



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

9th March 2025

BITCOIN-RELATED



NYDIG: Bitcoin rallied 6.8% in a week that was not without its volatility. Bitcoin and the digital asset markets got a significant lift on Sunday morning with President Trump's social posts about the strategic crypto reserve but did a 180 on Monday as markets sold off with the jockeying around tariffs. News of the White House crypto roundtable lifted prices later in the week culminating with the Executive Order on the SBR and the crypto stockpile.

The Texas Senate passed the Bitcoin strategic reserve bill SB-21 in a 25-5 vote on Mar. 6. The bill must still be signed by the governor to be passed into law, and if SB-21 is enacted, Texas will become the first state in the United States to have a digital asset strategic reserve.

New Hampshire pushed forward a Bitcoin reserve bill, on Mar. 5, as the state's House Commerce and Consumer Affairs Committee passed House Bill 302 by a 16-1 vote. (The bill, which would allow the state treasurer to allocate up to 5% of public funds into Bitcoin alongside precious metals like gold, silver, and platinum, now moves to the House floor.)

Led by President Nayib Bukele, El Salvador has no intention of stopping its accumulation of Bitcoin no matter what the IMF demands. Bukele posted on X on Mar. 4: "This all stops in April. This all stops in June. This all stops in December. No, it's not stopping. If it didn't stop when the world ostracized us and most Bitcoiners abandoned us, it won't stop now, and it won't stop in the future. Proof of work > proof of whining." (The Salvadoran government currently holds 6,101.15 BTC, worth ~\$530 million.)

Mexican billionaire Ricardo Salinas, whose net worth is estimated at \$4.8 billion, revealed 70% of his investment portfolio is now allocated to Bitcoin, up from just 10% in 2020.

Japanese investment firm Metaplanet purchased 156 BTC for \$13.4 million. And days later, it bought another 497 BTC for \$43.9 million. The company's total holdings now stand at 2,888 BTC, worth \$251 million. According to Simon Gerovich, Metaplanet's CEO, it has been formally invited by NYSE and Nasdaq to introduce their platforms and functions.

Newly listed Fold Holdings increased its Bitcoin treasury by 475 BTC, bringing its total holdings to over 1,485 BTC.

Brazilian fintech company Méliuz announced on Mar. 6 that it had allocated 10% of its cash reserves (~\$4.1 million) into Bitcoin, becoming the first publicly traded firm in the country to adopt a Bitcoin treasury strategy.

Trustees working on behalf of the bankrupt Bitcoin exchange Mt. Gox transferred ~12,000 BTC worth ~\$1.2 billion to a new wallet, according to Arkham Intelligence. Such Mt. Gox moves are believed to herald the Bitcoin being sent to crypto exchanges, where it's then sold on the open market. Trustees have put a deadline of Oct. 31 on its long-awaited repayment plan.

The Bitcoin blockchain (via Simple Proof) was used to secure – and preserve the integrity of – results of Tennessee County's Republican Convention vote.

INDUSTRY ADVANCES



Dubai's largest bank Emirates NBD now allows customers to buy crypto through its digital banking app.

Trading giant Jump is returning its cryptocurrency operations to full strength after scaling it back in the US over the past couple of years due to regulatory scrutiny and uncertainty.

Deribit launched a Block Request-For-Quote interface for traders to execute large OTC trades with improved efficiency and liquidity. The feature, available to all users but meant for high-volume traders, enables direct negotiation of block trades without impacting order books.

Coinbase said it sees a renewed opportunity to introduce security tokens in the US as the Trump administration pushes for crypto-friendly policies, reviving a plan the exchange was forced to abandon in 2021.

Bloomberg launched its new Digital Asset Exposure Analytics, providing transparency into the direct/indirect exposure of a broad range of assets including spot currencies, futures, options, and equity tickers for companies with crypto activities, as well as funds holding these assets.

BioNexus Gene Lab, a Wyoming-incorporated tech firm, formally approved an Ethereum-focused treasury strategy on Mar. 5, becoming the first Nasdaq-listed company to exclusively prioritize Ethereum as a strategic asset.

Ethereum's Pectra upgrade was activated on the Sepolia testnet on Mar. 5, in the final testing phase before a mainnet rollout that's expected next month, with major improvements to validator staking, account abstraction, and rollup scalability. The Sepolia testnet ran into issues with empty blocks after Pectra was deployed on the final testnet. The hiccup disrupted transaction inclusion in blocks, raising concerns about Pectra's readiness for a mainnet launch. (Ethereum developers are launching a "shadow fork" of the Holesky test network to continue research on the Pectra upgrade following issues encountered during testing.)

The Ethereum Foundation is backing cryptography startup ZKNox, which is working on post-quantum security measures to protect Ethereum from threats posed by quantum computing.

MegaETH, an upcoming Ethereum Layer-2 solution, will launch its public testnet on Mar. 6, onboarding developers first before allowing users to join on Mar. 10, as it prepares for a mainnet capable of handling up to 100,000 transactions per second.

Blackbird launched Flynet, a Layer 3 built on Coinbase's new Base Appchain technology. The network aims to help restaurants retain more value from commerce while building connectivity between establishments, customers, and workers through a decentralized system.

Sam Altman's World (formerly Worldcoin) is adding an important "Mini App" within its iOS and Android app called World Chat, which lets you "connect, chat, and send money" (including cryptocurrencies, like USDC) to people verified by the World Network.

A UK-based consulting firm has launched a blockchain-based product for trade in carbon credits issued under the Paris climate agreement and units from other environmental markets.

The Dantewada District Administration in Indian migrated moved all its property records to the Avalanche blockchain, allowing for transparent and persistent record-keeping.

GE Transportation announced that it has joined the Blockchain in Transport Alliance (BiTA), a trade association for blockchain education and standards development.

PwC Tech Startup Challenge," India announced the launch of its first-ever startup accelerator program, "Emerging geared to mentor 15 startups in blockchain and AI.

MINING



Belarus President Alexander Lukashenko said if Bitcoin and crypto mining is profitable, "let's do it."

US authorities started releasing thousands of seized Chinese-made crypto mining machines, though most of the equipment remains in custody. It follows months of seizures at ports nationwide, initiated by the US Customs and Border Protection Agency, citing requests from the Federal Communications Commission to uphold existing regulations.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES



Nasdaq and NYSE Arca submitted regulatory 19b-4 filings for Grayscale's Hedera fund and Bitwise's Dogecoin ETF, seeking ETP status.

After Bitwise filed to establish a Delaware trust entity for a proposed Aptos ETF, it followed up by filing an S-1 application with the SEC.

Canary Capital filed to launch an ETF tracking the price of Axelar's native token, AXL, on Mar. 5.

Grayscale announced that the Grayscale Digital Large Cap Fund (GDLC) is the only publicly traded investment fund in the US currently offering exposure to the exact five crypto assets named in the US Crypto Strategic Reserve, announced on Mar. 2.

ProShares announced the launch of Ether ProFund (ETHFX), the first US mutual fund targeting Ether's performance.

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

Bitcoin and digital asset infrastructure firm Blockstream is set to launch three investment funds – including Bitcoin-backed lending and hedge fund strategies – after securing multibillion-dollar funding as it expands in Japan and targets real-world asset tokenization.

VC firm Foundation Capital secured \$600 million for its 11th fund, continuing its early-stage investment strategy with a focus on crypto, fintech, and artificial intelligence.

Figure, a blockchain lender, raised \$200 million, led by Sixth Street.

Market maker Flowdesk raised a \$52 million Series B extension in an 80/20 equity-to-debt split (bringing total Series B funding to \$102 million), backed by HV Capital and BlackRock-managed funds, to expand its digital asset trading business, scale its OTC derivatives and crypto credit desk, and double its workforce while targeting global expansion.

Interoperability-focused Across Protocol raised \$41 million in a token sale, led by Paradigm – with participation from Bain Capital Crypto, Coinbase Ventures, and Multicoine Capital.

DoubleZero Foundation, a startup building a “new internet” to improve blockchain performance, raised \$28 million.

Validation Cloud, an AI-powered crypto infrastructure firm offering blockchain staking, validator software, and analytics, raised \$15 million in a Series A round – led by True Global Ventures.

Infrared Finance, a Berachain liquid staking protocol, secured \$14 million in a Series A token sale led by Framework Ventures.

August, a crypto-focused prime brokerage firm, pulled in \$10 million in a Series A round to simplify institutional access to DeFi.

Encrypted blockchain Seismic raised \$7 million, led by a16z.

IPOS, M&A, PARTNERSHIPS & DEALS

CoreWeave, formerly an Ethereum miner, filed for a \$4 billion IPO at a \$35 billion valuation after shifting to artificial intelligence, with revenue skyrocketing from \$15.8 million in 2022 to \$1.9 billion last year. (CoreWeave is slated to acquire AI developer platform Weights & Biases in a \$1.7 billion deal.)

Reddit co-founder Alexis Ohanian joined a bid to acquire TikTok's US operations, with plans to move the platform onchain by integrating the Frequency blockchain for user data ownership and decentralized social media.

Base acquired the development team behind privacy-focused blockchain Iron Fish to enhance its own privacy-preserving solutions.

Madison County Federal Credit Union partnered with InvestiFi to embrace digital investing, including access to 8600+ stocks and ETFs, and 25+ coins.

The Virginia Blockchain Council announced a strategic collaboration with Gentry Locke, one of Virginia's most respected law firms and full-service consulting firms, to advance blockchain policy initiatives at the state level.

Distribution and services company Unchained Music chose blockchain network Sei and wallet-based authentication and identity solutions company Dynamic to power its on-chain administration and payouts.



World Liberty Financial – a Trump family-backed, DeFi project – acquired over \$25 million in WBTC, ETH, and MOVE, according to onchain data. (Layer-1 blockchain platform Sui unveiled a strategic collaboration with World Liberty Financial.)

Aave deployed its lending markets on Sonic, a high-performance blockchain that evolved from Fantom. This is Aave's first Layer-1 expansion this year, marking another step in its efforts to expand across blockchains.

The Aave Community Initiative proposed the first phase of implementing updated "Aavenomics," seeking governance approval to establish an Aave Finance Committee for managing treasury assets and optimizing liquidity incentives. Key changes include phasing out legacy LEND token migration, introducing "Anti-GHO" rewards for AAVE stakers to enhance protocol revenue redistribution, and launching a \$1M/week AAVE buyback program to bolster long-term token sustainability.

The Uniswap DAO approved an additional \$540,000 of UNI rewards to fund its Delegate Reward Initiative, incentivizing 15 governance participants to boost voting participation and community engagement.

A proposal to introduce a dynamic mechanism that adjusts SOL issuance based on staking participation rates garnered support from Anatoly Yakovenko (Solana co-founder and CEO of Solana Labs). Yakovenko joined Solana's head of staking, Ben Hawkins, in publicly backing the SIMD-0228 proposal, which would make SOL token issuance market-driven, and potentially reduce inflation by up to 80%.

BitGo, a leader in institutional digital asset custody, officially secured its position as the largest staking platform by Total Value Locked (TVL), with \$48 billion staked.

Bitwise announced its first institutional allocation to DeFi through Maple Finance, a DeFi and RWA protocol specializing in onchain credit. The move signals institutional investors' desire to access onchain credit through a regulatory-compliant platform.

Cork Protocol launched its public beta on Ethereum Mainnet, introducing a new DeFi primitive for pricing, hedging, and trading risk in the \$30 billion onchain credit market.

Kain Warwick, Synthetix's founder, is proposing a fundamental overhaul of SNX. In a new blog post, he says a change is necessary: "There is no incentive to stake SNX; nothing else matters until we fix this." His answer is the 420 Pool, a new staking model where SNX holders deposit their tokens, allowing the protocol to manage debt centrally and seek yield opportunities. Or, in other words, "internalizing the leverage in the system, reducing risk for everyone."

CBDs & STABLECOINS



Circle's USDC is set to become Japan's first officially approved US dollar stablecoin, with SBI VC Trade, a crypto exchange subsidiary of SBI Holdings, securing regulatory clearance to list and distribute it under the country's new digital payments framework.

The Aave DAO is considering launching a yield-bearing "savings" version of its GHO stablecoin, aiming to attract more users and stabilize its growing \$300 million supply.

Bybit will reward users who hold or trade Ethena's USDtb, a stablecoin backed by BlackRock's BUIDL fund, as competition heats up among crypto exchanges to attract stablecoin liquidity.

Binance revealed plans to delist nine stablecoins for users in the European Economic Area (EEA) on Mar. 31. The list includes USDT, Dai, FDUSD, TUSD, USDP, AEUR, UST, USTC, and PAXG, and their trading pairs. The company noted that the affected stablecoins do not comply with the MiCA framework.

NFTs, BLOCKCHAIN GAMING & METAVERSE



Web3 luxury fashion brand 9dcc and Mastercard launched a limited-edition apparel series (NFT-linked) at the PGA Tour's Arnold Palmer Invitational in Bay Hill, Florida.

Zora, a non-custodial NFT minting protocol, announced its own memecoin on Base, emphasizing that it is "for fun only," with no governance rights, ahead of a spring airdrop.

Collectibles-oriented L2 Zora is launching the ZORA token in the coming months. With over 2 million collectors and 600,000 creators, the platform has generated nearly \$30 million in rewards and \$376 million in volume. The token will launch on Base, with 10% rewarded to users via retroactive airdrop.

Robinhood hosted a trivia game in its mobile application over two days, providing more than \$2 million in Bitcoin and Dogecoin prizes to participants.

Sky Mavis, creators of Axie Infinity, announced Axie Infinity: Atia's Legacy, an upcoming cross-platform massively multiplayer online game due for a summer 2025 alpha playtest on the Ronin network.

THNDR released a skill-based blackjack game with Bitcoin Lightning network-powered payouts.

Ethereum-based trading card game Parallel hosted its first-ever Parallel League Championship esports competition, with professional Hearthstone player Jaromír "Jarla" Vyskočil taking home first prize, bagging \$100,000 in the process.

JOB MOVEMENT



Jump is looking to hire a clutch of crypto engineers and plans to start filling US policy and governmental liaison roles in due course – tied to ramping up its crypto trading operations.

The Ethereum Foundation is adopting a new leadership structure, appointing researchers Hsiao-Wei Wang and Tomasz Stańczak as its co-executive directors. The change comes as Aya Miyaguchi, the foundation's former executive director, transitions to become its president.

Danny Ryan joined Etherealize as a co-founder, hoping to bridge Ethereum to the real world by simplifying technical achievements and driving adoption, regulatory clarity, ecosystem development, and R&D.

Tether appointed Simon McWilliams, a finance executive with expertise in hedge funds, private equity, and digital assets, as its new CFO following a push for a full, independent audit after years of scrutiny of the stablecoin issuer's reserves.

Paradigm released its Policy Anchors, a set of guiding principles aimed at promoting crypto as neutral, egalitarian technology and shaping pro-crypto policy in DC, and globally. The initiative includes the addition of six bipartisan members to its Policy Council.

REGULATIONS, RULINGS & COMMENTARY



President Donald Trump signed an executive order (EO), calling for the establishment of a US Bitcoin strategic reserve and stockpile of other cryptocurrencies – formed with digital assets seized by the government in civil and criminal cases. Initially, the news disappointed traders who had hoped the order would see the US buy more Bitcoin, rather than just commit to holding its current stash. However, the US government is also opening the door for Scott Bessent and Howard Lutnick to purchase more Bitcoin over time, as long as there's no impact taxpayers. (See the "fact sheet," [here](#).)

The White House hosted its first ever crypto summit on Mar. 7. Attendees included prominent founders, CEOs, and investors from the crypto industry. President Donald Trump pledged to end Operation Chokepoint 2.0, said he hoped to sign stablecoin legislation by August, and touted his recent executive order creating a Bitcoin stockpile.

White House crypto “czar” David Sacks confirmed on Mar. 2 that he had sold all his crypto holdings, including BTC, ETH, and SOL, before joining the Trump administration. (Following Trump's Strategic Bitcoin Reserve executive order, Sen. Elizabeth Warren demanded immediate public disclosures from the crypto czar, citing concerns over conflicts of interest.)

Shortly after the summit the Office of the Comptroller of the Currency issued updated guidance for financial institutions serving cryptocurrency companies which told banks to now use their own risk mitigation tools to assess how to service the industry.

The US Senate voted 70-28 to overturn a controversial crypto tax rule requiring custodial brokers (e.g., DeFi companies) to collect and report user data to the IRS. The resolution, backed by Trump, now moves to the House for a vote before potentially becoming law, amid industry concerns over privacy and innovation.

US lawmakers Ritchie Torres and Tom Emmer announced they're forming a “Congressional Crypto Caucus” to advance crypto-friendly policies in the US House of Representatives. They said: “We hope to build a unified, bipartisan coalition to cement America’s leadership in the future of digital assets and blockchain innovation.”

US Senator Tim Scott is championing a bill to prevent banking regulators from using “reputational risk” as a justification for steering banks away from legally operating businesses, a move driven largely by concerns over crypto debanking.

Japan’s ruling party seeks to categorize cryptocurrency under the Financial Instruments and Exchange Act and introduce a separate tax rate of 20%, akin to that applied to stock investments. (Japan currently imposes taxes of up to 55% on crypto gains as cryptocurrency is classified as miscellaneous income.)

President Nayib Bukele of El Salvador agreed to difficult loan terms from the IMF to keep his administration afloat. Financial disclosure terms of the 40-month, \$1.4 billion extended fund facility arrangement require the doxxing of wallet addresses and BTC holdings of all legal persons controlled by the state, including Chivo users in the government.

A technology advocacy group said the Philippines needs to become a “blockchain-level” asset to AI development.

Global fiat on/off ramp service Transak obtained its Digital Currency Exchange (DCE) registration in Australia, marking a major step in its international expansion. The company received its DCE registration from the Australian Transaction Reports and Analysis Centre (AUSTRAC), allowing it to operate as a fully compliant exchange in the country.

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

Bybit CEO Ben Zhou said that 20% of the \$1.4 billion stolen in the exchange's record hack has “gone dark,” while 77% remains traceable and 3% is frozen.

North Korean state-sponsored cybercrime group Lazarus finished laundering the proceeds of its Bybit heist, funneling away ETH worth \$1.3 billion, according to onchain activity traced by MetaMask's head of security, Taylor Monahan. Monahan's Dune dashboard showed that THORChain was the hacker's protocol of choice, with 49% of transactions sent on its native DEX Asgardex and coin mixer eXch.

Blockchain wallets belonging to FTX and Alameda Research unstaked and distributed 3.03 million SOL worth ~\$431 million to 37 wallets on Mar. 3. Onchain wallet tracker Spot On Chain said that the transaction would be FTX and Alameda's largest unstaking event since Nov. 2023, and was likely part of a \$1.5 billion tranche of SOL set to be unlocked in early March.

The cause of Ripple co-founder Chris Larsen's ~283 million XRP (\$150 million) loss in Jan. 2024 was storing his private keys in LastPass, according to onchain sleuth ZachXBT.

The lead prosecutor investigating Argentine President Javier Milei's alleged participation in a scandal involving LIBRA has requested the freezing of \$110 million in assets related to the case and the recovery of deleted social media posts, including a Milei tweet promoting the Solana-based memecoin.

The FBI put a \$10 million bounty on ex-Olympian Ryan Wedding who allegedly laundered drug money with Tether. If convicted, Wedding faces life in prison.

Russian crypto exchange Garantex warned its users that "all USDT in Russian wallets is currently under threat" after Tether froze \$27 million worth of USDT on the platform.

Iris Ramaya Au, the ex-girlfriend of crypto entrepreneur Adam Iza (known as "The Godfather"), agreed to plead guilty to federal tax charges. In a plea, Au admitted to failing to report over \$2.6 million in "ill-gotten gains" derived from her ex-boyfriend's sprawling criminal operations. Au faces up to three years in federal prison for her role in facilitating Iza's fraudulent activities.

Police in India uncovered a large-scale crypto fraud operation that duped 2,000+ victims and led to losses of \$2.4 million. Assam police said they arrested three individuals in connection with the scam – Asadul Islam, Hashanur Zaman, and Kobad Ali Mollah – all accused of operating a fraudulent scheme under "RSN crypto."

Coinbase is demanding the SEC cough up a record of its spending on investigations and actions against the wider industry in recent years. It's filing a Freedom of Information Act request to obtain internal agency accounting for the expense of its enforcement campaign involving digital assets businesses.

American crypto exchange Kraken and NFT tech firm Yuga Labs said the SEC closed investigations of their platforms.

The SEC agreed on Mar. 4 to drop its enforcement case against crypto asset trading firm Cumberland DRW.

The US Department of the Treasury's Office of Foreign Assets Control (OFAC) sanctioned 44 Bitcoin wallet addresses and five Monero wallet addresses associated with the shuttered darknet marketplace Nemesis.

A US federal judge on Feb. 28 dismissed the SEC's fraud lawsuit against Hex and PulseChain

founder Richard Heart, ruling that the agency had failed to establish jurisdiction over the Finland-based crypto entrepreneur.

Kaitlyn Siragusa, a popular online streamer and content creator known as Amouranth, said that she was nearly robbed of her crypto after three armed men broke into her Texas home.

Australian Olympic breakdancer Rachel "Raygun" Gunn was previously best known for hopping like a kangaroo at the 2024 Olympics, but now she's being linked with her brother, Brendan Gunn, who stands accused of committing crypto fraud.

After Rabby's Safe integration was affected because Safe paused certain functionalities due to the recent Bybit hack, it restored user access to its Safe wallets on Ethereum.

MISCELLANEOUS

The cryptocurrency market's heightened volatility wiped out \$1 billion in liquidations from Mar. 3-4.

The sell-off coincides with growing risk aversion amid the Trump administration's new tariffs, which are set to push US trade barriers to historic levels.

An anonymous trader made a hefty profit by trading leveraged longs of Bitcoin and Ether ahead of Trump's crypto reserve announcement on Feb. 2. The trader deposited \$5.6 million USDC to decentralized perpetual swaps platform Hyperliquid, then used it to fund 50x leveraged BTC and ETH positions, putting the total value of their position at more than \$200 million. The trader ended up making a profit of \$6.8 million.

Crypto.com's Cronos blockchain proposed reissuing 70 billion CRO tokens previously burned in 2021 to create a \$5 billion "strategic reserve," sparking a backlash from investors who fear dilution and see it as reversing the token's deflationary gains.

Brazilian football icon Ronaldinho de Assis Moreira launched his STAR10 memecoin on BNB Chain, but a controversy erupted after security auditors flagged that developers initially had the power to burn users' tokens, an issue later rectified by renouncing contract ownership.

The National Cryptocurrency Association – a nonprofit that aims to "demystify" cryptocurrencies for US consumers – which received a \$50 million grant from Ripple debuted on Mar. 5. It will offer educational resources and other tools to help investors better understand the digital asset market, in addition to providing data about crypto adoption nationwide.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Conclusion from Coin Metrics’ “State of The Network” weekly report from 3/4/25. (Read the full report, [here](#).)

Crypto markets face renewed volatility, characteristic of patterns seen in previous market cycles. While markets were relatively resilient after Bybit’s hack, Bitcoin (BTC) experienced a >20% drawdown, falling to ~\$78K on February 28th. While this correction may have unsettled some investors, it's not uncommon to see pullbacks of this magnitude during bull markets. In 2017, when BTC ran up from ~\$9000 to ~\$19,000, it faced several drawdowns greater than 25%, which also occurred in 2021, during its rise to \$60,000.

Summary and conclusion from Glassnode’s “The Week On-Chain” from 3/5/25. (Read the full report, [here](#).)

The coiling of volatility over recent months has led to a widespread price contraction across all digital assets. This has precipitated significant loss taking events, and marks the second largest capitulation event of our current cycle.

For the Bitcoin market, decisive reactions around Short-Term Holder Cost-Basis at \$92k appear to be a key level to monitor for local momentum. If the market deteriorates further, the \$71k region is a key area of interest. It aligns with several technical, and on-chain metrics alike, making it an important level for the bulls to defend should it be reached.

Blockworks updated key metrics...

Total Crypto Market Cap	\$2.87 T
Bitcoin Market Cap	\$1.67 T
Ethereum Market Cap	\$258.12 B
ETH/BTC Ratio	0.03
Ethereum Gas Price	0.57 gwei
DeFi TVL	\$171.56 B
Fear and Greed Index	27 (Fear)

Arca: The First Crypto Bailout...

Equities were mostly unscathed in February even as crypto faltered, but last week, stocks sold off and bonds rallied further amidst weak housing data, mixed jobless claims, growth concerns, trade uncertainty, and declining consumer confidence. And while digital assets have largely been moving to the beat of its own drum this year, perhaps even front-running this sentiment shift in equities, there was no doubt crypto would decline further once other risk-assets joined the bearish sentiment brigade.

The digital assets market was again heading towards a large weekly drawdown, the 4th in the past 5 weeks, with no real support in sight. Bitcoin fell from a high of \$96k to a low of \$78k, finally catching up to the weakness in other sectors of the crypto market. The fear and greed index hit a 3-year low, indicating sentiment is as bad today as it was when every major counterparty and exchange was failing back in 2Q-3Q 2022.

I can't recall another time where bad sentiment has led to price declines, which eventually led to actual fundamental declines (volumes/transactions/revenues lower). Historically, fundamentals lead price action, which leads to sentiment changes, or sentiment diverges from fundamentals and creates a false indicator (similar to the fake selloff in May/Jun '21). The best explanation, in my opinion, for the digital assets weakness is "the emperor has no clothes". Meaning Solana (SOL), the market darling of the past few years and one of (if not the most) crowded long trades in crypto, was revealed to be dominated by memecoins and crime. And while this was well known, the market has always looked forward towards future, more relevant use cases, but is now only looking at the present.

And just when it looked like it couldn't get any worse, President Trump executed the first ever crypto market bailout.



Source: Truth Social

Ok. That's a bit tongue-in-cheek. But that's exactly what it felt like on Sunday morning following the announcement from President Trump regarding a US crypto reserve. The mechanism is, of course, different from previous government bailouts in 2008, 2020, and again in March 2023. Further, this is just an announcement, not a detailed plan, so you could argue it's just more lip service. Maybe this is more analogous to former ECB President Mario Draghi in 2012 giving his famous "Whatever it takes" speech, which supported prices by simply promising action even though nothing really happened.

Regardless, the announcement immediately caused a +10-40% jump in digital asset prices, showing both how oversold the market was, and how much it needed news about actual buying and not just future adoption.

It’s important to remember that the bailouts in ‘08, ‘20 and ‘23, and the ECB speech in 2012, restored confidence and put a floor under the equity and bond markets. Some call this moral hazard or the “Fed put”. Many (including myself) prefer free markets to government interference. But there’s no question that a big part of the 16-year equity and bond bull market has been driven by high confidence that there would never be a meaningful downside.

Digital assets have never had a backstop. That’s a big reason for the persistent high volatility of this asset class. Crypto has never had a "buyer of last resort" – no government intervention, no rotation from value investors. But it’s possible that it now has this backstop, or will, in short order, and market participants have to start pricing this in.

Now, we can argue for days about what assets should be included in a “crypto strategic reserve”. Clearly, BTC is viewed as digital gold, and central banks have stockpiled gold for centuries, so that may make the most logical sense. Most (including myself) think Cardano (ADA) and Ripple (XRP) are not the same caliber as, say Ethereum (ETH) or Solana (SOL) when it comes to key metrics:

Metric	Ethereum	Cardano	Differential/Ratio
Total Value Locked (TVL)	~\$50 billion	\$448.9 million (Q4 2024)	~\$49.5 billion (111x)
Market Capitalization	~\$250 billion	\$30.3 billion (Q4 2024)	~\$220 billion (8.3x)
Full-Time Developers	1,889	153	12.3:1 ratio
Daily Transactions	~1.1 million	71,500 (Q4 2024)	15:1 ratio
Active Addresses	Millions	42,900 daily (Q4 2024)	~23:1 ratio

But there is another wrinkle here. Stockpiling a lot of different smart contract protocol assets like ADA, ETH and SOL is a lot different than buying tech stocks. Tech stocks can't be utilized. Buying those would be pure financial investments by the US government.

Digital assets, on the other hand, have always been at the intersection of investment and payments. These innovative contract platforms derive value from finance (cash flows), utility (spending gas, collateral), and social value. If the world is going to run on blockchain one day, the US government will of course be one of the biggest users, and would require the most tokens for paying gas, collateral and other use-cases. So perhaps just ending this foolish Layer-1 blockchain race right in its tracks by just anointing a few winners, and loading up on those tokens, could end up being strategic after all.

Highlights from Travis Kling's (CIO – Ikigai Asset Management) monthly commentary...

Opening Remarks

February was a pretty shit month. Also just a weird month. Bybit got hacked by North Korea to the tune of \$1.4bn in ETH. Apparently that's the largest heist of any sort in human history. Whoah. The Central African Republic launched and immediately collapsed a memecoin. Dave Portnoy launched and immediately collapsed MULTIPLE memecoins. Changpeng Zhao launched a memecoin about his dog that immediately collapsed. And then the crescendo (God willing) of this absurdity - Javier Milei launched a memecoin with some autistic crypto scammer no one's ever heard of. That memecoin also collapsed in hours, the scammer made off with \$100mm (and then did an interview talking about his crimes) and tons of people lost money. Milei is under investigation in Argentina for it. Kanye West thought hard about running the same memecoin playbook but backed out ON MORAL GROUNDS. Let that sink in.

Macro was a bit messy as well, with Trump tariff fears rippling through the market a couple different times in February, combined with fears of significantly reduced government spending, and its impact on GDP. We even threw in a little weak economic data and lofty stock valuations for good measure. It's unclear how much of the tariff stuff is just Trump posturing for negotiating leverage, because he announced tariff dates and then pushed them back a couple times. But the overall multifaceted uncertainty has macro broadly somewhat spooked.

It wasn't all bad. You can check the highlights below. The SEC moved swiftly in keeping the promises made by the Trump campaign – immediately reversing course from all the damage Gensler did while at the helm. That was mostly expected (and “priced in”), but still impressive to see nevertheless. Overall, pretty choppy. BTC is probably fine, it's off in its own world. Alts are in the midst of an ongoing come-to-Jesus experience around their value proposition, or lack thereof. Doesn't look like it's going to get resolved in March.

You Thought the Vibes Were Bad a Month Ago?

Last month's main section was entitled “Hilariously Shitty Vibes For BTC \$100k”. You thought the vibes were bad a month ago? Like I said at the beginning of this letter, February was a pretty shit month.

The hack just sucks - a reminder of the magnitude of this type of risk that's present 24/7/365 in crypto. I'd say the memecoin stuff was worse though - worse for ecosystem overall. Embarrassing. Pointless. Distracting. Nihilistic. Max extractive. All bad. No good. Paints crypto in a terrible light (as if it could get worse to the outside world). Price action matched how shitty the headlines were. BTC had its second worst February ever. Alts had it much worse. SOL was -36% in Feb.

Nearly 4 months since the election, what is now crystal clear is that there is not significant, sustained inflows into Alts broadly. We had a big pump in the wake of the election – Alts did about a double in a month. But that Alt pump was broadly over the first week of December and has now retraced more than half of that up move (and looks to likely be heading lower). SOL is currently ~10% below its election day price. So what we now know with a few months of hindsight is that a Trump win, and all the positivity for crypto associated with it, was not sufficient to bring a lot of new capital into Alts. And all those Alts still have bagholders and a lot of them have unlocks and VC token holders that got in early that need to return capital to LPs.

Why didn't a Trump win and all the positivity for crypto associated with it drive significant inflows into Alts broadly? Why has the market been such strong sellers for months now, even with a backdrop of

tremendous support from the US government? Because of “a lack of pretense that any of this shit does anything or will ever do anything” – a topic that’s been discussed here consistently for over a year and incrementally updated over that time as well.

On 11/1/24 I said-

My guess is, a Harris win will elicit a sort of identity crisis in crypto, or rather exacerbate an already existing identity crisis in crypto, which we’ve been talking about here for a while. If Trump wins, the immediate excitement will wash away those identity crisis feelings, at least for a period of time. And we will get helpful regulatory clarity and a much more supportive government in general and that will basically be a new hand of cards to play with. Doesn’t mean a Trump admin is the blanket panacea for what ails us, I don’t think that’s true. BTC and stablecoins will still have product-market-fit, and that PMF will likely grow in a Trump admin. But there will still be a lingering “core utility” issue with Alts. Solutions looking for problems at best, vaporware grift at worst, and a whole lot somewhere in the middle.

On 12/1/24 I said-

What about the rest of crypto? Crypto in 2025 will likely be defined by a MUCH more favorable regulatory environment. Settlements and no action letters from the SEC and CFTC. Executive orders from Trump. Various edicts out of the Crypto Czar. I think that all happens rather quickly, and legislation gets nailed down over a longer timeframe, perhaps the next year or so, before passing in 2026. This is highly likely to open up crypto to more capital inflows, as the US regulatory risk becomes massively diminished. I would expect to see token structure changes start to occur in 2H-25 – incorporating security-like features that drive more compelling value accrual. Out with the worthless governance tokens, in with the yield-bearing, token burning pseudo-securities. I think having US regulatory clarity will open the door for major traditional/Web2 companies to get involved in crypto – think GTA6 including crypto in its release, that sort of thing. There were plenty of rumors in 21 of these sorts of things – big companies on the precipice of getting involved in crypto in one way or another. Then 22 killed all that. I think we actually see some of those rumors come to fruition in the next 18 months. We will likely get more spot crypto ETFs. SOL and DOGE may be first up, but we may very well get a whole bunch of them.

I’ve spoken about this many times here, but just to reiterate – Alts broadly have a “core utility” problem. There are some who would argue that an adversarial US regulatory backdrop has been A, and perhaps THE main driver of this “core utility” problem. And now that we’re going to clean up all those regulatory issues and have a nice clean backdrop for crypto, this “core utility” problem is going to magically vanish as numerous compelling use cases that gain significant mass adoption finally just appear. I would be wary of that view. A good regulatory backdrop is going to be helpful, without a doubt. But Alts broadly have a bigger issue than that. Outside of Bitcoin and stablecoins, the overwhelming majority of crypto projects are somewhere between solutions looking for problems and vaporware grift. I don’t think that fact magically changes with supportive regulations. But it’s certainly a great start.

On 1/1/25 I said–

A year ago today, in the closing remarks of my Jan 1, 2024 letter I said –

"It appears to me that this cycle is starting off with less pretense than prior cycles. I actually think there is LESS expectation this time around that any of this shit does anything or will EVER do anything. That's not to say there's not an expectation for much higher prices. That's not true at all. The general expectation is for BTC to hit ATH in the next year or so and a bunch of Alts to massively outperform."

That came true in spades in 2024. Prices went much higher and crypto didn't really do much... Lol. Let me break it down further for you, lest you think I'm glossing over some stuff. Let's think about the most successful crypto products of 2024–

- **Pump.fun, HyperLedger, Ethena, Echo** – These are "meta use cases". Use cases that are entirely self-contained within crypto.
- **Polymarket** – Objectively a huge success. But I am wary they can maintain high levels of volume post-elections (we shall see).
- **Base** – Tons of transaction volume, but very little actual underlying usage of the projects launched on the chain. Also, a large portion of the transaction volume is likely airdrop farming.
- **Helium Mobile** – Great project. Incentivizing a 5G Wifi mesh network. That's legit. But AFAIK, they currently have ~500,000 subscribers (I could be wrong on that). That's a good start. If that number is 10mm a year from now, we'll be talking about a real success.
- **Virtuals, ai16z** – Hugely successful agent launching platforms. Yet, when you drill down into the actual agents themselves, they have very little to show for themselves at this point (it is still very early).
- **Terminal of Truths/GOAT** – IMO the most fascinating thing that happened in crypto in 2024 by far. Spawned an entirely new sector and opened up imaginations to crazy new possibilities down the road. But at time of writing, ToT is a twitter account with an LLM writing the tweets and a human approving them, and GOAT is a \$600mm market cap memecoin and really not much else. TBD what happens there.

So that's the point I'm trying to make. Total crypto market cap went from \$1.8tn to \$3.4tn in 2024, an increase of ONE POINT SIX TRILLION DOLLARS, and we really didn't do all that much new. Bitcoin accounted for \$1tn of that \$1.6tn increase, and Bitcoin didn't do anything at all other than the same thing it's been doing since Jan 3 2009 – spitting out new blocks every 15 minutes. It's just the world around Bitcoin that changed so much in 2024.

So there's your answer – the same drum I've been beating for a long time. Alts by and large don't do anything. The curtain was pulled back on that with the damage that was done in 2022. 2+ years later we're still living in the aftermath/shadow/hangover of the collective realization that Alts just don't have much to show for themselves - certainly nothing that would even come close to justifying their current \$1tn aggregate market cap (even after the 30% decline in Feb). Fast forward to March 2025, it's clear the billions of dollars of capital on the sidelines watching crypto, waiting for compelling reasons to buy, have not been induced to step in.

Since the election, there has been a hope trade in Alts – "Trump wins. Tons of capital comes into Alts. That capital buys my bags from me. I ride off into the sunset." MANY market participants were in this trade. In real time, I think that hope trade is dying. The market is collectively realizing Alts are not getting bailed out by the Trump win. There was strong price action the first month after election. And then chop for the next ~6 weeks and now in February we had a breakdown.

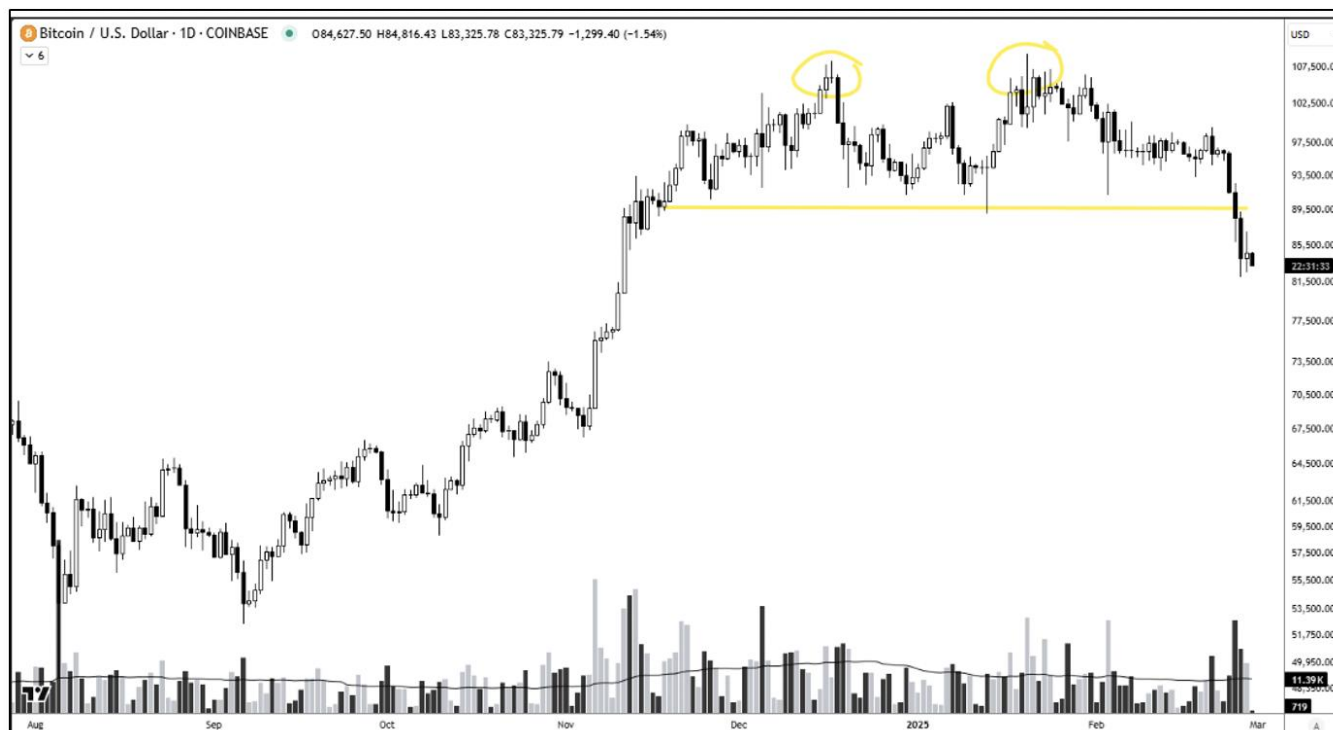
This situation is actually exciting to me. I'm excited right now because I can feel crypto maybe capitulating in a way that can POTENTIALLY lead to more positive things down the road. Milei may have been a crescendo moment, and we are currently in the immediate wake of that crescendo – the market letting go of all the memecoin insanity and the vaporware grift. Crawling out of the malaise that we've been stuck in. Painful now, but this is a good thing longer term. We can begin to move on to the next thing and hopefully that will be more positive. TBD on how long that takes.

Market Update- Liquid Crypto Asset Investing

	Feb	Jan	YTD	2024	Q4-24	Q3-24	Q2-24	Q1-24	2023	2022
BTC	-18%	10%	-10%	121%	48%	1%	-12%	69%	155%	-64%
ETH	-32%	-1%	-33%	46%	28%	-24%	-6%	60%	91%	-67%
XRP	-29%	46%	3%	238%	240%	29%	-24%	2%	81%	-59%
BCH*	-26%	-2%	-27%	36%	25%	-12%	-44%	121%	157%	-75%
EOS	-29%	2%	-27%	-8%	50%	-11%	-48%	30%	-2%	-72%
BNB	-13%	-3%	-16%	124%	24%	-3%	-4%	94%	27%	-52%
XTZ	-30%	-15%	-40%	28%	82%	-11%	-43%	40%	39%	-84%
XLM	-31%	25%	-14%	157%	237%	8%	-35%	9%	81%	-73%
LTC	0%	24%	24%	42%	54%	-11%	-28%	44%	4%	-52%
TRX	-8%	0%	-8%	136%	63%	25%	1%	14%	98%	-28%
Aggregate Mkt Cap	-21%	7%	-15%	96%	46%	-4%	-14%	63%	119%	-64%
Aggregate DeFi*	-29%	11%	-21%	50%	52%	-15%	-21%	47%	132%	-77%
Aggr AIts Mkt Cap	-20%	4%	-18%	72%	47%	-13%	-15%	58%	90%	-64%

Source: CoinMarketCap and Coingecko. As of 2/28/25. BCH includes SV.

At first glance, BTC looks like it double topped in Dec and Jan and then broke down in late Feb—



For expected support, there's been a focus on the low \$70's-



Low \$70's would be a 30-35% pullback from the top. Currently the pullback has been 25% from the top-



The current pullback is right in line with prior pullbacks since the FTX bottom-



Low \$70's would make this the largest pullback since the FTX bottom, although still pretty light by historical BTC standards. In the last bull, we did an approximate double top (or failed breakout) that was spread across 10 months and had a 55% drawdown in between-



There has been a lot of conjecture (as well as some evidence in Sam's trial) that the second top in late 21 was significantly driven by Alameda/FTX, desperately using customer funds to manipulate the market higher so they wouldn't implode. So I'm not entirely sure how relevant that price action is this time around. That's even more true now with spot ETFs, which have caused significant changes to price discovery for Bitcoin.

You may recall this chart and commentary from Sept 1, 2024-

Overall, this last six months of trading for BTC has been so tricky it's difficult to label the whole thing a "range" at all. What it looks like to me is three consecutive range breaks that led to failed breakdowns followed by swift recoveries.



SOURCE: TRADINGVIEW, AS OF 8/29/24.

Granted, we have also been making lower highs for six months on the top side. So another way to characterize the last six months is simple lower lows and lower highs. Zooming out, a third way to characterize the last six months is simply consolidation at prior ATHs. All three of those labels are accurate. In any case, it's def been tricky price action and has crypto traders banging their heads against the wall. Perhaps they should consider Quiet Quitting??

A series of three failed breakdowns caused by buyers stepping in when BTC is 20-25% off the top. I would characterize this as new behavior for BTC, and it would make all the sense in the world that this dip buying is a new type of deep-pocketed, patient, long term buyer that as of ~13 months now has safe access to buy the BTC dip in big size through Blackrock and Fidelity. That's a gamechanger.

It is worth noting that since we've had the ETFs (Jan 2024), the macro backdrop has been directionally supportive. We've had macro hiccups (namely Yen carry trade unwind in August), but they've subsided quickly, and risk assets have generally grinded higher. NASDAQ is +22% since IBIT launched, so the macro backdrop has been supportive-



Thus, we haven't actually seen BTC price action with ETFs AND with a negative macro backdrop. If that were indeed what we're seeing the beginnings of right now, will we still get those dip buyers down 20-25% that put bottoms in?

IMO it would depend on how negative the macro backdrop is – what type and expected duration of negativity are we talking about here? Our current flavor of macro fear is a hazy, nondistinctive one. It's fair to label it mostly as different types of Trump uncertainty. Will D.O.G.E. cut so much spending that it pushes the economy into recession? Will the tariffs drive inflation to uncomfortably high levels? Will inflation be driven high enough that the Fed will have to eventually raise interest rates?

The answer to that last question strikes me as the answer to whether: 1) dip buyers will show up in size down 20-25%; or 2) sellers overwhelm at those levels and we go do a down 40% or greater. If the Fed has to do an entire about-face and embark on a new hiking cycle to try and quell inflation, that strikes me as the kind of thing that could cause BTC to do a down 50% from the top. I wish I could say I have a strong view on the likelihood of that rate path, but I don't. There are too many moving pieces with all of the initiatives of the Trump administration, and too much uncertainty around the likelihood, timing and degree of impact of those various initiatives. But this is a fear that is spooking markets broadly at the moment.

Short of an outcome that dire, I do think tariffs could spook the market further in the near term, perhaps sending BTC to the high \$60s, which would be nearly a 40% decline from the top. Seems like that would align with a ~15% decline in the NASDAQ, which happened last year at the apex of the Yen stress-



Is there a chance the BTC high is in for the year, or even multiple years? Sure. If the Fed ends up raising rates later this year, it would be my base case the 2025 highs are in for BTC. I just don't have a good sense of how likely that is. Let me know if you have a strong view.

I do think what we now know, is a \$2tn market cap on BTC is a pretty heavy load to carry. It simply requires a LOT of buying to drive BTC up over \$100k, and there are plenty of sellers at that level. For all the good that happened for BTC between Dec and Feb. For all the Saylor buys and ETF inflows, BTC has not spent much time at all over \$100k-



BTC may just need to consolidate in the \$80s for some number of months while all the Trump moving pieces get some clarity. If/when that uncertainty abates in a reasonably positive manner, BTC makes another run at \$100k and beyond. At some point along the way, we'll likely get news from David Sacks on a Digital Asset Stockpile. If he announces the US government will no longer sell seized BTC, we should get a decent pop but probably nothing crazy. If he announces the US government will be buying BTC through the Treasury, BTC will immediately go much higher. But I don't think that's going to happen.

Alts took a beating in February and it's not clear to me they're out of the woods yet. As mentioned earlier, there's a Trump Alt Hope Trade that's likely dying in real time. Not sure what would change that in the next month or two.

ETHBTC had a nasty wick in early Feb on Trump tariff tweets and is continuing to trade weak after trading weak for 2 ½ years. ETHBTC is now back at Dec 2020 levels-



"Total3" (Aggr Mkt Cap - BTC - ETH) did a clear double top from last cycle and has now retraced 65% of the move up immediately after the Trump win-



Just to drill down into the makeup of this chart, here's the monthly and YTD performance for the top coins-

BTUSD BITCOIN / U.S. DOLLAR	81,039.17	1.61 T	-20.06%	-13.21%
ETHUSD ETHEREUM / U.S. DOLLAR	2,175.00	262.26 B	-29.35%	-34.77%
XRPUSD XRP / U.S. DOLLAR	2.0660	119.72 B	-32.45%	-0.72%
BNBUSD BINANCE COIN / US DOLLAR	582.1	82.94 B	-12.00%	-17.02%
SOLUSD SOLANA / U.S. DOLLAR	130.27	64.91 B	-42.66%	-31.12%
DOGEUSD DOGECOIN / US DOLLAR	0.1932	28.64 B	-39.30%	-38.86%
ADAUSD CARDANO / US DOLLAR	0.612	21.55 B	-33.19%	-27.49%
TRXUSD TRON / US DOLLAR	0.22139178	19.06 B	-7.85%	-13.25%
WBTCUSD WRAPPED BITCOIN / US DOLLAR	80,715.8648	10.44 B	-20.27%	-13.55%
LTCUSD LITECOIN / U.S. DOLLAR	124.668464	9.42 B	13.45%	20.69%
LINKUSD CHAINLINK / US DOLLAR	14.1554377	9.03 B	-37.44%	-29.21%
AVAXUSD AVAX / US DOLLAR	21.0371909	8.71 B	-34.44%	-41.00%
XLUSD STELLAR / US DOLLAR	0.26769999	8.21 B	-31.95%	-19.56%
TONUSD TON / US DOLLAR	3.25474039	8.12 B	-31.96%	-40.76%
SUIUSD SUI / US DOLLAR	2.62429805	8.11 B	-28.21%	-36.26%
HBARUSD HEDERA HASHGRAPH / US DOLLAR	0.19228675	8.06 B	-35.70%	-28.58%
DOTUSD DOT / US DOLLAR	4.68	7.27 B	-17.17%	-29.41%
OMUSD OM / US DOLLAR	7.35120659	7.16 B	63.77%	92.41%
BCHUSD BITCOIN CASH / U.S. DOLLAR	283.647137	5.63 B	-30.91%	-34.59%
UNIUSD UNISWAP / U.S. DOLLAR	7.4330968	4.46 B	-33.28%	-43.94%
NEARUSD NEAR / US DOLLAR	2.91841497	3.47 B	-31.85%	-40.47%
APTUSD APT / US DOLLAR	5.8807379	3.46 B	-18.30%	-32.43%
ICPUSD ICP / US DOLLAR	6.37	3.07 B	-25.32%	-35.33%
AAVEUSD AAVE / US DOLLAR	191.540461	2.89 B	-32.52%	-37.91%
ETCUSD ETHEREUM CLASSIC / U.S. DOLLAR	18.0128053	2.72 B	-27.86%	-28.02%
TAOUSD TAO / US DOLLAR	312.631603	2.63 B	-30.73%	-29.09%
POLUSD POL / US DOLLAR	0.26562991	2.28 B	-31.75%	-41.33%
VETUSD VECHAIN / US DOLLAR	0.02663727	2.16 B	-35.91%	-39.37%
FILUSD FIL / US DOLLAR	3.1076819	1.99 B	-29.04%	-37.16%
ALGOUSD ALGORAND / US DOLLAR	0.22560093	1.91 B	-37.83%	-32.40%
TIAUSD TIA / US DOLLAR	3.5008816	1.9 B	-7.92%	-24.19%
SUSD S / US DOLLAR	0.64876345	1.87 B	47.80%	-10.28%
RENDERUSD RENDER / US DOLLAR	3.54290793	1.83 B	-35.93%	-47.77%
OPUSD OP / US DOLLAR	1.07411146	1.74 B	-21.63%	-38.65%
ATOMUSD COSMOS / US DOLLAR	4.3706092	1.71 B	-22.87%	-29.16%
FETUSD FETCH.AI / US DOLLAR	0.62816292	1.5 B	-35.79%	-50.55%

Source: Tradingview. As of 2/27/25.

Excluding BTC, those names are down 26% YTD on average. I don't see anything on the horizon that would lead me to believe a significant, broad-based Alt rally will materialize. We could get some brief pumps and we could certainly have some individual names do well for all sorts of reasons. But the 21-style Pumpfest I just don't think is on the table. Not this year at least. We can't convince the capital the required to cause that kind of price action to actually come in.

SOL got the worst of it in Feb. Down 55% in a straight line from the moment Trump launched and collapsed the TRUMP and MELANIA memecoins-



A major driver of this price action is likely the upcoming March 1 FTX estate unlock, to the tune of 11.2mm units of SOL. That's a big number. The buyers of the locked FTX SOL are sitting on big UPNL, even after this price correction. They want to hedge that and then realize it. It would not be surprising at all if many of those 11.2mm SOL were going to be sold in bulk via OTC. And that the price for that sale would be calculated as a discount to TWAP and that TWAP period would be going on right now. So buyers are incentivized for price to be lower.

On the positive side, spot SOL ETFs should be coming pretty soon. CME is officially launching SOL futures March 17th. So maybe spot SOL ETFs are in the next 1-3 mos. Maybe 6. Maybe YE on the longer side of things. IDK. But pretty soon. And just two months ago I would have said there is likely significant demand for spot SOL ETFs. More than ETH... But that may be changing in real time.

The pitch to institutions over the last 18 months has been "you want to own the casino". I've heard it repeated hundreds of times - by well-respected senior tradfi types and by the most degen of degens. BUY SOL. OWN THE CASINO. Well, over the last 5 weeks we got TRUMP/MELANIA. Then Central African Republic. Then Changpeng's dog. Then Dave Portnoy. And then the Javier Milei crescendo.

So obviously, ridiculously extractive. Pointless. Nihilistic. Embarrassing. All bad. No good.

THAT'S "THE CASINO".

So what you may be seeing in real time is a dismantling, and unraveling of this investment thesis to "own the casino". The casino is too damaging to its customers. The games the casino empowers are quite literally killing the customers. I'll leave you an analogy-

Imagine a casino that puts just a pinch of fentanyl in every cocktail.

Short term, this looks like a great strategy. Customers can't stay away!

But pretty quickly you start losing customers. Soon, it's just fent dealers and a few zombies left.

Wanna own THAT casino?

Closing Remarks

Yeah. Probably not great near term. If the macro backdrop doesn't immediately escalate further, BTC should get a decent bounce and Alts prob get some kind of lift to go along with it (off of very oversold levels). But I think Alts will continue to struggle in general in the coming months. There is an outcome where we are in the midst of a multiyear re-rating of Alt market cap relative to BTC.

You've seen a version of this chart here before. Adjusted Alt Dominance. The purple box is the Alt mania of early 2021. That's the trade so many were waiting on in Q1-25, four years later-

It seems pretty clear at this point that nothing like that purple box is happening any time soon. The fundamentals for Alts simply aren't there, and the market seems generally unwilling to bid them a lot higher in the absence of more positive fundamentals. This is, while painful for Alt bagholders, a healthy thing.

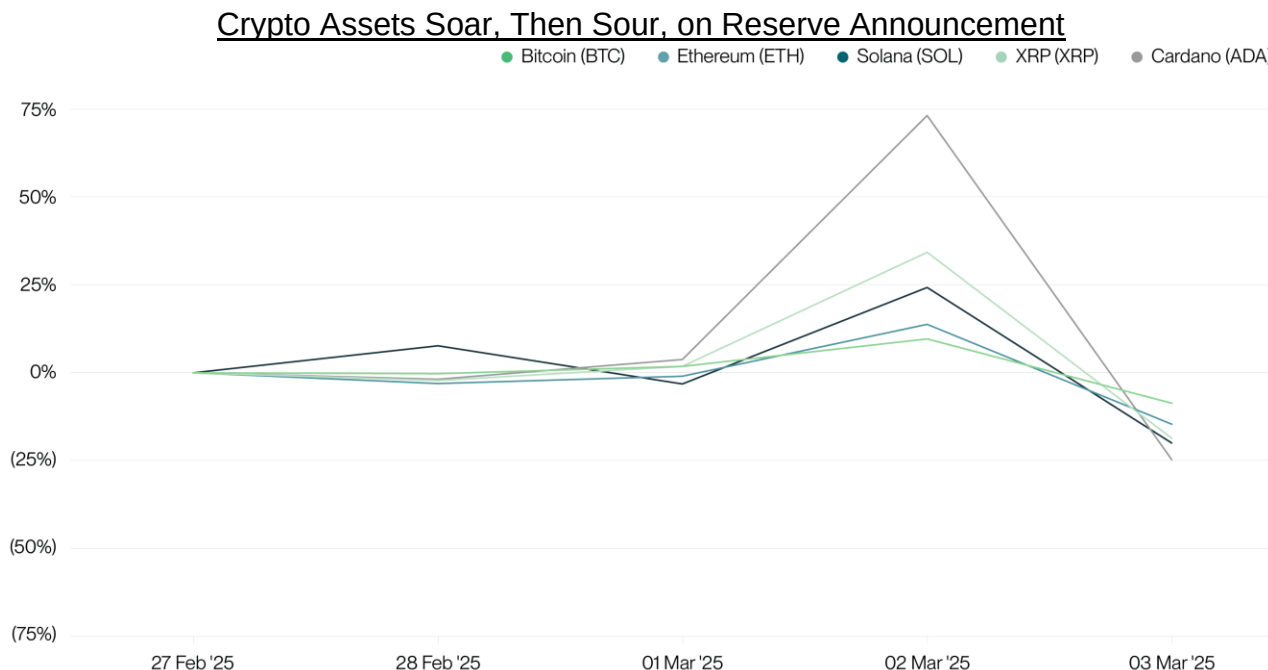
The yellow squiggly line would be an Alt reckoning. It's an outcome over the next two years where Alts just keep bleeding, IMO because they can't find traction with use cases that justify their lofty valuations. It's not that Alt experimentation would die. I don't think that's happening any time soon. It would just be a reset of valuation levels. It's not all worth a trillion. It's worth half that. Or a quarter of that. And it gets there over the next two years while the whole Alts industry shifts to more legitimacy and firmer footing with a backdrop of regulatory support. IDK if that's my base case but I could def see it happening.

Matt Hougan's (Bitwise) Weekly CIO Memo: "The Market Has This Wrong: Thoughts on Trump's Strategic Crypto Reserve – The Market Is Overthinking Things. For All the Flaws in the Rollout, the Reserve News Is Bullish."

A strange thing happened over the past few days.

On Sunday, President Trump announced that the United States of America would create a strategic crypto reserve holding five crypto assets: Bitcoin, Ethereum, Solana, XRP, and Cardano.

Markets initially soared on the news, with Bitcoin jumping immediately from \$85,000 to \$95,000. But as Sunday turned to Monday, markets began to pare back. As I write this memo, Bitcoin and the other assets named in the announcement have given back all their gains and then some.



Source: Bitwise Asset Management with data from CoinGecko. Data from February 27 to March 3, 2025.

You might ask: Why? Isn't this good news?

The short answer to that is "yes" – more on that in a minute. But that's not what you're seeing in the market. Instead, market participants have soured on the announcement because the proposed reserve holds more than Bitcoin.

In particular, the inclusion of speculative assets like Cardano feels more calculating than strategic.

Several crypto luminaries have raised questions about the reserve and the inclusion of non-Bitcoin assets. At Bitwise, we think the best version of a reserve would be Bitcoin-only as well.

But despite the flawed rollout, I think the market is misreading things. In the end, this is bullish, and I think the market will come around to this view sooner or later.

Here are three things I think the market is missing:

Takeaway 1: The First Proposal Is Not the Final Proposal

One thing we've learned by now is that Trump's initial proposal is rarely his final. That's been true of tariffs, and it's probably true here.

Over the coming days, big names from the crypto industry will make their feelings felt about the reserve idea. On Friday, for instance, White House crypto czar David Sacks is hosting a Crypto Summit at the White House with industry leaders, where I imagine the proposed reserve will be a key topic.

It's possible that the pushback from this announcement will be large enough that the entire concept of the reserve gets scrapped, or perhaps limited only to assets that the US government already holds from previous seizures. But I doubt it.

In fact, I think the boldness of the initial proposal has widened the Overton window for what the reserve can be. Until Sunday, the very idea of a strategic crypto reserve seemed unlikely. Now, a Bitcoin-only reserve sounds almost conservative.

After the dust settles, I suspect the final reserve will be nearly entirely Bitcoin, and it will be larger than people think.

Takeaway 2: Other Countries Are Now More Likely To Buy

While markets worry about the US political response to the five-asset proposal, it's important to remember that the most important consumers of this news are not here in the US, but abroad.

The reason some Bitcoiners have been excited about the idea of a US strategic Bitcoin reserve is they predict it would spark a global race. Countries would position themselves for the emergence of Bitcoin as a globally important monetary asset.

Assuming some version of the US reserve comes through, it's hard to imagine that other national dominoes will not fall. It's already an emerging trend: El Salvador, Bhutan, and Abu Dhabi have all publicly acquired Bitcoin, and rumors suggest that other countries are buying as well.

If you are Honduras, Mexico, or Guatemala, and you're watching El Salvador and now the US acquire Bitcoin, can you really afford to be at zero? If you're Dubai, Qatar, or Saudi Arabia, are you comfortable with Abu Dhabi and the US taking the lead? What about Russia? China?

This week's announcement – as imperfect as it is – marks the first time the US has ever said that Bitcoin is a strategic asset. As long as that stays intact, it feels like a game-changer to me.

Takeaway 3: Once Bought, Crypto Will Likely Not Be Sold

Some observers worry that the creation of a Strategic Crypto Reserve under President Trump will lead to vacillating cycles of sales and purchases as elections come and go. When Trump leaves office in four years, could a Democrat take control and sell the US's crypto?

This strikes me as unlikely. There is asymmetric passion for crypto in this country: There are a significant number of people who love crypto and a relatively small number who hate it. We learned this in the last election, where the GOP's courtship of crypto gained it many votes while Democratic hostility gained few. I suspect that any crypto that is purchased will be held for a very long time, like the US's gold. Democratic leaders won't want to alienate voters at little benefit to themselves.

Conclusion

It's frustrating that crypto can't get a clean win these days. If Sunday's announcement were "just" for a strategic Bitcoin reserve, I imagine markets would be higher. The inclusion of small-cap assets in the announcement unnecessarily complicated matters. The biggest risk is probably that the market sours so much on the proposal that a simplified Bitcoin-only reserve is scrapped as well.

But I think that's unlikely. The Trump administration so far seems to follow through on its policy goals, and I expect some version of this proposal will end up going forward. And while the rollout and specifics have been imperfect, I suspect the final version will look pretty good.

Ultimately, the market's initial take strikes me as the right one: The US government declaring crypto assets "strategic" is bullish. I think the market will eventually realize that.

Grayscale Research published "February 2025: Progress, Potholes, and Opportunity ." (See summarized points below. Read the full piece, [here](#).)

- Crypto valuations pulled back in February 2025 alongside rising macro risks and declines in technology share prices. The hack of a major crypto exchange and lower memecoin trading activity may also have weighed on the market.
- At the same time, the US regulatory backdrop for the crypto industry continued to improve: the SEC ended or paused a variety of enforcement actions initiated under prior leadership, and a bipartisan group of senators introduced new stablecoin legislation. In breaking news over the weekend, President Trump also highlighted a proposed Crypto Strategic Reserve.
- Shifts in the macro outlook could remain a source of volatility for crypto markets over the near term. Given improving industry fundamentals, the decline in token valuations may create a compelling entry point for long-term-oriented investors.