



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

19th January 2025

BITCOIN-RELATED



NYDIG: Bitcoin rallied 9.2% on the week, climbing back above the \$100,000 mark, though the ride was not without volatility. Since reaching its all-time high in mid-December, Bitcoin has remained largely rangebound as traders await the next major catalyst.

Texas Senator Charles Schwertner filed a bill to create a Strategic Bitcoin Reserve.

Oklahoma State Rep Cody Maynard introduced a bill to establish a Strategic Bitcoin Reserve.

In Wyoming, a group of five Republican legislators submitted a bill that would permit the state treasurer to invest public funds in Bitcoin.

In Massachusetts, a lone Republican state senator proposed a bill proposing the establishment of a Bitcoin Strategic Reserve.

CA Assemblymember Phillip Chen asked Proof of Workforce to help shape Bitcoin initiatives in California, including drafting policy for the next legislative session.

MicroStrategy picked up another 2,530 Bitcoin for \$243 million, bringing its total holdings to 450,000 BTC. (The company is also targeting a \$2 billion perpetual preferred stock offering, with more details coming in Q1.)

Nasdaq-listed healthcare tech firm Semler Scientific announced that it purchased 237 additional Bitcoin for \$23.3 million over the course of four weeks.

NYSE-listed Genius Group reported increasing its Bitcoin holdings by ~\$35 million, acquiring 372 BTC at an average price of \$94,047 per Bitcoin.

Hong Kong-based company Ming Shing Group bought 500 Bitcoin for \$47 million.

Matador Technologies announced that it completed the acquisition of 29 Bitcoins for a total purchase price of CAD\$4.5 million in cash.

Canada's LQWD Technologies, a provider of infrastructure and liquidity-on-demand for the Bitcoin Lightning Network, acquired an additional 5 Bitcoin. LQWD now holds ~153 Bitcoin.

Intesa Sanpaolo, Italy's largest banking group, purchased 11 Bitcoins for ~1 million euros (US\$1 million), becoming the first Italian bank to make a direct investment in the crypto.

Nasdaq-listed SUNation Energy, a leading provider of sustainable solar energy and backup power solutions, announced that its Board of Directors approved the inclusion of Bitcoin as an asset in the company's treasury management program. SUNation plans to allocate up to 30% of its excess cash toward BTC purchases.

Metaplanet CEO Simon Gerovic announced that Capital Group, with over \$2.3 trillion in AUM, became a 5% shareholder of Metaplanet. Already MicroStrategy's 2nd-largest shareholder, they are now Metaplanet's 3rd-largest. (Metaplanet adopted a Bitcoin treasury strategy in April 2024 and holds 1,762 BTC.)

JPMorgan Chase CEO Jamie Dimon stuck to his Bitcoin stance in a CBS News interview on Jan. 12, saying: "Bitcoin itself has no intrinsic value. It's used heavily by sex traffickers, by money launderers, ransomware. So, I just don't feel great about Bitcoin."

Coinbase relaunched Bitcoin-backed loans of up to \$100,000 in USDC via the DeFi protocol Morpho, operating on its Ethereum Layer-2 network Base. The service, initially available in the US (excluding New York), features flexible repayment terms with variable interest rates automatically determined by market conditions.

INDUSTRY ADVANCES

Boerse Stuttgart, one of Germany's leading stock exchanges, has seen its crypto trading business explode in recent years to now account for ~25% of its overall revenue. While not revealing the exact crypto trading volume, the exchange group shared in a press release at the end of last year that the metric "almost tripled" in 2024 to record its best performance ever.

JPMorgan and Banco Santander SA successfully executed their first EUR intraday repos and a USD term repo on the Digital Financing Application via Kinexys Digital Assets.

Crypto market maker Wintermute said its over-the-counter trade volumes quadrupled in 2024, largely driven by the increase in institutional demand for crypto. (Wintermute also became the first firm to offer over the counter trading of the BUIDL token.)

WeFi launched the world's first decentralized onchain bank (Deobank), combining blockchain transparency, security, and efficiency to empower users with financial control, reduce costs, and promote financial inclusion for the unbanked.

Sol Strategies announced the launch of its new mobile application from Orangefin Ventures. The app, now available on the Solana dApp Store, is the first non-custodial staking solution that allows investors to stake Solana directly from their phones. Investors can expect returns ranging from 8% to 10%, significantly surpassing traditional custodial platforms.

Ethereum developers aim to launch the Pectra mainnet upgrade in March, providing hard forks on its Sepolia and Holesky test networks go as planned in February. The upgrade, delayed from late 2024 due to its expanded scope, incorporates several Ethereum Improvement Proposals focused on enhancing user experience and network efficiency.

Sony officially launched its Ethereum Layer-2 platform, Soneium, following a testing period that lasted four months and drew in over 14 million users. Developed by subsidiary Sony Block Solutions Labs, the platform is designed to simplify blockchain interactions for creators and their audiences through tools like NFT-based fan engagement systems and an incubator program called Soneium Spark.

Bubblemaps, an onchain analytics firm, announced that it will launch its own token on Solana later this month. This will be used as the backbone of the company's soon-to-launch investigation platform.

DreamSmart and Up Network are creating Web3 AI Smart Glasses with integrated agents. The glasses, set to be launched in Q1 2025, promise users the ability to make money alongside rewarding users with "tokenized incentives" for interacting with AI – a first in the increasingly crowded smart eyewear market.

Arweave sent encrypted data stored using synthetic DNA technology to the moon aboard space exploration firm LifeShip's lunar lander, aiming for it to last thousands of years undisturbed. Arweave's long-term goal is to permanently archive the entirety of human knowledge and history while reducing storage costs to improve global access to information.

Eliza Wakes Up opened pre-orders for a \$420,000 humanoid AI robot, blending advanced robotics, AI, and blockchain to deliver lifelike emotional intelligence and personalized companionship.

A recent survey by Ripple indicates that 52% of financial leaders in the Middle East and North Africa (MENA) prioritize blockchain payments and tokenized assets for development. The survey points out that, led by Saudi Arabia and the UAE, blockchain technology is expected to fundamentally change banking in the region by 2025.

Jordan took preliminary steps toward full-scale blockchain implementation for official processes after years of testing Web3 waters. The plan – which will see blockchain as the base layer for the Middle Eastern country's government processes, effectively phasing out the old order – received approval from the Jordanian Council of Ministers.

MINING

Bitcoin difficulty adjusted positively for the eighth consecutive time in a row, rising to a new all-time high of 110.45 trillion.

Mining company MARA Holdings embedded an AI portrait of Donald Trump on the Bitcoin blockchain. The so-called "Trump 47" block was mined by MARA on Jan. 17 and intended to "honor" President-elect Trump for supporting Bitcoin.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES

Laser Digital, the digital asset subsidiary of financial services giant Nomura, thinks.2025 could be a big year for cryptocurrency ETFs. The firm says more than twelve crypto ETFs could be launched in the US this year, if approved by the SEC. Potential products include a ProShares ETF that denominates the S&P 500's return in Bitcoin, a combined Bitcoin/Ether ETF, and Litecoin, XRP, and Solana based products.

Bitwise CEO Hunter Horsley posted that his firm had an inquiry from a nation state asking about Bitcoin ETFs.

Options linked to BlackRock's spot Bitcoin ETF (IBIT) began trading on Nov. 19 and have surged to nearly 50% of Deribit's BTC open interest.

BlackRock launched its first Canadian Bitcoin ETF on Cboe Canada. The iShares Bitcoin ETF began trading under the IBIT ticker in Canadian dollars and IBIT.U in US dollars.

Billionaire hedge fund manager Scott Bessent, President-elect Donald Trump's nominee for Treasury Secretary, plans to dispose of several assets, including investments in Bitcoin ETFs (owning over \$500,000 worth), to avoid potential conflicts of interest with his new role.

Nasdaq ISE filed a proposal with the SEC to increase the position and exercise limits for options on the iShares Bitcoin Trust (IBIT) to 250,000 contracts from 25,000. According to the filing, the current 25,000 contract limit represents just 0.4% of the exercisable risk for IBIT options. With IBIT's market capitalization reaching \$46.7 billion and average daily trading volume of over 39 million shares, Nasdaq argues that the ETF's liquidity supports higher limits.

Thailand may soon allow the listing of local Bitcoin spot ETFs for retail investors. The Secretary-General of Thailand's Securities and Exchange Commission, Pornanong Budsaratragoon, told Bloomberg: "Like it or not, we have to move along with more adoption of cryptocurrencies worldwide. We have to adapt and ensure that our investors have more options in crypto assets with proper protection."

A Litecoin ETF is the "most likely" next spot crypto ETF to be approved in the US, according to Bloomberg analyst Eric Balchunas. Canary Capital filed an amended S-1 registration statement for its Litecoin ETF application on Jan. 15, which indicates engagement from the SEC, similar to prior ETF approvals. Nasdaq subsequently filed a 19b-4 form for the Canary Litecoin ETF, starting the clock on the SEC's decision process.

Bitwise Crypto Index ETP was delayed until March by the SEC. The regulator said it needs more time to evaluate the \$1.4 billion fund's conversion proposal to get off the OTC.

Osprey Funds announced its intent to seek conversion of its Bitcoin trust into an ETF, making a strategic pivot after the collapse of its acquisition deal with Bitwise Asset Management.

A new fund, the YieldMax Crypto Industry & Tech Portfolio Option Income ETF (LFGY), launched on Jan 13. It holds MSTR, COIN, and other crypto-related companies, aiming to generate crypto income through an actively managed options strategy.

VanEck filed for an Onchain Economy ETF, aiming to invest 80% of its assets in digital asset-focused companies, including exchanges, crypto payment platforms, and mining firms.

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

Phantom Wallet raised \$150 million, led by Sequoia and Paradigm, positioning itself as a dominant self-custody solution with 15 million monthly active users and \$25 billion in assets.

Sigma Capital – a Dubai-based, early-stage venture firm – unveiled a \$100 million fund which will be focused on Web3 startups.

Komainu, a crypto custody joint venture between Nomura, Ledger, and Coinshares, raised \$75 million in a strategic investment from Blockstream Capital Partners. The deal was funded with Bitcoin.

Swiss digital asset banking group Sygnum raised \$58 million in an oversubscribed strategic growth round, pushing its valuation beyond \$1 billion.

VOOX Exchange, an innovative AI-driven cryptocurrency platform, secured an investment of \$50 million from Pinnacle Capital.

Layer-1 stablecoin payments network 1Money raised more than \$20 million in seed funding to further develop its digital payments infrastructure.

MegaETH-based DEX GTE closed \$10 million in funding, including \$2.5 million via Echo, positioning itself as “the world’s fastest decentralized exchange.”

Alpen Labs, ZK + Bitcoin, raised \$8.5 million in a strategic round, co-led by DBA and CyberFund.

Solana-based Tapestry garnered \$5.75 million in series-A funding, co-led by Union Square Ventures and Fabric Ventures, to expand its social graph protocol ecosystem and support app development.

IPOS, M&A, PARTNERSHIPS & DEALS



EToro, a crypto-friendly trading platform, filed for US IPO. The sale, which could come as early as Q2, could value the company at more than \$5 billion. Goldman Sachs, Jefferies, and UBS are advising the company.

Crypto payments platform MoonPay acquired blockchain payment processor Helio for \$175 million.

Chainalysis acquired Israeli fraud detection startup Alteryx for \$150 million, combining their tools to expand capabilities for identifying and preventing crypto-related scams.

Crypto derivatives exchange Deribit confirmed receiving strategic investment inquiries, with valuation estimates reaching \$4 billion-\$5 billion, while dismissing rumors of an outright sale.

Ctrl Wallet, a multi-chain self-custody wallet with 650,000 users, is up for sale following two acquisition approaches, with bids due by Jan. 28 and a target to grow its user base to 2 million by year-end.

FP Complete, a software consulting firm known for its functional programming, announced its transformation into FP Block, marking a strategic evolution to become a leading blockchain engineering firm. This transformation reflects the company's commitment to advancing the future of DeFi, smart contracts, and GameFi solutions.

Republic, a large securities crowdfunding platform, partnered with Hamilton Lane, a large private-markets investments firm, to bring blockchain-based assets to retail investors. The two partners will bring “institutional-quality private market investments to individual retail investors in the US,” with the first offerings coming in early 2025 with low investment minimums.

Indian telecom giant Jio partnered with Polygon Labs to introduce Web3 capabilities to over 450 million users, accelerating blockchain adoption in India.

Helium – the decentralized wireless carrier powered by Solana – teamed up with DAWN to allow Helium hotspot operators to serve DAWN broadband internet, and vice versa, to create “the world’s first fully decentralized last-mile internet solution.”

Elixir announced it was teaming up with Securitize to enable institutional access to Hamilton Lane’s Senior Credit Opportunities Fund, or SCOPE Fund, which launched on Solana. The partnership will see Elixir serve as the native path to DeFi for SCOPE investors, with the platform offering access via its decentralized stablecoin, deUSD.

DEFI



Trump-backed DeFi project World Liberty Financial moved more than \$60 million of ETH across wallets, citing “routine treasury management” and dismissing speculation about token sales.

Crypto users of Jupiter are about to receive free money. Jupiter contributors announced that the protocol’s second airdrop (\$575 million of JUP) is expected to occur next week before its Jan. 25-26 “Catstanbul” conference in Istanbul.

Aiccelerate DAO, a new investment decentralized autonomous organization for crypto-AI projects, is under fire after insiders quickly sold portions of their token allocations following its launch.

ARMswap announced the launch of its 1st version of its DeFi protocol. ARMswap's launch addresses this fundamental inefficiency in the current blockchain architecture and introduces a more optimized version of the multi-directional cross-chain swaps and bridges.

Decentralized lending protocol Maple Finance proposed a token buyback initiative to enhance benefits for stakers of its native token, SYRUP. In a proposal floated on Maple’s governance forum, the team called for using 20% of protocol revenue to fund token buybacks from decentralized exchanges and over-the-counter trading desks.

Pyth Network launched Lazer, a low-latency oracle offering millisecond price feeds for applications such as high-frequency trading, enhancing DeFi performance across EVM and Solana.

CBDCS & STABLECOINS



The Bank of England is launching a “Digital Pound Lab” in 2025 to test CBDC innovations in a sandbox environment. The lab will collaborate with private sector partners to explore potential use cases and business models. Insights from the lab will guide the development of the potential CBDC and address pain points in the UK's current payment systems.

Tether, issuer of the \$137 billion USDT stablecoin, said it is relocating its headquarters to Bitcoin-friendly El Salvador following regulatory approval.

Tether launched a new cross-chain version of its USDT stablecoin on Kraken's Layer-2 blockchain, Ink. The new USDT0 coin is designed to enhance USDT's interoperability across multiple blockchain ecosystems and is built on LayerZero’s Omnichain Fungible Token standard.

Huione, a Telegram-based illicit marketplace that offers personal data and money laundering services, rolled out its own stablecoin. The stablecoin (USDH) was created to “avoid the common freezing and transfer restrictions of traditional digital currencies.”

Spark, a lending subDAO of Sky (formerly MakerDAO) approved the integration of Ethena's USDe and sUSDe tokens into its Spark Liquidity Layer. With a planned direct allocation of up to \$1.1 billion in the short term, the integration will allow Spark to receive Ethena rewards directly without going through lending markets.

An unexpected update to Usual Protocol's USD0++ redemption mechanism sent its staked stablecoin briefly below \$0.90 from \$1 on decentralized marketplace Curve.

NFTS, BLOCKCHAIN GAMING & METaverse



The NFT market hit a three-year low in trading and sales. In 2024, NFT trading volumes fell by 19%, while sales counts dipped by 18% compared to 2023, according to DappRadar.

A charity NFT project launched from notable artists in the Web3 world, letting minters purchase digital art while supporting families affected by the Los Angeles wildfires, with all proceeds going to a local nonprofit providing emergency supplies to those in need.

Sotheby's is auctioning off NBA Top Shot digital collectibles. The auction house is selling eight NBA Top Shot NFTs, valued between \$500 and \$3,000 each, as part of its broader NBA memorabilia sale. Bidding is open through January 21.

The Animecoin Foundation, linked to NFT project Azuki, announced it will launch its culture coin, ANIME, on Ethereum and Arbitrum this month.

“Blockchain Gaming - Indie Games On-chain”, a Web3 documentary on indie gaming, blockchain technology, and the Polkadot ecosystem, debuted on Jan. 11. (Watch it, [here](#).)

Rumble Kong League, a mobile basketball game with ties to NBA superstars Steph Curry and Paul George, announced plans to migrate its game to Ethereum sidechain Ronin, leaving behind plans to launch on Avalanche.

The Machines Arena on Steam and PS5: Ethereum hero shooter The Machines Arena – which runs on gaming network Ronin – is coming to new platforms and will release on leading PC marketplace Steam as well as the PlayStation 5 console.

Telegram game Trump’s Empire claimed to have surpassed 4 million total players.

An AI agent called Jaihoz, based on Axie Infinity co-founder Jeff “Jihoz” Zirlin, launched on Ronin thanks to the Virtuals Protocol.

A Pudgy Penguins game is in development by Playember, set to launch on Abstract.

JOB MOVEMENT



Blockchain research firm Messari laid off 15% of its staff amid a wave of crypto industry cuts, citing efforts to streamline operations and focus on its core product growth.

Donald Trump's son, Don Jr., joined Kalshi as an advisor.

REGULATIONS, RULINGS & COMMENTARY



US president-elect Donald Trump will reportedly issue an executive order that makes cryptocurrency a national policy priority, according to Bloomberg. The order, which could come shortly after Trump's inauguration, is expected to name crypto as a national imperative, intended to guide government agencies to work with crypto companies. It will also call for the creation of a crypto advisory council to advocate for the industry's policy priorities.

A NYPost report said that Trump was “receptive” to the idea of creating an “America-First Strategic Reserve” of tokens including SOL, XRP, and Circle's USDC stablecoin.

Trump launched a memecoin called “\$TRUMP” on Solana, which reaches a \$6 billion market cap within the first 2 hours.

The Consumer Financial Protection Bureau proposed a crypto rule just days before Donald Trump takes the White House and can name a new agency head. The proposal would set up a framework to apply the Electronic Fund Transfer Act to virtual wallets and stablecoins. While that has heavy implications to the way US stablecoin firms and crypto wallet providers would do business, it's at a preliminary stage with Trump about to arrive at the White House with the power to appoint a new CFPB chief.

For the first time, many crypto transactions will be subject to third-party reporting requirements, with information sent directly to the IRS, according to a CNN report. The new reporting system applies to transactions conducted on centralized crypto trading platforms such as Coinbase and Gemini, which will be required to track and record users' buy and sell transactions throughout the year. The information will be reported on a new form named 1099-DA that will be sent to both users and the IRS in early 2026. Reporting for P2P transactions on decentralized platforms such as Uniswap and Sushiswap will be postponed until 2027.

Rep. Tom Emmer was appointed vice chair of the House Subcommittee on Digital Assets, Financial Technology, and Artificial Intelligence, signaling intensified efforts to shape US crypto legislation and maintain the country's leadership in digital innovation under the incoming Trump administration.

US Senator Cynthia Lummis sent a letter to the US Marshals Service asking why they plan to sell nearly 70,000 Bitcoin seized from Silk Road. (Lummis also threatened legal action against the FDIC for allegedly destroying crypto-related documents, tying the claims to broader concerns over regulatory suppression of the digital asset industry.)

SEC Commissioners Hester Peirce and Mark Uyeda are poised to reset the agency's crypto stance, possibly starting next week. The agency is expected to begin reviewing pending crypto enforcement cases soon, potentially freezing those unrelated to fraud, according to the outlet.

CFTC Enforcement Director Ian McGinley, known for leading cases against Binance, KuCoin, and FTX, is stepping down, paving the way for potential shifts in the agency's crypto enforcement agenda under new leadership.

Blockchain associations from eight US states – Texas, Alabama, California, Florida, Ohio, Pennsylvania, Virginia, and Washington – have said they will form the North American Blockchain Association, with the aim of providing crypto policy recommendations to the federal government.

South Korea is drafting a new crypto law for 2025, aiming to enhance exchange transparency, stablecoin regulation, and investor protections, as part of its comprehensive framework expansion.

Malaysia is exploring a crypto regulatory framework after discussions between Prime Minister Anwar Ibrahim, Abu Dhabi leaders, and Binance founder CZ – aimed at modernizing the financial system and embracing digital finance.

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

The US Department of Justice determined that crypto exchange Bitfinex is the rightful owner of funds recovered following an August 2016 hack in which ~120,000 BTC, valued at ~\$70 million at the time, was stolen. In a motion submitted to the US District Court for the District of Columbia on Jan. 14, government attorneys called for a voluntary restitution of 94,643 BTC, worth more than \$9 billion, to Bitfinex. (The funds were recovered from Ilya Lichtenstein and his wife, Heather Morgan, both of whom were arrested and convicted in 2022.)

A joint warning issued by the US, Japan, and South Korea said the threat of North Korea crypto hackers is growing after they stole almost \$660 million worth of crypto across several heists in 2024.

Crypto exchange BitMEX was ordered to pay an additional \$100 million for violating the US's Bank Secrecy Act by failing to implement anti-money laundering and know-your-customer programs.

Block Inc. agreed to pay a fine of \$80 million to a group of 48 state financial regulators after the agencies determined the company had insufficient policies for policing money laundering through its mobile payment service, Cash App.

According to an indictment announced by US Attorney Vanessa Waldref, 51-year-old pastor-turned-crypto guru Francier Obando Pinillo of Miami, Florida, was charged with 26 counts of fraud over an alleged cryptocurrency scam that vacuumed up millions from unsuspecting investors between late 2021 and 2023.

After roughly four months of recovery efforts, WazirX, the largest crypto exchange to have operated in India, froze \$3 million in USDT from last year's devastating \$230 million security breach in July.

New York Attorney General Letitia James filed a lawsuit against unnamed crypto scammers who stole \$2.2 million from fake job offers, serving the accused parties via an NFT airdrop into their digital wallets.

The FBI foiled a plan by a ringleader, who had started a Telegram chat to arrange a kidnapping of a jeweler and to steal \$2 million in crypto.

The SEC filed an opening brief appealing a previous court ruling that found Ripple-issued XRP was not classified as a security when it was sold to retail investors.

The US Court of Appeals for the Third Circuit, on Jan. 13, ruled in favor of Coinbase, which sued the SEC last year over the agency's refusal to explicitly lay out its crypto policy. A three-judge panel, comprised of two Democrats and one Republican, ruled that the SEC's dismissive response to Coinbase's request for crypto-specific rulemaking was unacceptable.

Tether filed a lawsuit against Swan Bitcoin, alleging "significant breaches" of agreements in their joint Bitcoin mining venture, 2040 Energy. The dispute involves misconduct accusations, including Swan's claims of a hostile takeover by Tether and alleged theft of proprietary information by former Swan employees who formed a competitor Proton Management.

Blockchain entrepreneur Michael Lewellen sued the Department of Justice, seeking protection for his Ethereum-based crowdfunding project amid rising concerns over criminal prosecutions of crypto developers such as Tornado Cash developer Roman Storm.

Three Russian nationals tied to operating sanctioned crypto mixing services Blender.io and Sinbad.io were charged with money laundering by a federal grand jury in Georgia, according to the US Department of Justice.

Two years after OpenSea suffered a 2022 data breach, reports emerged that 7 million emails leaked, escalating crypto phishing and security risks.

The US Supreme Court denied Binance's petition to review a ruling enforcing US securities laws on its operations, asserting jurisdiction based on services provided to American clients.

Singapore banned decentralized betting platform Polymarket, labeling it an "illegal gambling site." And Thailand said it plans to do the same.

Hong Kong courts began serving tokenized legal notices to illicit Tron wallets and freezing assets tied to scams.

Pump.fun faces a potential lawsuit as US law firm Burwick Law calls for investors to step forward, alleging that the Solana-based launchpad enabled harmful content and collected hundreds of millions in fees.

A Pump.fun competitor (Pump Pumpkin) launched a token and admitted to rugging its own token, claiming to profit \$800,000.

MISCELLANEOUS



The Ethereum Foundation unveiled a new X account – @EthereumFndn – which aims to share updates from the foundation's teams on projects, grants, and treasury movements. The changes were also launched on other social networks such as Farcaster, Lens, and Bluesky.

Recent data reveals that only 0.412% of Pump.fun traders realized profits exceeding \$10,000, with just 293 wallets (0.00217%) realizing over \$1 million in gains from the Solana-based memecoin platform. These figures likely underestimate actual profits since they don't factor in later-stage DEX trading.

Crypto market data provider SoSoValue is set to distribute 49 million SOSO tokens, or 4.9% of its total supply, during the first season of its airdrop, which begins next week. The SOSO token will launch on Ethereum, with Bybit as the exclusive initial exchange listing.

Indian crypto exchange Mudrex announced that it has temporarily halted crypto withdrawals. It said the pause is part of efforts to upgrade its compliance suite, which aims to maintain its security standards and prevent misuse by bad actors.

Solana-based decentralized exchange Mango Markets is shutting down following a series of legal and financial challenges.

Ripple donated \$100,000 in its native XRP token to aid victims of the California wildfire tragedy. The contribution was made through The Giving Block.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Anthony Pompliano: The odds that a Strategic Bitcoin Reserve will be created this year is now at 65% on Kalshi. That is a 50% increase in the odds over the last few weeks.



Will Trump create a National Bitcoin Reserve this year?



● Before Jan 1, 2026 65%

Kalshi



NYDIG: Including the summertime drawdown and assuming the recent 12.8% decline marks the worst of the current downturn, we incorporate these data points into our table tracking drawdowns of more than 10%. As shown in the table, such drawdowns are a common occurrence, even during the “up” phase of the cycle.

+10% Drawdowns During Cycle Troughs to Peaks

Cycle	Number	Close to Close Prices			Intraday Highs to Lows		
		Average	Median	Min	Average	Median	Min
2013	5	-36.2%	-40.6%	-70.3%	-47.4%	-46.1%	-79.2%
2017	13	-25.6%	-27.2%	-36.3%	-34.5%	-32.7%	-41.4%
2021	10	-24.1%	-16.8%	-62.4%	-29.2%	-20.5%	-72.2%
Current	6	-18.5%	-18.1%	-26.1%	-23.6%	-21.9%	-33.6%



Source: NYDIG

ARK Invest published “The Bitcoin Monthly – December 2024.” (View the 22-page report, [here](#).)



ARK INVEST

December 2024

THE BITCOIN MONTHLY

INTO 2025

Matt Hougan's (Bitwise) Weekly CIO Memo: "Companies Buying Bitcoin: An Overlooked Megatrend – It's Not Just MicroStrategy; It's a Bona Fide Megatrend, and It's Big Enough to Tilt the Bitcoin Market Significantly Upward This Year."

One of things I try to do in this weekly memo is highlight things that I think conventional wisdom gets wrong. Here's one:

What MicroStrategy is doing isn't getting enough attention.

I know what you're thinking: "Not enough attention? The company and its founder, Michael Saylor, are plastered all over the media."

That's true. But most investors I speak with seem to think of the company as a one-off, a singular entity with a singular founder doing a singular thing.

That's wrong.

I've spent the past few months digging into the idea of companies buying and holding Bitcoin as a treasury asset, and I've come away thinking that this is a much bigger trend than most people realize. In fact, I think it's a bona fide megatrend.

My prediction: We'll see hundreds of companies buy Bitcoin for their treasuries over the next 12-18 months, and their purchases will lift the entire Bitcoin market substantially higher.

Here are three reasons this trend is a much bigger deal than most people think.

Reason 1: MicroStrategy Alone Is Bigger Than You Think

MicroStrategy's not a particularly big company. It's currently ranked 220th globally by market cap, a bit bigger than Chipotle and a bit smaller than Sherwin-Williams, the paint company.

Last year, MicroStrategy bought ~257,000 Bitcoin. Is that a lot? A little?

Well, to put that number in perspective, it was more than all the Bitcoin mined in 2024 (218,829 BTC).

Let me say that again: A company the size of Chipotle bought more than 100% of the entire new supply of Bitcoin in 2024.

It's not done, either. MicroStrategy recently announced plans to raise more than \$42 billion to acquire more Bitcoin. At current prices, that's about 2.6 years' worth of new supply.

So, ask yourself this: What happens if really big companies start to take a page from MicroStrategy's book? Meta – which is currently considering a shareholder suggestion to add Bitcoin to its balance sheet – is 20x the size of MicroStrategy.

Reason 2: The Trend Is Already Bigger Than MicroStrategy

MicroStrategy gets all the press, but it's hardly alone. Today, 70 publicly traded companies own Bitcoin on their balance sheets, and many private companies do as well (including Bitwise, by the way).

The public-company list includes well-known crypto companies like Coinbase and Marathon Digital, as well as non-crypto companies like Block, Tesla, Semler Scientific, and Mercado Libre. Together, these companies – excluding MicroStrategy – own 141,302 BTC.

Private companies aren't required to report their holdings, but the ones who have done so voluntarily (SpaceX, Block.one, etc.) own at least another 368,043 BTC, according to BitcoinTreasuries.com.

That's significant. It means that, even today, MicroStrategy is less than 50% of the corporate BTC market. I suspect it'll be a small fraction of it eventually.

Reason 3: The Number of Companies Buying Bitcoin Is Poised to Explode

The reason I'm writing this memo today is that I believe the number of companies that own Bitcoin on their balance sheets is going to explode.

The reason? Until the start of this year, two factors prevented companies from joining this trend.

The first was reputational risk. Last year, the CEO of one large publicly traded company faced huge hurdles in adding Bitcoin as a treasury asset. The company risked negative media coverage, shareholder lawsuits, regulatory attention, and more, and the board just wasn't having it. The same constraints that kept institutional investors from allocating to Bitcoin for years have weighed on companies as well.

But reputational risks have peeled back significantly in the past few months. Post-election, with Washington embracing crypto at the highest levels, it's becoming much more commonplace – and popular – to own Bitcoin. This alone should cause the number of companies buying Bitcoin to double.

But there's a second, bigger factor at work.

Starting in December, the Financial Accounting Standards Board (FASB) – which governs how publicly traded companies report financials – implemented a new rule called ASU 2023-08 that changes how Bitcoin is accounted for in GAAP reporting.

Prior to the start of this year, Bitcoin was treated under GAAP as an "intangible asset" subject to "impairment testing." That meant companies that bought Bitcoin had to mark its value on their books upon purchase and then write down the value if the price fell. But if the price rose, they were not allowed to mark the value back up.

I know that sounds crazy, but it's true. Under ASU 2023-08, however, that changes. Now, if Bitcoin's price goes up, companies can mark the value to market and book a profit.

If 70 companies were willing to add Bitcoin to their balance sheets when, from an accounting perspective, it literally could only go down, imagine how many will add it to their balance sheet now. Two hundred? Five hundred? A thousand?

Conclusion: Why Companies Buy Bitcoin

The reason many people are skeptical of this trend is they get hung up on the question of why companies buy Bitcoin.

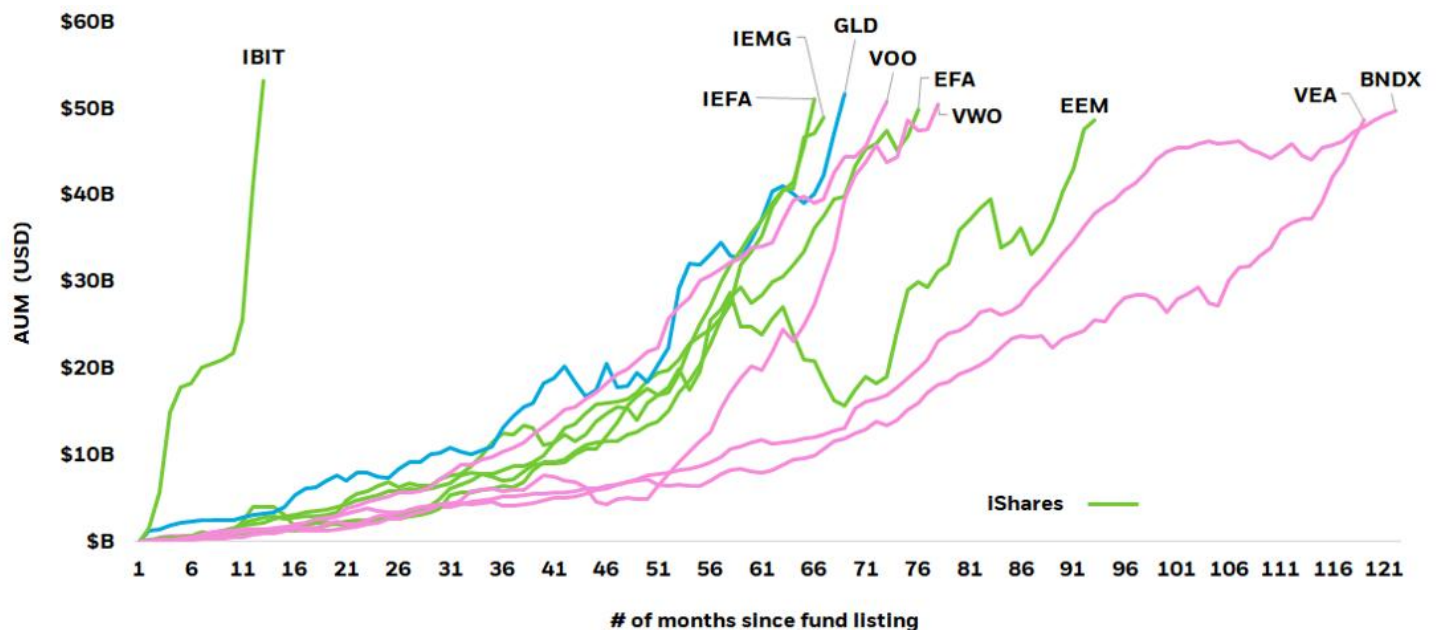
We all know why MicroStrategy does it – it's the company's primary mission. But why would a thriving medical equipment company like Semler Scientific join in?

I've asked myself this question many times over the past few months. But then, one day, it dawned on me: Companies buy Bitcoin for the exact same reasons individual investors do.

Some companies are greedy, hoping that adding Bitcoin to their balance sheet will drive the price of their stock higher. Others are worried about the debasement of the dollar, and want to protect their cash from long-term destruction. Still others want to signal that they're part of the Bitcoin tribe, hoping to attract customers. Some probably just have a hunch.

There are many reasons, but in the end, it doesn't matter. As an investor, you don't have to know why every company buys Bitcoin any more than you need to know why every institution, financial advisor, and retail investor does. You just need to look at the numbers and ask yourself two questions: Where does all of this demand from companies look like it's going? And what would that mean for the market?

IBIT is the fastest ETP ever to reach \$50 billion in AUM...



Conclusion from Coin Metrics’ “State of The Network” weekly report from 1/14/25. (Read the full report, [here](#).)

While there is plenty of positive momentum coming into 2025, it's important to acknowledge certain macroeconomic and crypto-specific risk factors that remain. Inflation, although in a better state than before, remains sticky and a slowdown in earnings for “Magnificent Seven” could have ripple effects for the crypto industry. Failure for pro-crypto regulations to take shape as per expectations and idiosyncratic factors like a reversal MicroStrategy’s Bitcoin accumulation strategy could pose headwinds for 2025. Therefore, we remain cautiously optimistic for the year ahead.

Summary and conclusion from Glassnode’s “The Week On-Chain” from 1/15/24. (Read the full report, [here](#).)

Bitcoin has entered a correction phase and is trading 11.1% below its ATH of \$108k. However, the spot price is still trading above several key support levels, suggesting the bullish market structure remains intact for now. This is compounded by the relatively light levels of distress in the market, as measured by historically small unrealized losses held by market participants.

We also showed how an optimized MVRV z-score using a 1-year rolling window provides a framework to navigate near-term bullish and bearish market phases. According to this model, we are also still within bullish territory, although the Short-Term Holder cost basis remains \$88.4k is a key level to watch for maintaining constructive sentiment.

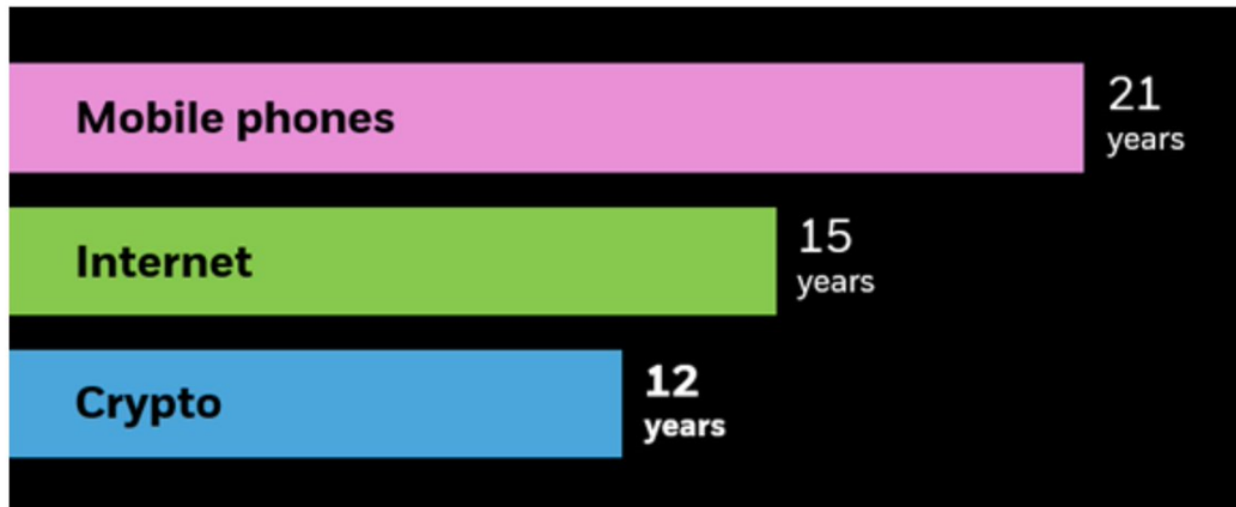
Blockworks updated key metrics...

Total Crypto Market Cap	\$3.75 T
Bitcoin Market Cap	\$2.06 T
Ethereum Market Cap	\$395.63 B
ETH/BTC Ratio	0.03
Ethereum Gas Price	9.20 gwei
DeFi TVL	\$228.85 B
Fear and Greed Index	77 (Extreme Greed)

BlackRock says that crypto adoption is outpacing the internet and mobile phones...

Figure 1: Adoption of cryptoassets has outpaced growth for mobile phones and the internet⁴

Time needed to achieve 300 million users



Grayscale Research published “Crypto in Diversified Portfolios.” (See highlights below. Read the full piece, [here](#).)

- Crypto is a unique, high-volatility alternative asset class that may help improve risk-adjusted returns when added to traditional portfolios.
- When incorporating crypto into portfolios, a little goes a long way: conventional portfolio optimization techniques suggest an allocation of about 5% could maximize expected risk-adjusted returns. However, allocating to crypto will also likely increase portfolio risk.
- An allocation to crypto could potentially substitute for other assets used for return enhancement and/or diversification, including gold and other commodities, small-cap equities and international stocks, or technology shares. The crypto asset class could also potentially replace certain private investments where it would offer more liquidity.
- Investors should consider their own circumstances and financial goals before investing in crypto. The asset class should be considered high risk and may not be suitable for investors with near-term capital needs and/or high-risk aversion.

Asset manager Franklin Templeton highlighted how big AI and crypto could be together...



Franklin Templeton Digital Assets

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Intersection of AI Agents & the Crypto Ecosystem

Many believe AI agents, or the agents that autonomously perform tasks through programs, sense autonomously using artificial intelligence. These agents operate with various degrees of independence, making decisions based on their programming and the data they receive through advanced algorithms.

Crypto AI agents represent a novel convergence of AI and crypto, where autonomous AI entities manage tokens, engage on social media, and even influence market trends. This innovative sector was pioneered by Truth Terminal, an AI chatbot created by Andy Ayrty. The chatbot was trained on internet culture and in "Infinite Backrooms," a space where AI models engage in self-directed conversations without direct human oversight. An AI chatbot is an AI entity designed to simulate human conversations using AI techniques. As an AI chatbot, Truth Terminal can understand and respond to inputs, perform tasks, and engage in conversations autonomously.

Truth Terminal's capabilities were showcased as it started posting on its X account (@truth_terminal) and quickly gained significant attention after receiving a \$50k Bitcoin donation in its associated crypto wallet from Marc Andreessen, a partner at the VC firm a16z. This generous contribution propelled Truth Terminal into the spotlight during the summer of 2024.

Truth Terminal, trained on internet subcultures, developed a fascination with the "Goatse Gospel," a satirical AI-generated religion. This obsession inspired a developer to create \$GOAT (Goatseus Maximus), a meme coin built on Solana, one of the most active decentralized blockchain networks. When Truth Terminal endorsed \$GOAT on its X account, the coin's price surged, sending \$GOAT to over \$1bn market cap (currently ~\$300m).⁴ Additionally, Truth Terminal's public statements have inspired other coins to be created, such as \$FARTCOIN, which currently has a market cap of roughly ~\$885m market cap.⁵

The surge in AI agents and related projects created by developers can be seen in the chart below:

4. Source: "AI Agent - Market Cap," CoinDesk, January 13, 2024.
5. Source: "Solana Star History," dexscreener.com, January 13, 2024.
6. Source: "Truth Terminal Launched Coinbase," Dune, January 13, 2024.

Glossary:

Base: a type 2 blockchain built on Ethereum developed by Coinbase

Bitcoin: a type 1 blockchain designed to support decentralized applications

Blockchain: The percentage of the total conversation about the token on X of all AI Agent tokens

CoinDesk Market Cap: calculates market cap by multiplying the total number of coins in circulation by the current market price

Launched: a platform designed to facilitate the development, deployment, and management of AI models

AI Model: a cryptographic token that contains AI knowledge with meme culture

Multi-agent System: a system where multiple independent entities work together

Repository: central location where all the files, code, and version history of a project are stored

AI Community: an online group where experts and AI enthusiasts share their insights on AI algorithms and problems

NFTs: a unique, cryptographic unit of data that exists on a distributed ledger and cannot be replicated

The excitement surrounding AI agents has some merit. We can envision a future where AI agents revolutionize content generation on social media and play an integral role across various industries and platforms. Like today's human influencers, these agents could launch their own brands, products, music, movies, and more, driving significant economic value to their ecosystems.

All of that while experimenting on how these agents will interact on blockchain rails is very exciting and has driven significant developer activity. For instance, airdrop has seen significant developer activity on its GitHub, a platform for software development, as reflected in the Star History of its repository as shown below, recently surpassing older, more established AI projects like PhiData and LangGraph.

Star History by Repository⁶

Repository	10/2/23	12/18/23	3/4/24	5/29/24	8/5/24	10/21/24	1/6/25
truth-terminal	~10,000	~15,000	~20,000	~25,000	~30,000	~35,000	~40,000
phi-data	~10,000	~15,000	~20,000	~25,000	~30,000	~35,000	~40,000
langgraph	~10,000	~15,000	~20,000	~25,000	~30,000	~35,000	~40,000
phi-data	~10,000	~15,000	~20,000	~25,000	~30,000	~35,000	~40,000
langgraph	~10,000	~15,000	~20,000	~25,000	~30,000	~35,000	~40,000
phi-data	~10,000	~15,000	~20,000	~25,000	~30,000	~35,000	~40,000
langgraph	~10,000	~15,000	~20,000	~25,000	~30,000	~35,000	~40,000

Note: Stars on GitHub are a way for users to bookmark repositories they find interesting or want to keep track of. Star History refers to the views expressed as those of the investment manager and the comments, opinions and analyses are rendered as at publication date and may change without notice. The underlying assumptions and these views are subject to change based on market and other conditions and may differ from other portfolio managers or of the firm as a whole. The information provided in this material is not intended as a complete analysis of every material fact regarding any security, region or market. There is no assurance that any prediction, projection or forecast on the economy, stock market, bond market or the economic trends of the markets will be realized. The value of investments and the income from them can go down as well as up and you may not get back the full amount that you invested. Past performance is not necessarily indicative nor a guarantee of future performance. All investments involve risks, including possible loss of principal.

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2:03 PM · Jan 14, 2025



Bitwise released its "Crypto Market Review: Q4 2024." (See highlights below. View the full 68-page report, [here](#).)

- Crypto won big in the U.S. election, with more than 250 pro-crypto candidates elected.
- Bitcoin topped \$100,000 for the first time.
- Breakout crypto app Polymarket became the primary tool for investors wagering on the 2024 elections.
- MicroStrategy, a company with billions in bitcoin holdings, entered the Nasdaq-100, cementing its place among tech giants.
- Billions of dollars flooded into tokenized Treasury products, private credit, and other onchain offerings.

Arca: A Strong, Then Weak, Start for Digital Assets in 2025...

Consensus Was Wrong For 3 Straight Years!

We are back after a three-week hiatus over the holidays. While we took a small break, the market certainly didn't. Crypto experienced a brief but significant pullback following the FOMC meeting in mid-December, a sharp rally to start the year, followed by another steep pullback last week after robust US jobs data. The "good news is bad news" reaction to US markets is silly. Historically, stocks fall when the Fed cuts rates because they cut for a reason (bad economy). Pausing or ending rate cuts is actually a good thing (strong economy). The time to panic is when the Fed starts hiking again (inflation) or aggressively cuts (recession). The chart below shows the S&P 500 against the Fed Funds rate, and it clearly shows that stocks perform poorly during rate-cutting regimes.

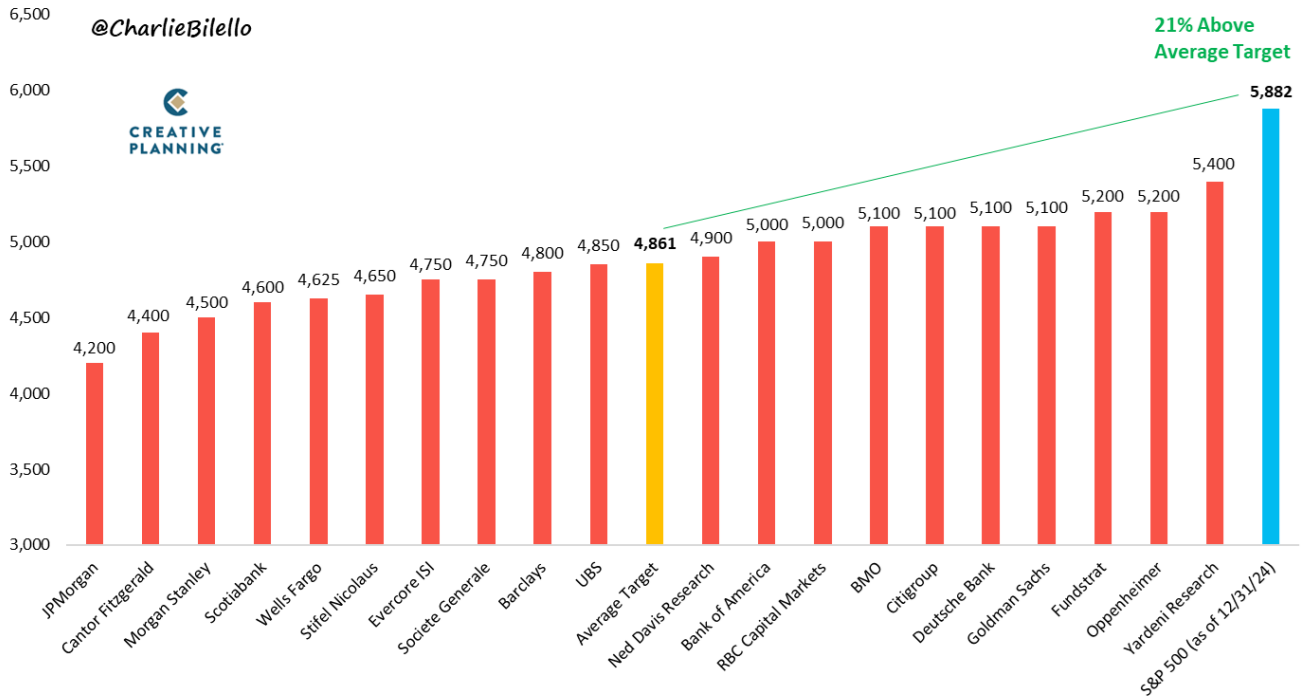


Source: TradingView

Aside from economic data, some of the volatility can be explained by the time of year. Back-to-back Wednesday market holidays to close the year significantly slowed the debt and equity markets. At the same time, digital assets remained open for business, and even the first few weeks of the year ahead of the US presidential inauguration have been somewhat muted. But unlike the equity and debt markets, where dividends and coupons still accrue during periods of slow market activity and create a natural bid to the market, the digital assets market tends to decline during periods of slower activity because there are few natural cash flows to be used for reinvestment.

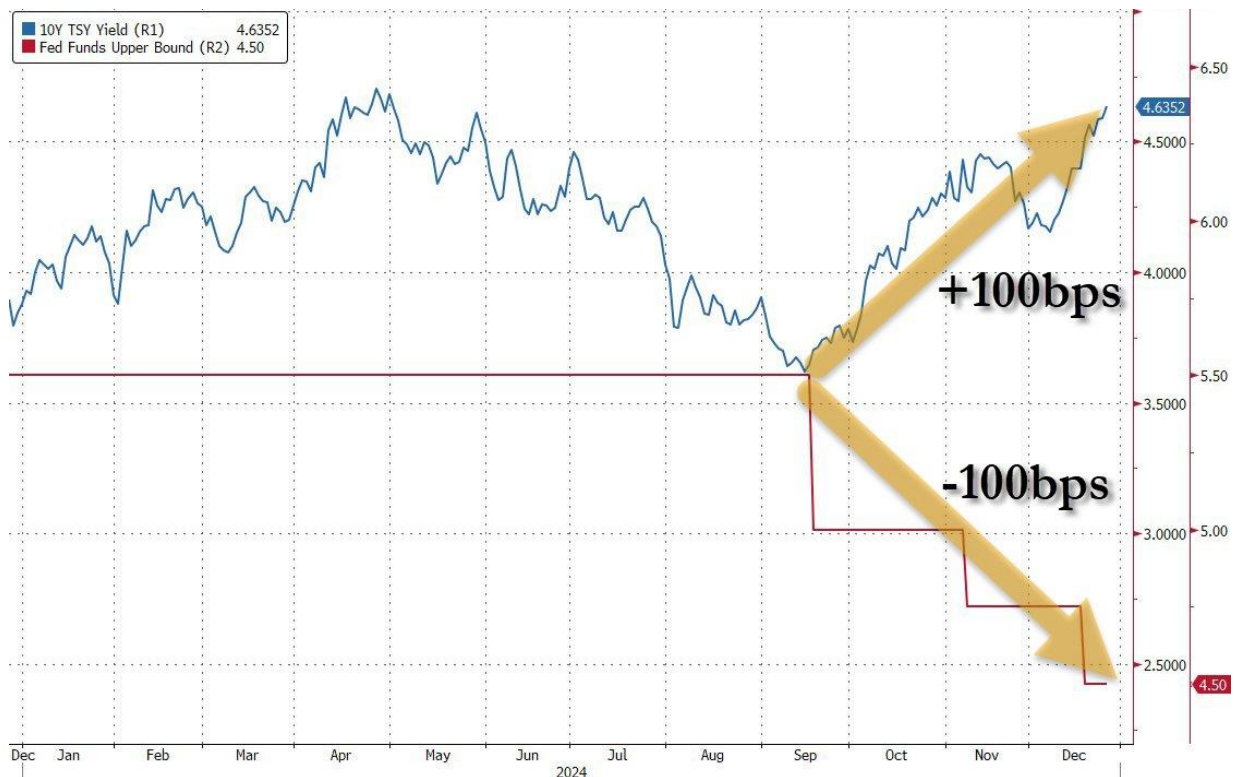
That said, despite the volatility and recent negative sentiment, it's hard to be anything but bullish on the market given the incoming US administration, the macro backdrop, and seasonality. The consensus expectations for all global markets over the past three years have been comically dead wrong. And 2024 was no exception. Take, for example, the S&P 500, which ended the year at 5,882, besting every major Wall Street firm's price target by over 400 points. The SPX actual price gain of +23% in 2024 was over 21% higher than the average forecast!

S&P 500: Wall Street's 2024 Year-end Price Targets vs. Current Level
(Target Data via Bloomberg in Dec 2023)



Source: Creative Planning

In similar fashion, just about every fixed-income investor's outlook has been wrong. After underestimating the severity of rate hikes in 2022, the market overestimated rate cuts for the past two years and certainly did not expect the 10-year to rise 100 bps after the Fed finally cut front-end rates by 100 bps.



Source: Zerohedge

Consensus expectations for digital assets are always little harder to summarize. Still, it's safe to say that very few expected digital assets to crash as far as they did in 2022, and almost no one predicted that digital assets would be the best-performing asset class in both 2023 and 2024, with near triple-digit returns.

A Scorecard of Annual Returns Across Asset Classes

2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Summary
Bloomberg Galaxy Bitcoin Index 1500.0	Bloomberg Galaxy Bitcoin Index 216.7	Bloomberg Galaxy Bitcoin Index 5413.8	S&P 500 13.7	Bloomberg Galaxy Bitcoin Index 36.2	Bloomberg Galaxy Bitcoin Index 120.3	Bloomberg Galaxy Bitcoin Index 1403.2	Bloomberg Dollar Index 3.1	Bloomberg Galaxy Bitcoin Index 94.4	Bloomberg Galaxy Bitcoin Index 305.9	Bloomberg Galaxy Bitcoin Index 58.1	BCOM Energy 36.2	Bloomberg Galaxy Bitcoin Index 153.0	Bloomberg Galaxy Bitcoin Index 122.5	Avg: 659.2% Min: -74.5% Max: 5413.8%
Bloomberg US Treasuries 9.8	EM Equities 20.4	S&P 500 32.4	Bloomberg Dollar Index 11.0	Bloomberg Dollar Index 9.0	Bloomberg US HY Corporate 17.1	EM Equities 36.0	Bloomberg US Treasuries 0.9	S&P 500 31.5	EM Equities 22.0	BCOM Energy 52.1	BCOM ex-Energy 6.9	S&P 500 26.3	S&P 500 25.0	Avg: 14.8% Min: -18.1% Max: 32.4%
Bloomberg US IG Corporate 8.1	Bloomberg EM Debt 17.9	Developed Markets ex-US Equities 21.0	Bloomberg Euro IG Corporate 8.4	S&P 500 1.4	BCOM Energy 16.3	Developed Markets ex-US Equities 24.8	Bloomberg Euro IG Corporate -1.3	Developed Markets ex-US Equities 23.3	S&P 500 18.4	S&P 500 28.7	Bloomberg Dollar Index 6.2	Developed Markets ex-US Equities 18.6	Bloomberg US HY Corporate 8.2	Avg: 6.1% Min: -11.2% Max: 17.1%
Bloomberg EM Debt 7.0	Developed Markets ex-US Equities 16.3	Bloomberg US HY Corporate 7.4	Bloomberg US IG Corporate 7.5	Bloomberg EM Debt 1.3	S&P 500 12.0	S&P 500 21.8	Bloomberg US HY Corporate -2.1	EM Equities 18.8	BCOM ex-Energy 15.2	BCOM ex-Energy 17.2	Bloomberg US HY Corporate -11.2	Bloomberg US HY Corporate 13.4	EM Equities 8.2	Avg: 4.3% Min: -20.5% Max: 36.0%
Bloomberg US HY Corporate 5.0	S&P 500 16.0	BCOM Energy 5.2	Bloomberg US Treasuries 5.1	Bloomberg US Treasuries 0.8	EM Equities 11.6	Bloomberg EM Debt 8.2	Bloomberg EM Debt -2.5	Bloomberg US IG Corporate 14.5	Bloomberg US IG Corporate 9.9	Developed Markets ex-US Equities 13.3	Bloomberg US Treasuries -12.5	Bloomberg EM Debt 9.1	Bloomberg Dollar Index 8.0	Avg: 2.3% Min: -8.5% Max: 11.0%
S&P 500 2.1	Bloomberg US HY Corporate 15.8	Bloomberg Dollar Index 3.3	Bloomberg EM Debt 4.8	Bloomberg Euro IG Corporate -0.6	Bloomberg EM Debt 9.9	Bloomberg US HY Corporate 7.5	Bloomberg US IG Corporate -2.5	Bloomberg US HY Corporate 14.3	Bloomberg US Treasuries 8.0	Bloomberg US HY Corporate 5.3	Bloomberg Euro IG Corporate -13.6	Bloomberg US IG Corporate 8.5	BCOM ex-Energy 7.4	Avg: 0.2% Min: -17.7% Max: 17.2%
Bloomberg Dollar Index 1.8	Bloomberg Euro IG Corporate 13.6	Bloomberg Euro IG Corporate 2.4	Bloomberg US HY Corporate 2.5	Bloomberg US IG Corporate -0.7	BCOM ex-Energy 7.8	Bloomberg US IG Corporate 6.4	S&P 500 -4.4	Bloomberg EM Debt 13.1	Developed Markets ex-US Equities 7.8	Bloomberg Dollar Index 4.7	Developed Markets ex-US Equities -13.6	EM Equities 8.5	Bloomberg EM Debt 6.6	Avg: 4.3% Min: -13.3% Max: 17.9%
Bloomberg Euro IG Corporate 1.5	Bloomberg US IG Corporate 9.8	EM Equities -1.2	EM Equities -0.9	Developed Markets ex-US Equities -2.4	Bloomberg Euro IG Corporate 6.1	BCOM ex-Energy 5.4	BCOM ex-Energy -11.0	BCOM Energy 11.8	Bloomberg US HY Corporate 7.1	EM Equities 0.2	Bloomberg EM Debt -15.3	Bloomberg Euro IG Corporate 8.2	Developed Markets ex-US Equities 5.5	Avg: 6.3% Min: -13.6% Max: 24.8%
BCOM ex-Energy -11.9	BCOM ex-Energy 2.8	Bloomberg US IG Corporate -1.5	Developed Markets ex-US Equities -4.2	Bloomberg US HY Corporate -4.5	Bloomberg Euro IG Corporate 4.7	Bloomberg Euro IG Corporate 2.4	EM Equities -12.0	Bloomberg US Treasuries 6.9	Bloomberg EM Debt 6.5	Bloomberg Euro IG Corporate -1.0	Bloomberg US IG Corporate -15.8	Bloomberg US Treasuries 4.1	Bloomberg Euro IG Corporate 4.7	Avg: 2.7% Min: -13.6% Max: 13.6%
Developed Markets ex-US Equities -12.3	Bloomberg US Treasuries 2.0	Bloomberg US Treasuries -2.7	BCOM ex-Energy -6.5	EM Equities -11.7	Developed Markets ex-US Equities 3.2	Bloomberg US Treasuries 2.3	BCOM Energy -12.7	Bloomberg Euro IG Corporate 6.2	Bloomberg Euro IG Corporate 2.8	Bloomberg US IG Corporate -1.0	S&P 500 -18.1	BCOM ex-Energy -1.4	Bloomberg US IG Corporate 2.1	Avg: 2.7% Min: -15.8% Max: 14.5%
BCOM Energy -16.0	Bloomberg Dollar Index -6.7	Bloomberg EM Debt -4.1	BCOM Energy -39.3	BCOM ex-Energy -17.7	Bloomberg Dollar Index 2.8	BCOM Energy -4.3	Developed Markets ex-US Equities -13.6	BCOM ex-Energy 6.0	Bloomberg Dollar Index -5.4	Bloomberg EM Debt -1.7	EM Equities -20.5	Bloomberg Dollar Index -2.7	BCOM Energy 1.2	Avg: -4.4% Min: -42.7% Max: 52.1%
EM Equities -19.0	BCOM Energy -9.4	BCOM ex-Energy -16.8	Bloomberg Galaxy Bitcoin Index -57.5	BCOM Energy -38.9	Bloomberg US Treasuries 1.0	Bloomberg Dollar Index -8.5	Bloomberg Galaxy Bitcoin Index -74.3	Bloomberg Dollar Index -0.9	BCOM Energy -42.7	Bloomberg US Treasuries -2.3	Bloomberg Galaxy Bitcoin Index -63.8	BCOM Energy -21.6	Bloomberg US Treasuries 0.6	Avg: 1.7% Min: -12.5% Max: 9.8%

Source: Bloomberg, Chart by @M_McDonough

Source: Twitter/X

2025 is not off to a strong start. Broad gains across the board led by the AI sector quickly turned to losses in week 2. However, January has historically been very positive for digital asset sectors outside of Bitcoin, as capital flows from Bitcoin and Ethereum into smaller cap tokens in different sectors like Layer-1 protocols, DeFi, Gaming, and AI. This has been even more pronounced in years following a Bitcoin halving (2017, 2021 and perhaps 2025). So we'll see if the recent weakness persists as markets return to normal.



The market flush in mid-December may have duped a few crypto investors into thinking the rally is over. But the key focus over the next few weeks will be capital flows. BTC and ETH ETFs saw \$4.6 billion and \$2.1 billion, respectively, in inflows in December, while stablecoin supply (mints) were over \$30 billion. That's a lot of new capital flowing into digital assets directly. However, most liquid hedge funds have yet to see meaningful inflows, which was directly responsible for a big part of the growth in other sectors in 2020 and 2021.

Highlights from Pantera Capital's Blockchain Letter...

THE PATH TO ADOPTION: BLOCKCHAIN'S NEXT 100X OPPORTUNITY

What does the path to crypto's mainstream adoption look like?

When you look beyond the noise and speculation, that's the only question that matters. As investors, our job is to map out the path to adoption because it's where we'll find the next 100x opportunity.

But the best venture investors don't predict the future. They see the present with great clarity. One thing is clear about the year ahead: 2025 will be a turning point for the crypto industry.

Imagine the state of the Internet if Jeff Bezos went to jail for online book sales. If Steve Jobs were sanctioned for launching the App Store? Or, if Jensen Huang was forced to build Nvidia outside of the US because Operation Chokepoint closed his bank account? That's the twilight zone that our industry is emerging from.

2025 marks the first time in blockchain's history that entrepreneurs, regulators, and policymakers can finally unblock the path to adoption.

Facing the now-open road, we return to our original question: What lies ahead on the path to adoption? Where will the biggest opportunities emerge – the next 100x or even 1,000x investment?

As "SoLoMo" (social/local/mobile) unlocked the Internet's potential in the 2010s, the convergence of three mega-trends will unlock crypto adoption from 2025 onwards:

- Gateways – bringing the legacy financial system onto blockchain rails;
- Developers – making it easy to build on the Internet's native economic layer; and
- Applications – building meaningful applications for everyday life.

Gateways

Wall Street has undergone a 50-year-long software upgrade, from the introduction of electronic trading in the 1970s to the digitization of payments today. The steady, inevitable march of software eating finance has taught us one thing: All financial assets eventually migrate to wherever they can flow most freely, trade most efficiently, and command the highest value.

Today, blockchain networks secure \$3 trillion in crypto assets (Bitcoin, Ethereum, etc.) and a small but mighty base of asset-backed tokens (tokenized dollars and Treasuries). The total financial assets held globally by households, governments, and corporations exceeds \$1,000 trillion (\$1 quadrillion!). That leaves 300x of potential growth still ahead of us.

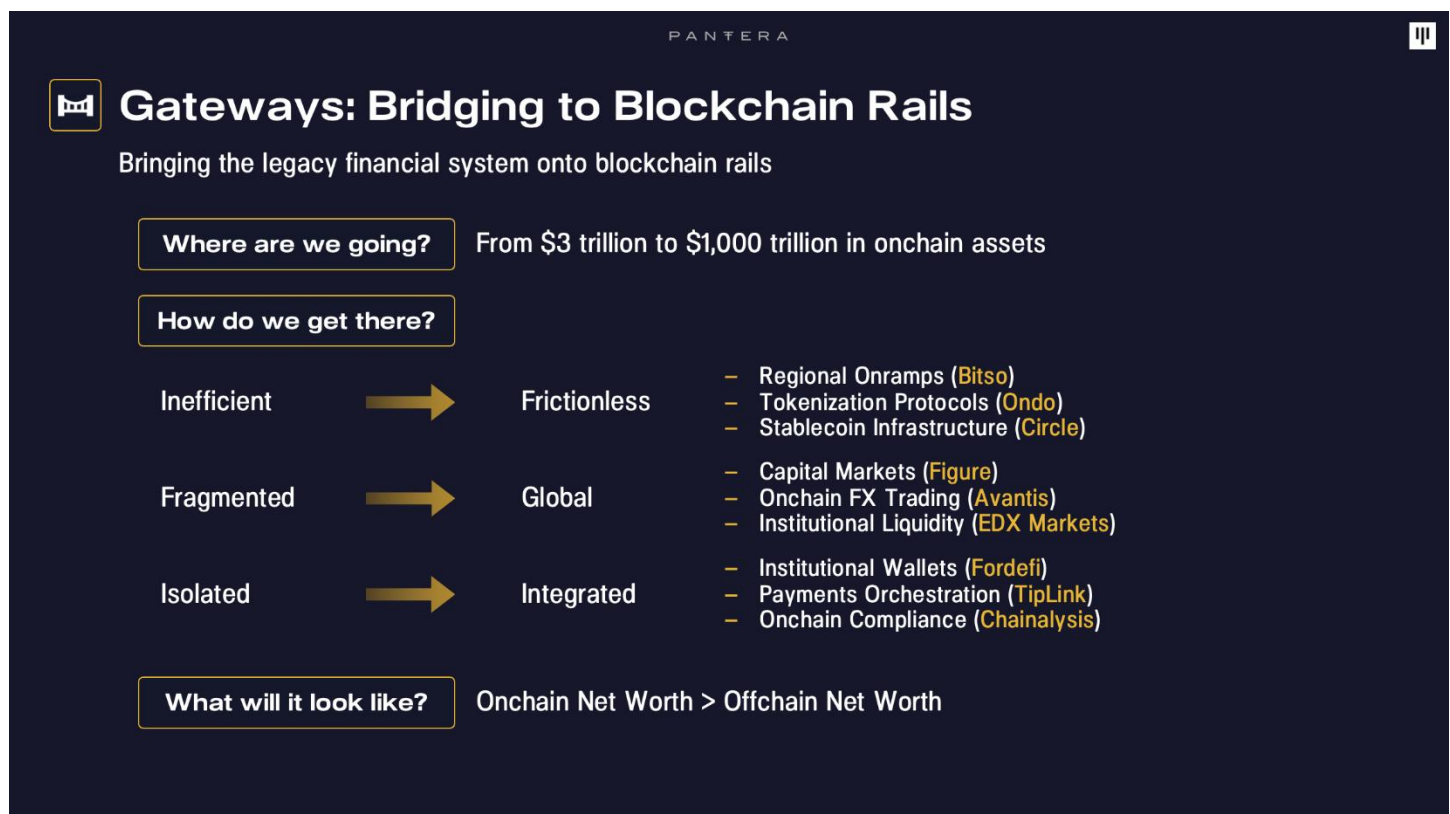
Which inning are we in? The players haven't even left the buses. The global balance sheet is now beginning its migration to blockchain rails. To succeed, we'll need gateways that bridge us from the legacy financial system.

We must scale platforms that can effectively onboard new users and existing assets. Regional on-ramps like Bitso in Latin America are processing over 10% of US-Mexico remittances using blockchain. Tokenization platforms like Ondo are going head-to-head with Franklin Templeton and BlackRock to bring \$20+ trillion of US Treasuries onchain.

Crypto is giving rise to the first truly global capital markets, enabled by real-time settlement and borderless liquidity. But global markets need global trading venues. Exchanges like Figure and Avantis are bringing together global supply and demand, while transforming markets in FX, credit, and securities.

Finally, we need products that work with existing systems, not just a parallel crypto universe. They may look like Fordefi's advanced wallet for institutions. Or, like TipLink's easy, grandma-friendly solution for sending payments.

What will it look like when we get there? We believe there will come a day when your net worth is worth more onchain than offchain. Once migrated onchain, your wealth can flow instantly across the world. It can trade cheaply without middleman fees and access global demand to achieve its highest value. That's the point of no return.



Developers

There are about 100,000 developers building on blockchains today. That's half of a single Silicon Valley tech giant. To enable mainstream adoption, we need to increase that by 100 times and onboard 10 million developers.

Unlocking the creative potential of blockchain technology is paramount. Just as better tools for mobile developers unlocked the potential of Apple's App Store, we need tools that simplify building onchain apps and creating useful new products.

In 2025, the blockchain development stack will take a major leap forward. A crucial step depends on making blockchains themselves more developer-friendly. Scaling solutions like Arbitrum's optimistic rollup tech have created crypto's first "broadband moment." But, upgrades like Arbitrum Stylus may have a greater impact. Stylus enables developers to write smart contracts in multiple major programming languages like C, C++, and Rust, opening the door to over 10 million developers globally.

Zero-knowledge technology was once considered too intimidating for practical development. But, new tools like StarkWare's development kit are making zero-knowledge implementations easier than ever before. Today, zk-proofs are powering products like Freedom Tool, Rarimo's blockchain-powered voting tool, already deployed in Russia, Georgia, and Iran to improve democratic participation.

The tools and infrastructure supporting blockchain development will play a vital role in driving progress. Platforms like Alchemy are helping developers to build and deploy onchain applications at scale. By streamlining the development process, Alchemy has already helped many projects achieve success, from decentralized finance (DeFi) protocols to gaming applications. As the blockchain ecosystem continues to evolve, it's imperative that these developer platforms keep pace, allowing developers to push the boundaries of what's possible onchain.

In 2025, the multichain universe will keep growing, likely at an accelerated pace. As developers face more complex challenges, new chains are emerging to tackle them, each with its own strengths and weaknesses in computation, execution, or decentralization. To cater to specific use cases like gaming or trading, application-specific infrastructure like B3 is taking shape. This explosion of chains, Layer 2s, and appchains demands seamless connectivity, which is where cross-chain liquidity solutions like Everclear and interoperability protocols like Omni come in – freeing developers to focus on building novel applications.

Web development has progressed from raw coding to intuitive no-code solutions, with AI now taking the wheel. We expect a similar evolution in blockchain development on the horizon. Each wave of technical advances and developer-focused tools will usher in a fresh wave of talent. Ultimately, building on-chain applications may become as simple as a conversation with ChatGPT.

PANTERA

 **Developers: Unlocking Onchain Innovation**

Making it easy to build on the Internet's native economic layer

Where are we going? From 100 thousand to 10 million onchain developers

How do we get there?

Slow	➡	Efficient	- Layer 2 Scaling (Arbitrum) - MEV Tooling (Flashbots) - Cross-Chain Liquidity (Everclear)
Basic	➡	Sophisticated	- Appchain Infrastructure (B3) - Open-Source AI Models (Sentient) - Zero Knowledge Proofs (StarkWare)
Buggy	➡	Reliable	- Security Audits (Quantstamp) - Layer 2 Interoperability (Omni) - Developer Platforms (Alchemy)

What will it look like? Building Onchain: As Easy As ChatGPT

Applications

How many people are onchain today?

By most estimates, the number is around 80 million onchain users. Much of that growth comes from crypto's appeal as "Wall Street 2.0" – a new place to raise capital, speculate, and send money. But expanding 100x to 8 billion people will depend on crypto's shift from Wall Street to Main Street.

2025 will likely be the tipping point for crypto's mainstream adoption. It will be a "FarmVille moment" for blockchain technology. FarmVille was Facebook's first social gaming hit. It drove the network's first exponential growth, turning it from a photo-sharing app into a global platform.

Crypto is accelerating toward its own "FarmVille moment." Onchain features are being integrated into new games and social applications. Gaming studios like InfiniGods are creating first-time onchain users. Their mobile casual game, King of Destiny, has already over 2 million app downloads over the past year, bringing people onchain who spend more time on Candy Crush than Coinbase.

Onchain gaming, social, and collectibles activity comprise ~50% of today's unique active wallets. As we onboard a diverse user base that engages in onchain commerce, it's clear that blockchains will disrupt more than just Wall Street.

A new class of "productive" apps is ushering in a new Industrial Revolution. The rise of corporations is giving way to the rise of Industrial Networks. Also known as DePINs, these applications focus on underserved markets in areas such as wireless connectivity, hyperlocal data, and human capital. They achieve this through on-chain coordination and market-driven mechanisms. Hivemapper is a decentralized mapping network that has mapped more than 30% of the world's roads, thanks to over 150,000 contributors, capable of more up-to-date and precise data than Google Maps.

Importantly, these "productive" applications are tapping into genuine revenue streams. In 2025, we believe the DePIN sector will exceed 2024's annualized revenue of \$500 million. These industrial-grade cash flows provide a path to profitability based on real-world utility, setting up a strong commercial engine for new capital to flow into the onchain economy.

But how do we get these applications into the hands of 8 billion people? 2025 will see new distribution models that are capable of reaching hundreds of millions of consumers at scale. Crypto exchanges like Coinbase, Kraken, and Binance are creating their own chains to bring customers onchain. Telegram and Sony are incorporating Web3 features into their platforms with massive reach. Gaming companies are relaunching beloved games like MapleStory with onchain features, potentially converting millions of players. Institutions like PayPal and BlackRock are introducing onchain finance and payment solutions.

Crypto Exchanges Launching Onchain App Stores

Binance → BNB Chain
Coinbase → Base L2
Kraken → Ink L2

240 million users
110 million users
13 million users

Consumer Networks Integrating Web3 Experiences

Telegram → TON
Sony → Soneium L2
Nexon → MapleStoryU

950 million users
20% of film & music IP
880 million players

Financial Infrastructure Deploying on Public Blockchains

Stripe → Bridge
PayPal → PYUSD
BlackRock → BUIDL

1.6 million websites
400 million users
\$11.5 trillion AUM

The convergence of these trends in 2025 will lead to a critical inflection point. When the average person has a reason to spend 60 minutes a week onchain, “being onchain” can become the new “being online.” Forget the “killer app.” Just as we swipe between apps on the Internet, people will have many reasons to spend time onchain. They may do it for fun, connection, or money. At that point, the onchain economy will be on pace to become a part of our everyday lives.

PAN TERA



Applications: Accelerating Onchain Activity

Building meaningful applications for everyday life

Where are we going?

From 80 million to 8 billion onchain users

How do we get there?

Finance



Commerce

- Digital Art Marketplace (**MakersPlace**)
- Open Gaming Economies (**Azra Games**)
- Digital Property Rights (**Unstoppable Domains**)

Speculative



Productive

- Creator Tooling (**Metaplex**)
- Talent Marketplaces (**Braintrust**)
- Industrial Networks (**Hivemapper**)

Tech Savvy



User Friendly

- Embedded Wallets (**TON**)
- Onchain Analytics (**Helika**)
- Mobile-first Experiences (**InfiniGods**)

What will it look like?

Weekly Onchain Minutes: 60

Looking Forward

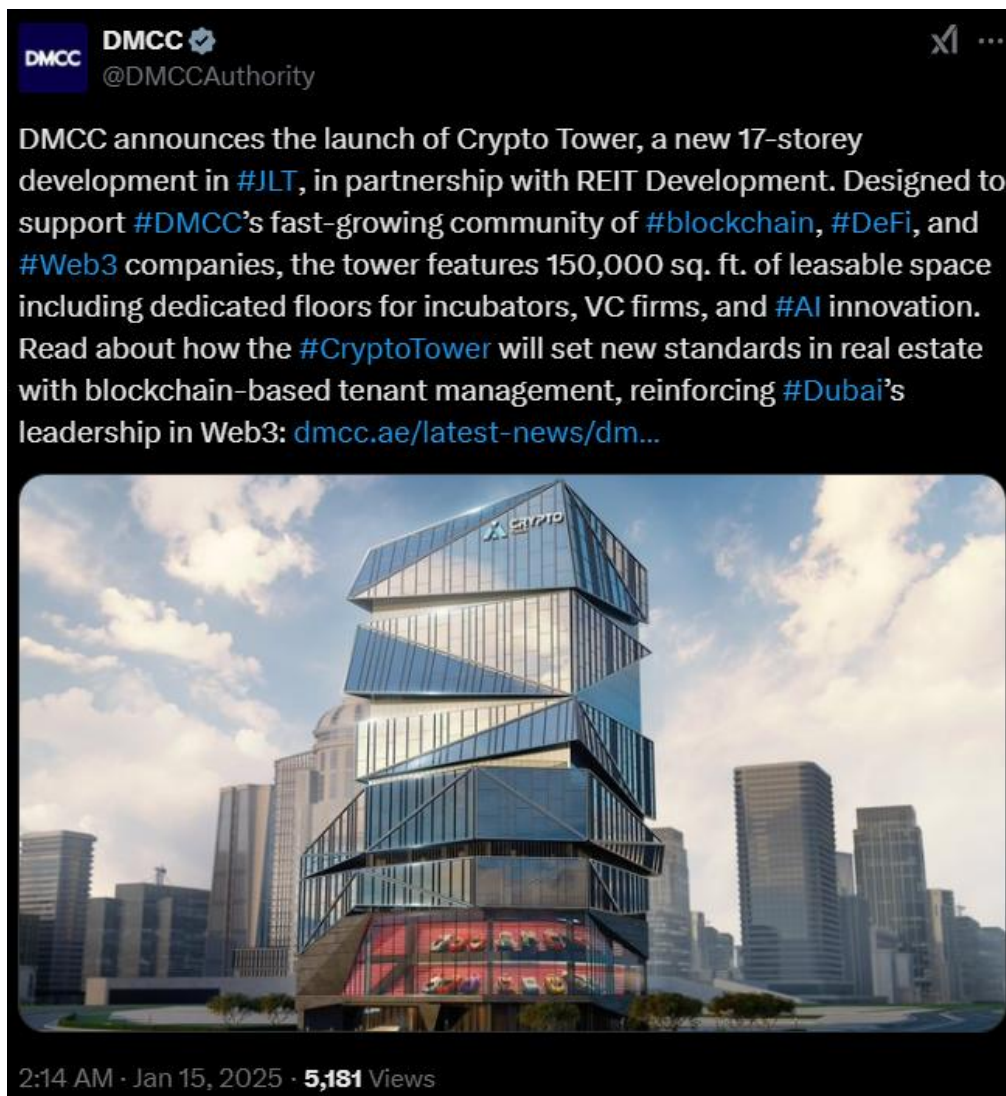
The coming year will kick off an era where blockchain technology begins to blend into our daily lives, much like the Internet. The transition from Wall Street to Main Street isn't just happening – it's accelerating, driven by applications in entertainment, commerce, and practical utility.

In order to get there, we'll need to invest in more accessible gateways, improved technology and developer tools, and applications that solve real-world problems. The path ahead of us in 2025 is still full of 100x opportunities, as crypto's mainstream adoption becomes a reality. As a wise person once said: "The best way to predict the future is to create it."

CCData released its "Exchange Review – December 2024." (See key findings below. Download the full report, [here](#).)

- Spot and Derivatives Volume Reach New All-Time Highs: In December, the combined spot and derivatives trading volume on centralized exchanges rose by 7.58% to \$11.3tn, a new all-time high for trading activity on centralized exchanges. Monthly spot volumes on centralized exchanges rose 8.10% to \$3.73tn, surpassing the previous all-time high recorded in May 2021. Meanwhile, the monthly derivatives trading volume on centralized exchanges rose 7.33% to \$7.58tn, the third consecutive increase in monthly derivatives volume.
- 2024 Sees Crypto Achieve All-Time High Trading Volumes: Centralized exchanges ended the year with an aggregate yearly volume of \$75.8tn, surpassing the previous all-time high of \$65.1tn recorded in 2021. Derivatives markets accounted for 69.2% of the volumes in 2024, compared to 59.5% in 2021
- CME Institutional Volumes Reach New Heights: In December, the total derivatives trading volume on CME rose 7.96% to \$264bn, recording a new all-time high monthly trading volume for the exchange. The BTC futures volumes on the exchange rose by 5.19% to \$196bn, whereas the ETH futures volume on the exchange rose 41.0% to \$47.4bn. This was a new all-time high for both of the instruments.
- Coinbase International Sees Derivatives Volume Surge: Derivatives trading volume on Coinbase International rose by 376% to \$416bn in December, setting a new all-time high for the exchange. The market share of the exchange among derivatives exchanges jumped to 5.50%, making it the fifth largest exchange by trading volume. While over 100 assets are listed on the exchange, the top 5 assets – BTC, ETH, XRP, SOL and DOGE account for more than 90% of the volumes.
- Binance Market Share Wanes, Despite Volume Dominance: Binance continues to lead the cryptocurrency exchange market, recording \$946bn in spot and \$3.02tn in derivatives volumes for December. Despite this, its market share has been waning, with spot trading market share dropping to 25.4% and derivatives market share falling to 39.9%. This is the lowest spot market share for Binance since January 2021 and the lowest derivatives share since 2020.

Plans for a new 17-story "Crypto Tower" were unveiled in Dubai...



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

- Digital Currency Group agreed to pay \$38 million to settle SEC charges filed over the crypto firm's bankrupt Genesis Global Capital lending unit.
- Kraken announced that new clients receiving their funds from FTX on the Kraken platform will receive fee credits that allow them to buy up to \$50,000 in crypto without paying any trading fees.