catch? The interest rate (or coupon) is low. In fact, for the most recent offering the rate is zero percent. Despite zero % interest, MSTR convertible note offerings have been repeatedly oversubscribed. Bond investors could get 4.4% APY risk free on the US-10 year, and they are willing to forgo this for zero % interest because the MSTR convert gives them BTC upside. There are trillions of dollars of institutional capital that have very tight restrictions on what they can invest in – Bitcoin, Bitcoin ETFs, and BTC exposed equities are out of the equation. But BTC bonds? That's fair game. So what's happening on the other side of this trade? MicroStrategy gets to borrow dollars for zero % interest – and they're using the proceeds to purchase Bitcoin. This turns MSTR equity into a levered play on BTC. But unlike the leverage offered to retail investors – high interest rates, margin calls, etc. – they have far more favorable terms. Low interest rates, multi-year payback periods, and the embedded call option means they may not even have to repay the principle at all. The net-effect, MicroStrategy strips the BTC volatility from the bond holders and gives it to the equity holders. Bond holders get less upside but zero downside. Equity holders get more downside but also more upside. They have positioned themselves as THE institutional Bitcoin trading vehicle. Any investor can utilize them to take a BTC exposed position. Long, short, bond, equity, hedging – they can grant any and all types of exposure.

Bitcoin Mining Market Update: November has been a fantastic month for Bitcoin miners. BTC is up more than 40% while mining difficulty is up ~10%. The Blockware Team recorded a podcast to deliver our thoughts on the current state of Bitcoin mining, revisit our predictions from earlier in the year, and discuss our expectations for 2025: [Buy Bitcoin for \\$100,000. Mine Bitcoin for \\$40,000.](#)

Summary and conclusion from Glassnode’s “The Week On-Chain” from 11/20/24. (Read the full report, [here](#).)

Bitcoin's rally to \$93k has been supported by strong capital inflows, with around \$62.9B worth of capital flowing into the digital asset space over the last 30-days. This demand has been led by institutional investors via the US Spot ETFs, perhaps even as capital rotates out of gold and silver.

The ETFs have played a key role, absorbing over 90% of sell-side pressure by Long-Term Holders. However, as unrealized profits reach more extreme levels, we can expect more LTH spending, which in the immediate term has outpaced ETF inflows.

Conclusion from Coin Metrics’ “State of The Network” weekly report from 11/19/24. (Read the full report, [here](#).)

Stablecoins remain a cornerstone of the digital asset ecosystem, driving liquidity, facilitating payments, enabling on-chain economic activity, and serving as a tool for savings and wealth preservation. Based on several metrics, stablecoins continue to display growth in adoption and usage, proving their widespread demand and utility. s stablecoins gain traction, regulatory clarity in areas like reserve transparency and issuance standards will drive innovation across the ecosystem and fuel the growth of stablecoin-related businesses. With positive regulatory efforts advancing in the US and globally, the stage is set for the next phase of stablecoin growth, potentially rewiring the financial ecosystem.

Blockworks updated key metrics...

Total Crypto Market Cap	\$3.48 T
Bitcoin Market Cap	\$1.92 T
Ethereum Market Cap	\$412.85 B
ETH/BTC Ratio	0.04
Ethereum Gas Price	14.31 gwei
DeFi TVL	\$196.53 B
Fear and Greed Index	93 (Extreme Greed)

Matt Hougan's (Bitwise) Weekly CIO Memo: "The Golden Age of Crypto and the Case for Indexing – The Scope of What's Possible in Crypto is Changing Fast. For Many Investors, That Makes Indexing Especially Attractive."

These days, things are moving incredibly fast in crypto. Ideas that seemed outlandish a month ago are now somewhere between possible and probable.

In the past week alone:

Senator Cynthia Lummis (R-WY), calling attention to the pro-crypto "cavalry" coming to Washington, shared a proposal to have the US government sell a portion of its gold reserves to purchase one million Bitcoin.

18 state attorneys general filed suit against the SEC for "gross government overreach" against the crypto industry.

BlackRock expanded its tokenized money market fund, BUIDL, onto five new blockchains: Aptos, Arbitrum, Avalanche, Optimism, and Polygon. Notably, the SEC has previously labeled one of the assets linked to these blockchains as a "security."

We'll see what next week brings.

The entire industry has spent the past four years facing lawfare, regulatory uncertainty, constrained access to basic banking services, and a hostile administration in Washington. All that is being washed away and replaced with a pro-crypto White House, a pro-crypto Congress, and pro-crypto regulators.

(In some respects the sentiment shift borders on the surreal. Elon Musk, for instance, is creating a new government agency that's literally named after a meme coin: the Department of Government Efficiency, or DOGE.)

All of which is to say: Anything is possible in crypto over the next four years. Anything.

What Does That Mean for Investors?

As an investor, it's easy to look at this and be generally bullish on crypto. It's much harder to know, however, exactly which assets to be bullish on.

Outside of Bitcoin – which is far and away the leading monetary asset in crypto, and should be a foundational asset in most crypto allocations – the future is hazy. For instance, there is a lot of excitement swirling around programmable blockchains like Ethereum and Solana, but widespread disagreement on exactly how things will play out:

- Will Ethereum maintain its current lead as the most valuable programmable blockchain, or will newer/faster/cheaper blockchains like Solana surpass it?
- If Ethereum remains dominant, will more value accrue to the ETH token or to the Layer 2 networks like Arbitrum and Optimism that help Ethereum scale?

- What about promising up-and-comers like Aptos and Sui? Will they leapfrog both Ethereum and Solana?
- How much value will crypto-based apps like Uniswap garner if they see increased regulatory clarity?

Ask ten crypto experts these questions and you'll get ten different sets of answers.

You can see the impact of this uncertainty in the recent returns of various crypto assets. How many people expected XRP to rise 77% last week?

As an investor, you're faced with two options. You can try to pick and choose the winners, researching dozens of different blockchains and their unique tokenomics and fundamental drivers. Or you can bet the field, buying a diversified index fund that holds the leading assets on a market-cap-weighted basis.

At Bitwise, the very first fund we launched—way back in 2017 – was the world's first crypto index fund. We imagined it as the "S&P 500 of crypto," an easy way for investors to gain diversified exposure to the space. The idea then – as now – is that there's wisdom in buying the big picture.

Sometimes you don't know at the beginning whether AltaVista or Google is going to win out, but you know internet search is going to change the world. Indexes give you a way to participate in the growth and excitement of a new field without having to parse the particulars or make a specific call.

For an innovation as bold, sweeping, and diverse as crypto – and one that's suddenly entering a new era of possibility – this strategy seems more relevant than ever.

DACFP's Q3 2024 survey of 619 financial professionals found digital asset allocations continue to grow in client portfolios. (See key findings below.)

- 19% of financial advisors say that more than half of their clients have made allocations to digital assets in their portfolios. (In the Q2 2024 survey, only 15% of advisors said that more than half of their clients owned crypto.)
- Advisors reporting no crypto ownership among clients has dropped to just 3%, down from 8% Q2.
- 70% of advisors have recommended crypto to 10% or more of their clients.
- The most common recommendation is a 2% allocation (by 26% of advisors), followed by a 5% allocation (22% of advisors).
- Among advisors not yet recommending crypto, 56% plan to do so, with more than half of them (28%) saying they'll begin within the next six months.
- 30% of advisors who plan to allocate to crypto in the future anticipate recommending 5% allocations. Another 22% of advisors plan to recommend 2% allocations.

Arca: The Rally Continues and Perplexes...

Crypto Continues To Ascend While Other Asset Classes Retrace

The week after the election saw double-digit gains across the digital assets ecosystem, but equities and bonds also staged a similar rally, perhaps diluting some of the crypto-specific excitement. Last week was different. Equities and bonds gave up a chunk of their post-election gains, and gold and oil fell hard, so it wouldn't surprise you if digital assets surrendered some of their gains as well.

Only that didn't happen. The crypto rally continued basically unabated.

Not only are we operating in a post-Biden / Gensler world fueled with optimism that some of the incredibly restrictive anti-crypto policies will abate, but President-elect Trump is also proactively filling various positions within the government with pro-crypto appointees. This includes the creation of DOGE (Department of Government Efficiency) run by Elon Musk, which just so happens to take on a new meaning for the Dogecoin memecoin (DOGE +33% w-o-w). Many of those who were already in government trying to push through crypto-friendly agendas are becoming more emboldened, like Senator Lummis, who proposed the Bitcoin Act of 2024 bill to create a strategic Bitcoin reserve. Meanwhile, SEC Chairman Gary Gensler wrote what looks to be a goodbye letter ahead of an expected resignation, though he takes the time to congratulate himself for successful crypto policy (something the 18 states suing him might disagree with). Moreover, many US-based crypto businesses that have had to walk a fine line between fear and confusion are now throwing caution to the wind ahead of the expected political shift. Coinbase immediately began listing memecoins like WIF and PEPE, while Robinhood listed new tokens and re-listed SOL (after previously delisting it after the SEC deemed it a security).

So yes, there's reason for optimism beyond just a favorable macro dropback and equity rally. Real change is in the air, and it's hard to ignore. As Bitwise Investments showed in their annual survey of hundreds of financial advisors, the number one reason holding back investment in crypto EVERY YEAR has been "regulatory concerns"... by a wide margin. Every other reason for not investing has been debunked over the past 5 years, but this one has been more sticky. And that, too is now going away. As we wrote about last week, the election was a game-changer for crypto investing in so many ways.

What is preventing you from either increasing your investment in crypto assets or making your first allocation?

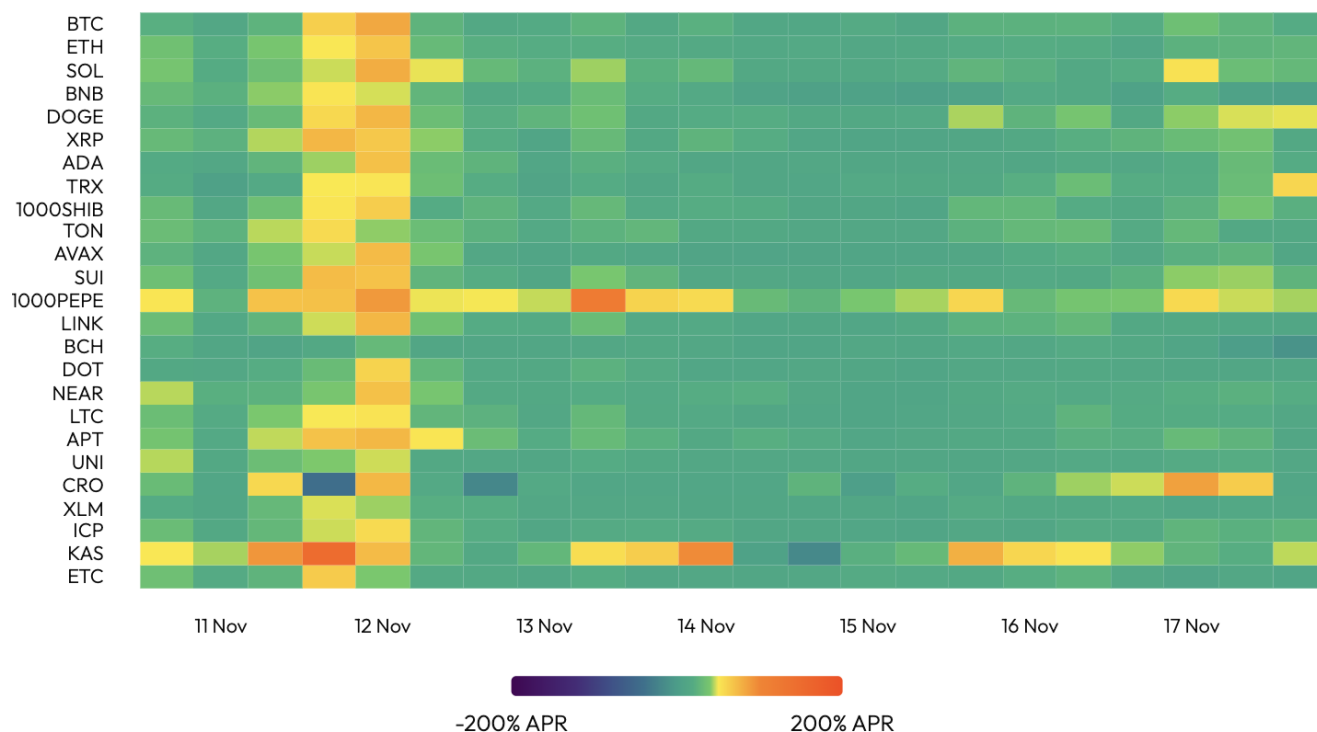
	2021	2022	2023
Regulatory concerns	60%	65%	64%
Too volatile	53%	60%	47%
No idea how to value crypto assets	34%	44%	42%
Lack of easily accessible investment vehicles like ETFs or mutual funds	32%	32%	42%
Custody concerns / fear of hacks	31%	38%	31%
Lack of understanding	28%	25%	24%
Crypto assets are associated with criminal activity	13%	18%	21%
Don't feel confident talking to clients about crypto	18%	16%	16%
Cryptocurrencies are a scam	5%	15%	14%
Crypto assets are in a bubble	16%	17%	12%
Reputational risk with colleagues	7%	10%	7%
Other	5%	9%	14%

Note: Numbers may not add to 100% due to rounding and/or survey design.

Source: Bitwise

The problem with excitement in crypto is that, well, it's still crypto. And markets tend to go from excitement to euphoria to overheating very quickly. You can see this in the funding rates on perpetual swaps, which jumped to levels not seen since the ETF-induced rally in March. Perpetual swaps (perps) are a popular way for traders to get leverage on their crypto exposure, with a positive funding rate indicating an optimistic bias by traders and a negative funding rate indicating a pessimistic bias (the rates indicate the cost for putting on the popular side of the trade, or the yield you earn if you take the other side). Not surprisingly, funding rates spiked last week briefly (yellow), but then cooled off after the market sold off briefly.

Funding APR Heatmap



Source: Velo.xyz

But perhaps the most interesting development within crypto is the dispersion in prices. The total crypto market cap is comfortably above all-time highs, but this does not mean every token is rallying. Sure, many of the large-cap, “mainstream” assets are higher, with BTC +104% YTD, SOL +120% YTD, and even ETH +32% YTD despite very low investor sentiment currently. But less than 35% of our coverage universe is actually positive YTD. If your token is out of favor, it is severely out of favor, and the market continues to invest with an “out with the old, in with the new” mentality when it comes to token picking.

There has never really been a first-mover advantage in digital assets, outside of Bitcoin. Many of today’s leaders were second or third iterations, for example:

- Uniswap was not the first Automated Market Maker (AMM) decentralized exchange (Bancor was).
- Coinbase and Binance were not the first exchanges (Mt. Gox, Bitstamp, etc.).
- Tether was not the first stablecoin (bitUSD).
- Hyperliquid was not the first perpetual decentralized derivatives exchange (dYdX).
- AAVE was not the first on-chain money market (Compound).
- Polymarket was not the first prediction market (Augur).
- Blur was not the first NFT exchange (OpenSea).
- Metamask was not the first EVM wallet (Mist).

But the “newer is better” investing mantra regarding unproven tokens has really changed the investment psyche. Unlike traditional equity investing, where investors tend to ride their winners, pushing the best of the best companies into trillion-dollar market caps, crypto seems to do the opposite, where last week’s winner is immediately dumped in favor of the new token du jour. Many investors just want to catch lightning in a bottle, and the best way to do this is to take a lot of shots on venture-like newcomers.

Moreover, we used to see sector rotation, especially during the bull markets of 2020 and 2021 (rise of DeFi, NFTs, stablecoins, gaming, file storage, etc). This made sense as new developments within crypto took place frequently. So far this year, especially in the last few weeks, we've seen less sector rotation and more single-name outperformance. When BTC rallies, it hasn't led to rallies in other cryptocurrencies. When certain smart contract protocols rally (like SOL and SUI lately), it hasn't led to broad participation (ETH, AVAX, and many others have lagged). Even when memecoins rally, it's very token-specific.

Last week introduced a new category – zombie tokens – which we may need to add to our Digital Asset taxonomy. Zombie tokens are those that once tried to build something real, failed to gain any traction, yet never needed to file for bankruptcy or dissolve because the token sales kept the project afloat. Last week's price leaders included EOS, XRP, XLM, ADA, ETC, HBAR, ALGO, and LTC. If that looks like a who's who from 2017, it is.

	#	Coin		Price	1h	24h	▼ 7d
☆	26	 Stellar XLM	Buy	\$0.2268	▲ 3.6%	▲ 15.0%	▲ 102.9%
☆	33	 Hedera HBAR	Buy	\$0.1116	▲ 3.1%	▲ 30.8%	▲ 98.3%
☆	6	 XRP XRP	Buy	\$1.17	▲ 3.1%	▲ 14.0%	▲ 97.9%
☆	39	 Bonk BONK	Buy	\$0.00005064	▼ 0.8%	▼ 3.3%	▲ 96.0%
☆	20	 Pepe PEPE	Buy	\$0.00002115	▲ 0.9%	▲ 0.1%	▲ 67.5%
☆	74	 Brett BRETT		\$0.163	▼ 0.6%	▼ 6.3%	▲ 53.6%
☆	54	 FLOKI FLOKI	Buy	\$0.0002574	▼ 0.9%	▲ 2.4%	▲ 43.1%
☆	94	 Flare FLR	Buy	\$0.0206	▲ 1.7%	▼ 2.1%	▲ 42.2%
☆	70	 Algorand ALGO	Buy	\$0.2004	▼ 2.9%	▲ 7.1%	▲ 35.4%
☆	90	 Goatseus Maximus GOAT		\$1.21	▼ 0.4%	▲ 1.8%	▲ 33.9%
☆	85	 Quant QNT	Buy	\$91.35	▲ 2.9%	▲ 10.8%	▲ 33.6%
☆	45	 Render RENDER		\$7.66	▲ 1.5%	▲ 9.8%	▲ 27.7%
☆	10	 Cardano ADA	Buy	\$0.7549	▲ 2.2%	▲ 5.7%	▲ 27.2%

Source: Coingecko

Perhaps people logged back into Coinbase for the first time in years, and just went back to buying what they already owned, even if these projects have been pretty much left for dead within the more active and engaged crypto communities. While it's easy to compartmentalize memecoins (which are just fun to trade but make no effort to build an actual underlying product) from real products and services that use a token as a part of their cap structure (most projects within DeFi, DePin, AI, NFTs, gaming), it's much harder to figure out what these zombie tokens are. They were once actually competing in the currency / smart contract race with real products, but now are just memes of crypto's past?

The post-election hype continues, but the dispersion in price returns is baffling even the most knowledgeable crypto investors.

Grayscale Research explores the far-reaching implications of AI's growing use of blockchains for payments and other financial services, and the potential impact on multiple segments of the crypto market. (See highlights below. Read the full report, [here](#).)

- In the future, AI agents are poised to revolutionize how we interact with the world around us, taking on an unprecedented range of tasks on our behalf. To truly unlock their potential, these digital entities will need more than just intelligence — they'll require economic autonomy. Fortunately, blockchains are well suited for this purpose — as demonstrated by recent experiments with AI “influencers.”
- AI influencers — autonomous chatbots operating on social media — can operate their own blockchain wallets. More importantly, they can understand economic incentives and use resources to help achieve their goals.
- Grayscale Research believes that the rise in AI use of blockchains for payments and other financial services could benefit several crypto market segments. These include lower-cost and/or high-throughput blockchains like SOL, BASE, and NEAR, stablecoin issuers like MKR, and related decentralized finance (DeFi) applications like UNI.

Toe Bautista (Research Analyst – GSR) on how pro-crypto legislation could boost DeFi and stablecoins, allowing DeFi to potentially connect with mainstream financial systems...

DeFi's Renaissance

The repercussions of historically stringent cryptocurrency oversight are well-documented, but the ensuing sea change is perhaps not fully appreciated. With pro-crypto legislators likely to replace the current regulatory regime, we anticipate a more favorable environment for crypto applications. Decentralized finance (DeFi), in particular, is well-positioned to reap these benefits. From opening the door for traditional finance (TradFi) to partake in DeFi, to enabling fee switches and US user access to protocols, it's hard to overstate the impacts for DeFi and stablecoins that can come with regulatory clarity. With DeFi TVL up 31% and the stablecoin market cap up 4% since the election, it's clear that users share this sentiment.

Historically, institutions have hesitated to move on-chain due to regulatory risks. However, with Bitcoin ETF AUM inflows on track to surpass the gold ETFs' AUM within a year, finance and tech companies exploring the technology and offering crypto products, and corporates adding digital assets to their balance sheets, institutional interest in crypto has never been higher. That said, the coexistence of off-chain and on-chain capital thus far has mainly involved using on-chain capital to capture off-chain yield (e.g., Tether purchasing billions of dollars in US treasuries). With regulatory clarity, we are now in the early stages of off-chain capital moving on-chain. Post-election developments, like BlackRock and Franklin Templeton expanding their tokenized money funds to new chains, exemplify the substantial capital ready to enter DeFi and are likely just the tip of the iceberg. And beyond tokenization, Stripe recently acquired stablecoin startup Bridge, McDonald's partnered with NFT project Doodles, and PayPal is using Ethereum and Solana to settle contracts. This streamlines asset management, enhances market efficiency and liquidity, improves financial inclusion, and ultimately accelerates economic growth. Regulatory clarity will add an accelerant to this already-burgeoning activity.

Similarly, DeFi projects like Ethena and Blur are starting to adapt to the evolving environment as they anticipate improvements in regulatory clarity. A frequent criticism of altcoins is their lack of inherent utility. Addressing this, Ethena approved a proposal to allocate a portion of protocol revenue (\$132 million annualized) to sENA holders, bridging the gap between revenue generation and token holders. Once executed, the proposal could increase participation and investment in Ethena by directly rewarding token holders, thus setting a potential precedent for revenue sharing in DeFi. This move might also encourage other protocols to consider similar mechanisms, enhancing the appeal of holding DeFi tokens. In addition, protocols may also enable US users to access front-ends and partake in airdrops, compared to the current default of restricting US users. At the same time, development and innovation should flourish, with founders more confident about the reduced risks of building in the US. By expanding token utility to benefit from protocol success, enabling access to fair and free on-chain services often without rent-seeking intermediaries, and removing barriers to innovation that have made this country so great, we may be on the brink of a new era for DeFi development and usage.

Collectively, these factors indicate that DeFi may be on the brink of a new growth phase, potentially expanding beyond its crypto-native user base to interact more directly with broader financial systems. The DeFi renaissance is here.

Bitcoin Magazine: US Senator Cynthia Lummis outlines Strategic Bitcoin Reserve plan: "Purchase 200k BTC per year for five years. 1m BTC total."

BITCOIN Act 2024

★★

@Julian_Fahrer

- **1** **ESTABLISH STRATEGIC BITCOIN RESERVE**
Establish decentralized network of secure Bitcoin storage facilities distributed across USA.
- **2** **BITCOIN PURCHASE PROGRAM**
Treasury to purchase **200k BTC** per year for five years. **1m BTC total**. Hold for **minimum 20 years**.
- **3** **PROOF OF RESERVE SYSTEM**
Publish **quarterly** reports **audited** by independent third party, and **cryptographic** attestation.
- **4** **CONSOLIDATE CURRENT HOLDINGS**
All Bitcoin held by other agencies to be transferred to the Strategic Bitcoin Reserve.
- **5** **VOLUNTARY STATE PARTICIPATION**
States can participate voluntarily by depositing to / withdrawing from segregated accounts.
- **6** **OFFSETTING COSTS**
First **\$6B** of the Federal Reserve's net earnings each year will go to the SBR.
- **7** **PROTECT BITCOIN PROPERTY RIGHTS**
Affirms rights of **self-custody**. US Govt can't seize or confiscate lawfully owned BTC.

Full text: <https://www.lummis.senate.gov/wp-content/uploads/BITCOIN-Act-FINAL.pdf>

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

- The FTX estate announced plans to begin reimbursing users by March, following the completion of its bankruptcy proceedings and reorganization, which are expected to wrap up in early 2025. The firm aims to start distributions to creditors and customers once the process is finalized. To be eligible for reimbursement, customers must set up an approved account with a distribution agent, complete KYC verification, and submit tax forms before the distribution date. FTX estimates that customers will recover 129% to 146% of their claims in fiat.
- FTX co-founder Gary Wang avoided prison time at a sentencing hearing on Nov. 20. Prosecutors praised Wang as the "easiest cooperator" they had worked with, emphasizing his critical role in providing evidence during former FTX CEO Sam Bankman-Fried's trial.