



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

7th December 2025

BITCOIN-RELATED



NYDIG: After a brief burst of BoJ-induced volatility early in the week, Bitcoin regained its footing and surged back above \$92,500, finishing the week up 1.2%. Despite the rebound, the broader crypto market remains divided on whether this is simply a pause in a longer secular bull run or a sign that momentum has cooled. Against this backdrop, stablecoins, and Bitcoin ETFs returned to net inflows, an encouraging sign that capital is again rotating into crypto after a period of hesitation.

BlackRock CEO Larry Fink opened up about his “evolved” attitude toward Bitcoin and crypto at a DealBook event. He stated: “I see a big, large use case for Bitcoin, and I still do today... You own Bitcoin because you’re frightened of your physical security. You own it because you’re frightened of your financial security. The long-term fundamental reason you own it because the debasement of financial assets, because of deficits.” Fink teased that sovereign wealth funds are buying Bitcoin (or Bitcoin ETFs) amid the recent price dips, saying “there are a number of sovereign funds that are standing by,” and they’re “adding incrementally.” Fink also warned that the US risks falling behind other countries if it fails to embrace tokenization and AI.

JPMorgan said it is sticking to its Bitcoin vs. gold model target, which would see BTC hit \$170,000 over the next year.

Indiana House introduced a bill (House Bill No. 1042) that would let state pension plans offer Bitcoin and crypto ETF investments while blocking local restrictions on digital asset activity.

\$5 trillion Fidelity CEO Abigail Johnson said: “I like Bitcoin. I own Bitcoin. It will play a role in the savings hierarchy.”

Strategy chief executive Phong Le spooked the market when he said the company could consider selling some Bitcoin if its so-called mNav (multiple to net asset value) falls below one, something that it's come close to or has already happened, depending on how you measure it. Le said: “As we're looking at Bitcoin winter, as we see our mNav compressing, my hope is our mNav doesn't go below one. But if we did and we and we didn't have other access to capital, we would sell Bitcoin.”

Strategy disclosed a purchase of 130 Bitcoin for \$11.7 million, bringing its total holdings to a value of 650,000 BTC. Strategy said its new \$1.4 billion cash pile can fund nearly two years of dividends and interest without touching its roughly \$59 billion Bitcoin stash, and hinted it may lend some coins in the future if markets tighten and traditional finance keeps adopting BTC.

Strategy Chairman Michael Saylor acknowledged the company is in talks with index giant MSCI over a possible removal from its benchmarks – a move JPMorgan warned could spark almost \$9 billion in outflows – while noting that Bitcoin’s drop has amplified pressure on the BTC-linked stock.

American Bitcoin increased its treasury to 4,367 BTC after buying another 363 BTC during November's market slump, continuing what the Trump brothers-backed firm called its “strategic accumulation.”

Bitcoin treasury company ProCap Financial announced a unique compensation structure, adopting a “moonshot” compensation structure, which includes CEO Antony Pompliano’s annual salary will be \$1 with 100% of his personal equity compensation dependent on the company achieving significant milestones... Board members will take 100% of their equity compensation in a performance-based structure... And the SPAC Sponsor (Columbus Circle I Sponsor Corp LLC) and Professional Capital Management will put 100% of their founding equity in a long-term, performance-oriented structure.

INDUSTRY ADVANCES



Vanguard will allow trading of BTC, ETH, XRP, SOL, and other crypto ETFs and mutual funds on its platform starting on Dec. 2, reversing its long-standing opposition to crypto products while still refusing to launch any crypto funds of its own – and excluding anything tied to memecoins. The change gives over 50 million brokerage customers access to regulated crypto wrappers.

Bank of America shifted its stance on digital assets by telling its 15,000+ Merrill and Private Bank advisers they can now recommend a 1-4% crypto allocation and will begin formally covering four Bitcoin ETFs starting January 2026, opening the door for mainstream portfolio inclusion.

Cambridge Associates, which has spent 50+ years building custom portfolios for endowments, foundations, private clients, pension plans, healthcare systems, and other institutional investors, concluded that for investors with VC exposure, “having up to 1-2% exposure in blockchain-related assets at the total portfolio level is appropriate.”

Bitnomial, overseen by the CFTC, will introduce spot crypto trading in the US, offering leveraged trading.

Binance launched Binance Prestige, a high-touch service aimed at ultra-rich investors and family offices managing ~\$10M or more. It offers tailored support across onboarding, fiat access, custody, and reporting. Binance also introduced Binance Junior, a parent-supervised crypto app for kids aged 6 to 17, requiring parents to be fully verified Binance users with two-factor security before opening a controlled sub-account.

Coinbase launched an instant unstaking feature that allows users to unstake their crypto assets immediately by paying a 1% fee. The new option overcomes the traditional wait times for unstaking, which on blockchain protocols can take anywhere from a few minutes to several weeks depending on the asset.

Coinbase's Ethereum L2 network Base launched an open-source bridge to Solana, enabling direct asset transfers between the two chains.

Fusaka, the latest Ethereum upgrade, went live on Dec. 3, the blockchain's 17th major update that comes hot on the heels of the Pectra upgrade in May. “Fusaka's headlining feature is PeerDAS (Peer Data Availability Sampling),” Ethereum Foundation researchers wrote, allowing network validators to “sample” segments of data rather than downloading entire so-called blobs.

Ethereum developers are trialing a zero-knowledge-powered privacy system that lets users anonymously match for “Secret Santa”-style interactions, a technique that hides identities, prevents cheating, and may lay the groundwork for private voting, confidential DAO actions, whistleblowing tools, and stealth airdrops.

Web3 smartphone developer Solana Mobile plans to launch a native utility token for the Seeker ecosystem early next year.

Argentina's state oil company YPF is studying whether to let customers pay for fuel in crypto, a move that would likely depend on local exchanges such as Lemon, Ripio, or Binance because pump prices would need to reference “crypto dollars” rather than the official peso rate.

Drift, one of the largest perpetuals trading platforms on Solana, launched Drift v3, a major upgrade meant to make on-chain trading feel as fast and smooth as using a centralized exchange. The new version will deliver 10-times faster trade execution.

Axelar introduced AgentFlux as a privacy-preserving framework that lets financial institutions run AI agents locally so their trading strategies and private keys never leave their own systems, while also improving the accuracy of onchain automation by splitting tool-selection and execution into separate models.

São Paulo is rolling out a blockchain-based microloan program for small farmers using fintech firm Tanssi's custom infrastructure, offering fast loans of up to \$2,800 through a dedicated appchain that avoids the unpredictability of public blockchains.

Prediction markets platform Polymarket officially launched its US-specific iOS app on Dec. 3, initially for waitlisted users following an approval order from the CFTC.

CNBC and Kalshi have entered a multi-year, exclusive partnership that will put Kalshi's real-time prediction market data across CNBC's TV, digital, and subscription platforms starting in 2026.

CNN partnered exclusively with prediction market platform Kalshi to integrate its real-time data into CNN's television, digital, and social media programming.

Kalshi began allowing users to buy and sell tokenized versions of its event contracts on the Solana blockchain.

Trust Wallet, the self-custodial crypto wallet owned by Binance Co-Founder "CZ," launched Predictions – a new wallet-native section allowing users to trade and earn on real-world events with full self-custody.

Backroom, a full-stack internet capital markets launchpad on Base, launched Fan360, a sports prediction and gaming ecosystem with AI agents.

BitMine Immersion Technologies announced it had added more than \$265 million in Ethereum to its treasury and added another \$150 million more later this past week.

Small-cap publicly traded firm AlphaTON Capital exited the SEC's "baby-shelf" limitations and filed to raise a \$420.69 for TON, AI expansion, and expanding in the Telegram ecosystem.

The proposed merger forming a Nasdaq-listed HYPE digital asset treasury dubbed Hyperliquid Strategies was approved by shareholders after suffering a delay. (Hyperliquid Strategies informed the SEC in October that it intends to raise up to \$1 billion.)

Reliance Global Group is consolidating its digital asset holdings into ZEC, a notable bet on privacy-focused reserves.

Trump Media and Technology Group and Crypto.com are close to a business combination that will mark them as affiliates in a publicly traded Cronos (CRO) treasury hoping to hold over \$6 billion worth of the crypto. Nasdaq-listed Yorkville Acquisition Corp. confidentially filed an S-4 with the SEC to establish Trump Media Group CRO Strategy via a business combination, it announced on Dec. 1. Yorkville Acquisition Corp. tapped two former Gryphon Digital Mining executives to lead its planned merger and serve as CEO and CFO once the merger closes.

The US Nasdaq stock exchange is making SEC approval of its proposal to offer tokenized versions of stocks listed on the exchange a top priority. Nasdaq's head of digital assets strategy, Matt Savarese, pledged to "move as fast as we can" on tokenized stocks.

Amundi, Europe's largest asset manager with €2.2T AUM, quietly launched a tokenized money market fund on Ethereum on Nov. 4 and only announced it weeks later.

Securitize won approval to operate its own regulated trading and settlement system in the EU. This infrastructure play from the billion-dollar tokenization firm will see them building an environment for the exchange of tokenized securities across all major EU markets.

Mugafi, an AI-driven platform for entertainment IP, teamed up with Avalanche to tokenize films, anime, music, and other media assets.

MINING



Bitcoin miners entered their harshest earnings climate yet as November's price drop drove revenue down to about \$35 per petahash – well below the \$44 median cost for major operators – while soaring network hashrate stretched machine payback periods past 1,000 days, exceeding the countdown to the next halving.

American Bitcoin, the Bitcoin mining and treasury firm co-founded by Eric Trump and Donald Trump Jr., saw its stock price sink nearly 40% on Dec. 2 as investors sold newly unlocked pre-merger private placement shares. Eric Trump said the selloff was expected due to the lockup expiration, allowing early investors to cash in on their profits for the first time, but pledged to hold on to his own shares.

Bitcoin miner IREN moved to overhaul its capital structure on Dec. 3, lining up more than \$1.6 billion in equity financing and pricing \$2 billion in new convertible notes amid its AI-cloud expansion plans. The company is using most of the equity proceeds to retire 2029 and 2030 convertibles, removing a major dilution overhang and replacing them with higher-premium notes due 2032 and 2033.

Horeb Energy in Colombia teamed up with Veolia to offer green biogas energy at 2.5 cents per kWh for Bitcoin mining, significantly lower than the North American average. The collaboration aims to reduce the region's carbon footprint and pioneer sustainable business models in crypto mining.

Malaysian authorities intensified their crackdown on illegal Bitcoin miners who allegedly stole ~\$1 billion worth of electricity over five years, using drones, heat scans, and citizen tips to hunt down mobile mining setups hidden in empty shops and abandoned houses.

Tether decided to shut down its Bitcoin-mining site in Uruguay and lay off most of its staff there after soaring energy costs and a past dispute over unpaid power bills made the operation too expensive to maintain.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES

Bloomberg Intelligence ETF analyst Eric Balchunas said he expects over 100 new crypto ETFs will launch in the next six months.

BlackRock's Bitcoin ETFs became the firm's top revenue source despite managing 1,400+ ETFs with \$13.4 trillion in total assets. Allocations are nearing \$100 billion. IBIT launched in January 2024 and reached \$70 billion in assets in a record 341 days, currently sitting at \$70.7 billion with net inflows exceeding \$52 billion in its first year, while generating an estimated \$245 million in annual fees by October. The ETF now holds over 3% of Bitcoin's total supply.

The Franklin Solana ETF (SOEZ) began trading on NYSE Arca on Dec 3.

Grayscale launched the first Chainlink ETF on Dec 2 after converting its \$17 million Chainlink Trust into the newly listed GLNK on NYSE Arca.

The SEC approved the first ever SUI ETF on Dec. 4, and a leveraged one, the 21shares 2x Long Sui ETF (TXXS). (According to Bloomberg's Eric Balchunas, this marks the 74th crypto ETF launched this year and 128th of all time.)

REX Shares and Tuttle Capital launched two new leveraged ETFs: T-REX 2X Long SOL Daily Target ETF (SOLX) and T-REX 2X Long XRP Daily Target ETF (XRPK) on Dec. 2.

CoinShares withdrew its US spot ETF registration filings for XRP, Solana staking, and Litecoin. CEO Jean-Marie Mognetti cited a strategic shift away from single-asset crypto ETFs in a crowded and

competitive US market dominated by large traditional financial firms. Instead, it plans to focus on crypto equities, thematic baskets, and multi-asset active strategies.

The SEC warned nine issuers – including firms already running turbocharged crypto funds – that it would pause reviewing any ETF applications offering more than double leverage, saying these ultra-amplified products risk magnifying losses just as rapidly as gains.

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

Antithesis, a Virginia startup, secured a \$105 million Series A funding round – led by Jane Street. The company's platform utilizes deterministic simulation testing to identify potential issues in distributed systems, aiding in isolating bugs for engineers. (The Ethereum network used Antithesis to stress-test conditions ahead of The Merge.)

Blockchain company Digital Asset Holdings raised \$50 million in a new funding round. The investment was backed by prominent financial institutions including Bank of New York Mellon, Nasdaq, S&P Global, and iCapital. (Digital Asset Holdings is known for developing the public blockchain Canton Network.)

Ostium, a decentralized trading platform built on Arbitrum, raised \$24 million to expand its perpetual markets for real-world assets like stocks and commodities.

Gonka, an AI-powered prediction and social trading platform where users compete in short, game-based prediction rounds on market and data-driven outcomes, raised \$12 million in a strategic funding round – led by Bitfury.

SpaceComputer, an orbital computing infrastructure that uses cryptographic technologies, raised \$10 million in a seed round – led by Maven 11.

Ranger Finance, a Solana-based perpetuals aggregator that combines liquidity, smart order routing, and market data for traders, raised \$6 million in a token sale round.

IPOS, M&A, PARTNERSHIPS & DEALS

HashKey, Hong Kong's largest licensed crypto exchange, is reportedly preparing to start taking investor orders next week for a Hong Kong IPO that could raise at least \$200 million, with the listing still targeting a potential debut before year-end depending on final sizing and timing.

Twenty One Capital, led by CEO Jack Mallers and Cantor Equity Partners, said it will begin trading on the NYSE as "XXI" after its SPAC merger closes on Dec. 8, giving public investors equity exposure to its \$4 billion Bitcoin stash while it pursues a model focused on efficient BTC accumulation and onchain transparency.

Stablecoin firm First Digital is eyeing a public listing through a SPAC merger, according to Bloomberg.

Goldman Sachs agreed to acquire Innovator Capital Management for ~\$2 billion, bringing the issuer of defined-outcome ETFs, including a Bitcoin structured fund, under its asset management umbrella.

US-based crypto exchange Kraken agreed to acquire Backed Finance AG, the company behind the issuance of xStocks, adding to a string of acquisitions the exchange has made this year while bringing the tokenized-equities platform under its roof.

Abu Dhabi-focused Solana infrastructure firm Solmate signed a non-binding term sheet to acquire digital asset firm RockawayX in an all-stock deal that would create an institutional crypto group with more than \$2 billion in assets and third-party stake.

Turkish crypto exchange Paribu acquired a majority stake in CoinMENA, a Sharia-compliant crypto exchange licensed in Dubai and Bahrain.

ETHZilla bought a 20% stake in AI-driven auto-lending firm Karus for \$10 million in a deal aimed at turning US car loans into blockchain-based investment products by early 2026, while gaining access to Karus's massive network of 20,000 dealerships and lenders.

KuCoin Institutional and CryptoStruct partnered to advance institutional algorithmic trading infrastructure.

ARP Digital Holdings partnered with DV Trading and Centaur Markets to offer new structured products in a wide range of digital assets initially for clients in the Middle East.



Citadel Securities urged US regulators to treat DeFi tools the same as traditional trading venues, arguing that DeFi algorithms and wallet-based apps function like exchanges/brokers.

The Aave DAO is considering a governance proposal to scale back its multichain strategy by winding down some of its lowest-revenue deployments on certain chains.

Firelight Finance launched an XRP staking protocol on Flare that issues stXRP, a liquid restaking-style token designed to power a DeFi insurance model once rewards are activated in the next rollout phase.

The Ethena-incubated decentralized exchange Terminal Finance abandoned its launch after Converge – its planned deployment destination – never went live.

CBDcs & STABLECOINS



The IMF warned that dollar-backed stablecoins could accelerate currency substitution in weak monetary systems, undermining central banks' control over capital flows.

Coinbase CEO Brian Armstrong said that several large US banks are quietly testing stablecoin payments, crypto custody, and digital-asset trading with Coinbase.

A group of 10 major European banks, including ING and BNP Paribas, created a new company called Qivalis to release a euro-backed stablecoin in late 2026, aiming to challenge the US lead in digital payments and seeking a key electronic-money license from the Dutch central bank.

South Korean lawmakers set a December 10 deadline for a stablecoin regulation draft, warning they'll legislate independently if regulators miss the deadline.

Taiwan's Financial Supervisory Commission confirmed its first regulated stablecoin could launch late 2026 after the Virtual Assets Service Act cleared cabinet reviews with stablecoin-specific regulations following within six months, though the critical decision between USD or Taiwan dollar backing remains unresolved.

BitMEX co-founder and Maelstrom Fund CIO Arthur Hayes published a post outlining how Tether could become insolvent. His argument centered on Tether's growing exposure to gold and Bitcoin, which he described as an interest rate bet that could turn against the company if markets shift. Tether CEO Paolo Ardoino pushed back, rejecting what he called recycled "Tether FUD" and pointing to the company's reported excess equity. He added: "Some influencers are either bad at math or have the incentive to push our competitors."

Ranger Finance launches rgUSD. The new dollar-pegged stablecoin aims to support protocol-native liquidity and payments within the Ranger ecosystem.

Startale Group, Sony's blockchain collaborator, launched an institutional-grade dollar stablecoin, USDSC, as the default settlement currency for the Ethereum L2 platform. The stablecoin went live with a rewards program called STAR Points to incentivize transactions through the Startale App.

Sony Bank plans to roll out a US dollar-backed stablecoin by fiscal 2026 through a new American unit built with partner Bastion, aiming to let US gamers and anime fans pay for Sony content more cheaply and efficiently as the company expands into blockchain infrastructure.

MoneyGram is teaming up with Fireblocks to handle stablecoin settlements, with Fireblocks providing the "stablecoin infrastructure and a programmable settlement layer."

Bastion will act as the sole issuance provider for Sony Bank's new USD-backed stablecoin initiative, handling token issuance, reserve management, and custody for Sony affiliates.

Ripple received regulatory approval in Singapore to broaden payment services using XRP and RLUSD stablecoin under its Major Payment Institution license.

RedotPay teamed up with Ripple to launch “Send Crypto, Receive NGN,” a new feature that lets users convert digital assets into Nigerian naira and receive the funds in local bank accounts within minutes.

Wirex announced a strategic partnership with Algorand Foundation to bring USDC on Algorand to more than 7 million Wirex users and 80 million Visa-accepting merchants worldwide.

Opera and the Celo Foundation aim to provide financial inclusion to a billion people by 2030 through their extended partnership, offering stablecoin payments worldwide.

Crypto payments firm Truther is launching a card in El Salvador on Jan. 29, allowing users to spend USDT directly from their self-custody wallets via a partnership with Visa. The card doesn't require preloading funds or custodial services, and carries a 2% fee on currency conversions, with no IOF tax for Brazilian users.

N3XT, a new blockchain-powered bank founded by former Signature Bank executives, operates as a full-reserve bank under a Wyoming SPDI charter. It offers programmable US dollar payments, settling transactions instantly using a private blockchain system.

NFTS, BLOCKCHAIN GAMING & METAVERSE



In his latest work called “Regular Animals” displayed at Art Basel, famous NFT artist Beeple features Jeff Bezos, Mark Zuckerberg, Elon Musk, Pablo Picasso, Andy Warhol, and Beeple himself (aka Mike Winkelmann) as robot dogs that walk around taking photos and poop out stylized images, 256 of which are NFTs.

Meta is planning to cut its metaverse division’s budget by as much as 30% and considering job cuts as part of the move. The decision comes as tech companies look to pare back anything not directly focused on giving them an edge in the AI wars.

JOB MOVEMENT



Yi He, who founded crypto exchange Binance with her partner Changpeng "CZ" Zhao in 2017, is taking on co-chief executive responsibilities at the company alongside current chief executive Richard Teng. Yi He currently describes herself as Binance’s chief customer service officer.

Solana DAT Forward Industries hired former ParaFi Capital Managing Director Ryan Navi to help lead strategy amid Solana’s price declining over 40% since the treasury was formed.

Bullish, an institutionally focused global digital asset platform, announced the appointment of Jay Yarow as President, CoinDesk Insights. Yarow joins Bullish after nine years at CNBC.

REGULATIONS, RULINGS & COMMENTARY



The extent of the Biden-era crypto crackdown that became known as “Operation Chokepoint 2.0” has been detailed in a 50-page House financial services committee report, outlining how regulators pressured banks away from crypto through informal guidance. (See the report, [here](#).)

SEC Chair Paul Atkins said the agency plans to unveil a fast-track “innovation exemption” for crypto within a month and aims to roll out new rules next year to make it easier for companies to go public, signaling a sharp break from the prior administration’s tougher climate.

The CFTC Acting Chair Caroline Pham announced on Dec. 4 that listed spot cryptocurrency products will begin trading for the first time in US federally regulated markets on CFTC registered futures exchanges.

The UK now legally recognizes digital assets as a third category of property after the Property (Digital Assets etc.) Act 2025 received Royal Assent from King Charles III. The reform, which passed both houses of Parliament without amendment, confirms that assets like Bitcoin and stablecoins carry property rights distinct from physical objects or contractual claims.

The British government is considering a ban on crypto donations to political parties – a move that could set off alarm bells in Nigel Farage’s Reform UK. Farage’s populist party – surging ahead in UK opinion polls – opened the door to crypto donations earlier this year as part of a promised “crypto revolution” in Britain, and has already accepted its first donations in crypto. (Christopher Harborne, a Thailand-based investor in crypto firms, donated \$11.4 million to Nigel Farage’s Reform UK, surpassing other British political parties in fundraising.)

The UK will require crypto exchanges to log every detail of residents’ transactions starting January 2026 so tax authorities can match that data against filings, marking a major shift toward strict transparency under global reporting standards.

Italy’s securities regulator set a firm timetable for applying the EU’s MiCA in the country, warning that unlicensed crypto platforms face a deadline to either seek authorization or leave the market. The move directly affects VASPs currently operating under Italy’s regime and the retail investors who use them. Dec. 30 is the last day VASPs registered with the Organismo Agenti e Mediatori (OAM) can operate under the existing national framework.

The lower house of Poland’s parliament failed to secure the required three-fifths majority to override President Karol Nawrocki’s veto of the Crypto-Asset Market Act, pushing the country further away from regulating its digital-asset sector at a moment when lawmakers argue that oversight is increasingly urgent.

According to local news outlet Kommersant, Bank of Russia First Deputy Governor Vladimir Chistyukhin said the regulator is discussing easing regulations for cryptocurrencies. He explicitly linked the rationale for this effort to the sanctions imposed on Russia by Western countries following its invasion of Ukraine in February 2022. Chistyukhin said that easing the crypto rules is particularly relevant

when Russia and Russians are subject to restrictions “on the use of normal currencies for making payments abroad.” (Russia banned the use of cryptocurrencies for payments in the summer of 2020.)

China’s central bank reiterated that all crypto activity remains illegal and singled out stablecoins as a threat to financial security, warning they fail basic identity and anti-money-laundering standards and fuel underground money flows.

Japan to cut crypto tax burden to 20% uniform rate in boost for local Bitcoin traders. The proposed tax change, supported by the government, will categorize crypto profits under a separate-taxation framework.

The UAE broadened its oversight with fresh financial legislation bringing DeFi and Web3 activities within regulatory scope, clarifying obligations for operators.

Coinbase revealed in its latest transparency report that it received 12,716 government data requests over the past year, up 19% annually and with a record 53% coming from outside the US, led by huge increases from countries like France, which more than doubled its inquiries.

Ripple’s Singapore subsidiary, Ripple Markets APAC, was approved by the Monetary Authority of Singapore to expand the scope of its regulated payment activities under its Major Payment Institution license.

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

Upbit, South Korea’s biggest crypto exchange, erased all legacy deposit addresses after a wallet overhaul forced by a recent \$44.5 billion KRW security incident, requiring users to create new ones before deposits and allowing 33 assets across 21 networks to reopen in phases.

A new Delaware lawsuit says Coinbase leaders hid compliance failures and data-breach risks while insiders sold \$4.2 billion in stock at inflated prices.

European authorities dismantled Cryptomixer, a crypto mixing service that laundered over \$1.4 billion (€1.3 billion) in Bitcoin since 2016, seizing more than \$27 million (€25 million) in BTC and 12 terabytes of data during a coordinated operation in Switzerland.

International authorities took down a crypto fraud and money laundering network that moved more than €700 million (\$815.75 million) through fake investment platforms, according to Europol.

Yearn Finance recovered \$2.4 million in stolen crypto following a \$9 million exploit caused by an “unchecked arithmetic” bug in its custom yETH contract.

Kalshi is facing a nationwide class action lawsuit alleging it operates an illegal sports betting platform by positioning institutional market makers, including Kalshi Trading and Susquehanna, as “the house” with zero fees, enhanced access, and position limit advantages while misleading customers that they’re betting peer-to-peer. The complaint claims 90% of September’s \$2 billion volume came from sports betting despite running ads falsely stating “legal sports betting in all 50 states” and targeting college campuses through KalshiU partnerships with a 15-year-old gaming influencer.

A Polymarket trader known as AlphaRaccoon ignited controversy after allegedly netting over \$1 million in 24 hours by placing suspiciously accurate bets on Google's 2025 Year in Search rankings. The trader's near-perfect record of 22 correct predictions out of 23 attempts has sparked accusations of insider trading.

AI research company Anthropic found that advanced AI agents identified vulnerabilities in recent smart contracts that could have led to multimillion-dollar exploits, underscoring the growing threat autonomous systems pose to blockchain security. Anthropic warned that simulated exploit revenue is doubling every 1.3 months as AI becomes cheaper and more capable. Still, the firm stressed that the same technology can bolster defenses, noting that AI agents can also be deployed to patch vulnerabilities.

US attorneys representing the federal government have requested that a judge send Terraform Labs co-founder Do Kwon to prison for 12 years at his sentencing hearing next week.

Austrian police said two Ukrainian suspects abducted and assaulted a 21-year-old man in Vienna, forcing him to surrender his crypto wallet passwords before murdering and abandoning him in his burned-out car.

The official Pepe (PEPE) memecoin website was compromised in a front-end attack, redirecting visitors to malicious links containing Inferno Drainer malware.

A major Cloudflare outage briefly disrupted many crypto platforms – from big exchanges like Coinbase and Kraken to the front ends of DeFi apps – before the web-infrastructure provider said it had applied a fix and was monitoring stability.

MISCELLANEOUS

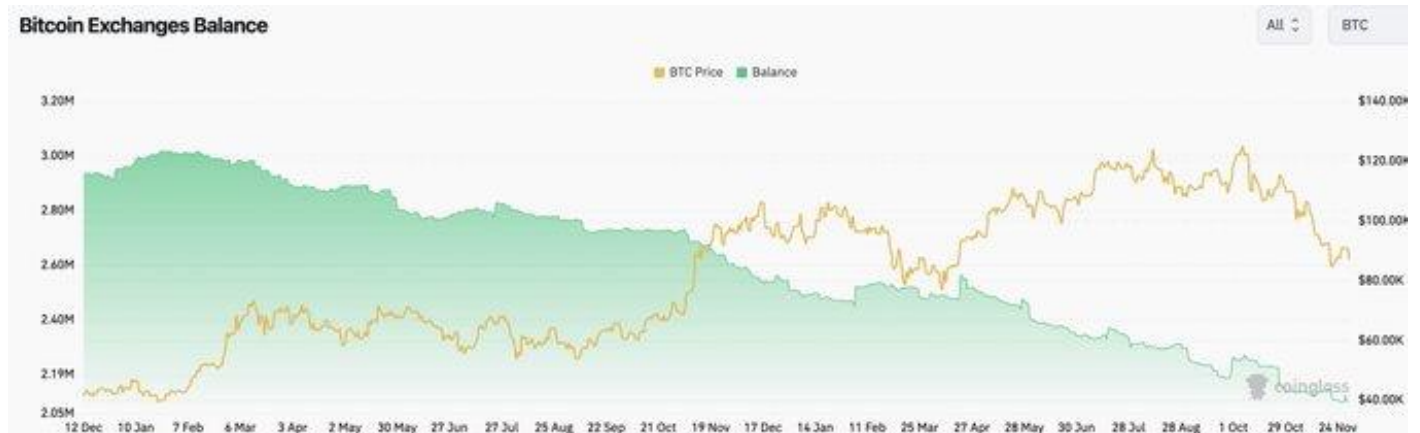


Reflexivity Research: Crypto exchange monthly spot volume dropped 26.7% from October to \$1.59 trillion in November, the lowest level since June. Binance remained the largest exchange by volume at \$599.34B, but still saw a sharp decline from its October volume of \$810.44B, reflecting a sector-wide pullback. This decline was felt across both centralized and decentralized exchanges. However, the DEX-to-CEX volume ratio fell 15.73% in November, indicating a shift back toward centralized exchanges.

Astria Network, a Celestia-based project developing a shared sequencer for rollups, has shut down its development firm and sunset its shared sequencer network.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Bitcoin Magazine: Bitcoin supply on exchanges has fallen to a new low.

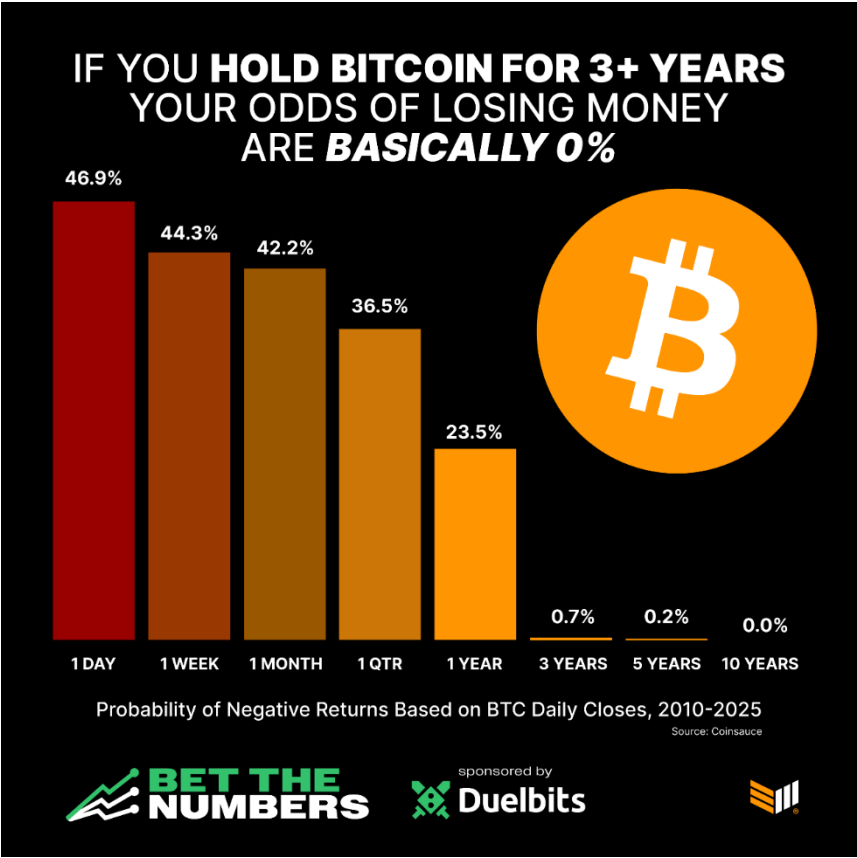


Timothy Peterson: Historically, periods when Bitcoin trades below its Metcalfe value have delivered strong forward returns. 12-month performance in these conditions has been positive 96% of the time, with an average gain of 132%, compared to 75% and 68% for other periods.

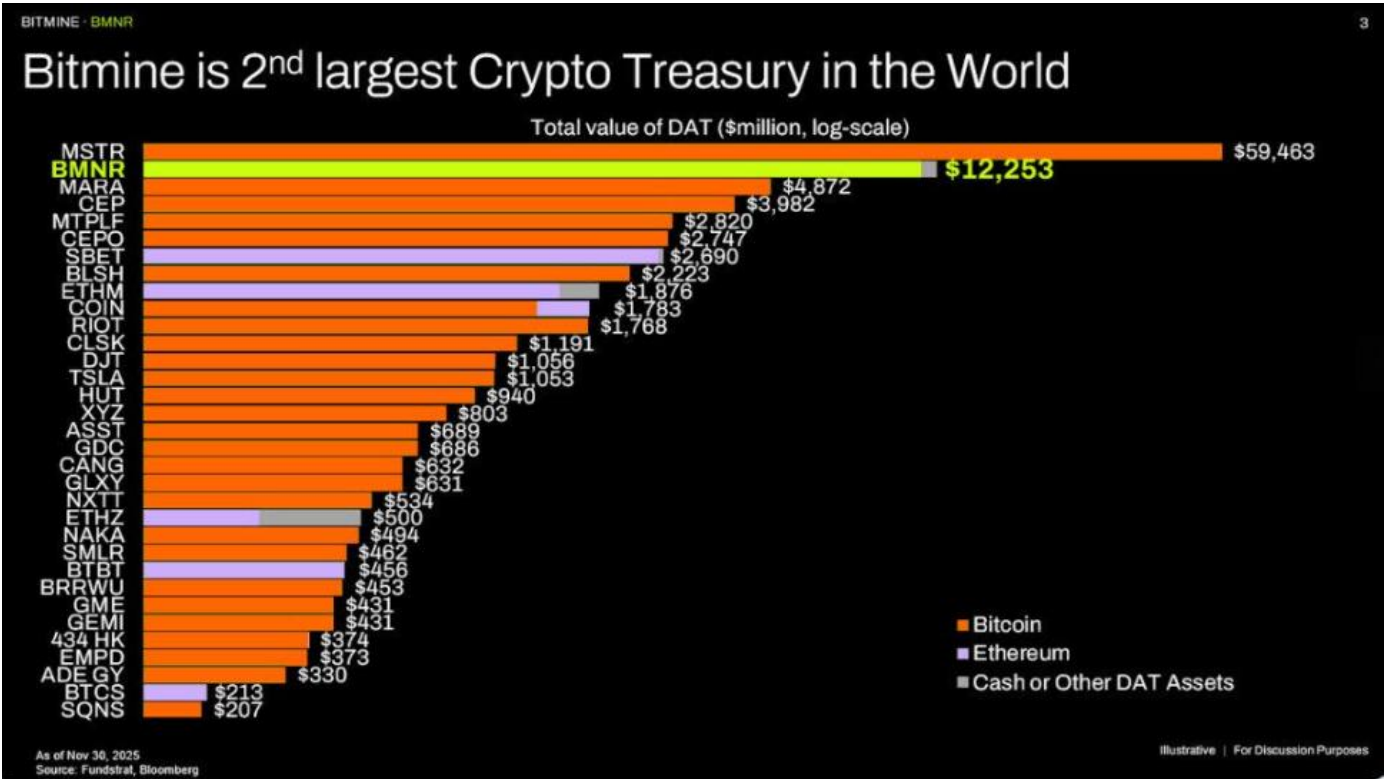
PRICE AND METCALFE VALUE



Bitcoin Magazine: If you've held Bitcoin for over 3 years, your odds of losing money were basically 0%.



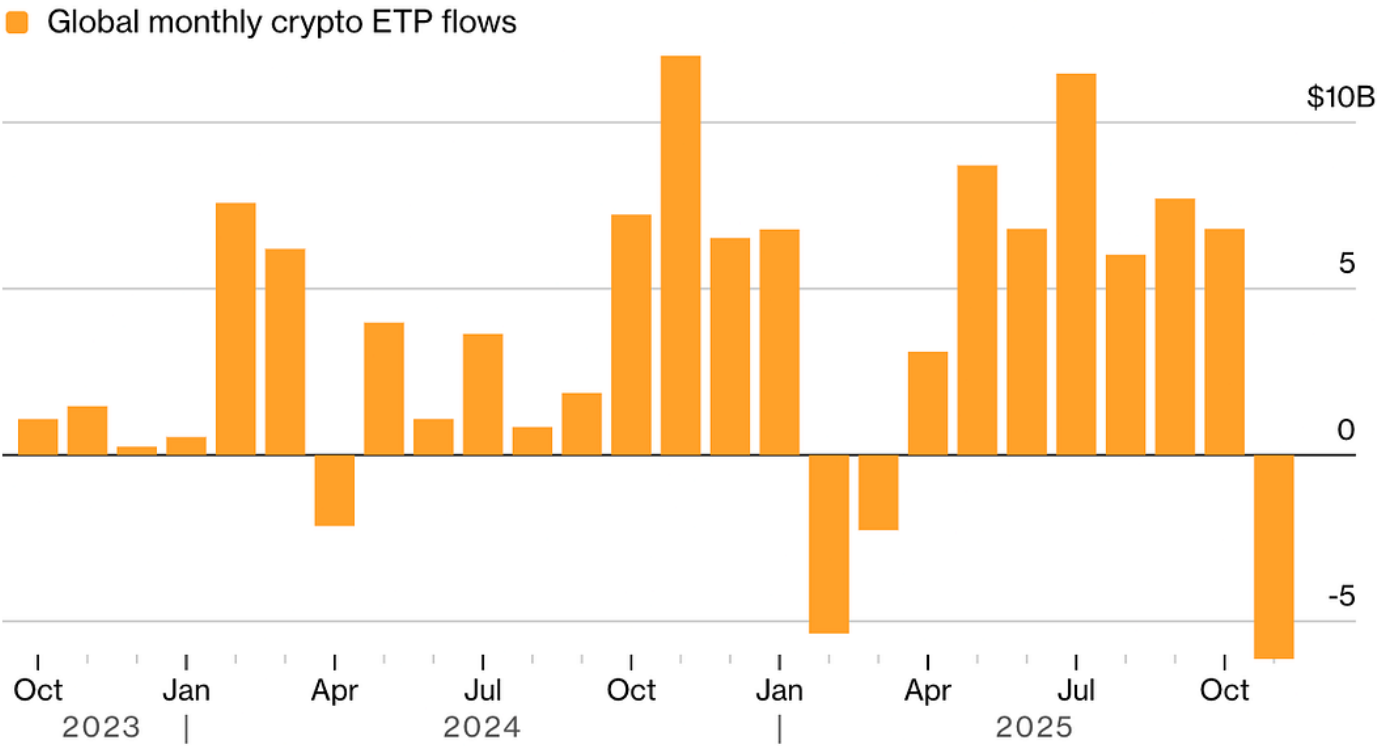
BMNR currently reigns as the largest ETH treasury and largest holder ETH in the world. It’s also the second largest crypto treasury (only behind MSTR).



Reflexivity Research: Crypto funds have seen the largest outflow from global exchange-traded products so far in November, going back to 2018. The slump triggered mass liquidations and erased more than \$1 trillion in value from the digital-asset market.

Investors Pull \$6 Billion From Global Crypto Funds

The November exodus is so far the worst on record



Source: Bloomberg Intelligence
Note: November 2025 data is month-to-date.

Matt Hougan's (Bitwise) Weekly CIO Memo: "No, Virginia, Strategy Is Not Going to Sell Its Bitcoin – There Are Lots of Things to Worry About in Crypto. Michael Saylor and Strategy Selling Bitcoin Is Not One of Them."

My inbox is full of questions about Bitcoin treasury company Strategy (MSTR, formerly MicroStrategy). Specifically, people want to know two things:

1. Will it be removed from MSCI indexes, creating forced selling of the stock?
2. Will it be forced to sell its Bitcoin?

Let's tackle them in turn.

MSCI and Strategy

On October 10, MSCI announced it was considering removing digital asset treasury companies (DATs) like Strategy from its investable indexes. This is a big deal, since nearly \$17 trillion is benchmarked against those indexes. JPMorgan estimates that index funds may have to sell up to \$2.8 billion of MSTR stock if the company is booted from the benchmarks.

You may be wondering: Why would MSCI do this? Its view is that DATs like MSTR are more like holding companies than operating companies. MSCI's investable indexes exclude holding companies like REITs. Since many DATs only buy and hold crypto assets, MSCI thinks they don't deserve a spot in the index. After discussions with clients, MSCI will announce its decision on January 15.

I do not know what MSCI will decide. As a deep index geek – I spent 10 years editing the academic publication *The Journal of Indexes* – I can see this going either way. Folks like Michael Saylor have pushed back hard, arguing that MSTR is very much an operating company, with a robust software business and complex financial engineering around Bitcoin. That makes sense; it's how I view their business. But it's not a slam dunk, and I can imagine certain institutions leaning the other way. Given how divisive DATs are, and given that MSCI is currently leaning towards removing DATs, I'd guess there is at least a 75% chance Strategy gets booted.

But I'm not convinced that removal would be a big deal for the stock. \$2.8 billion is a lot of selling, but my experience from watching index additions and deletions over the years is that the effect is typically smaller than you think and priced in well ahead of time. For instance, when MSTR was added to the Nasdaq-100 Index last December, funds tracking the index had to buy \$2.1 billion of the stock. Its price barely moved.

I think a small part of the reason MSTR is down since October 10 is that the market is already pricing in a removal. But at this point, I don't think you'll see substantial swings either way.

Long-term, the value of MSTR is based on how well it executes its strategy, not on whether index funds are forced to own it.

MSTR and Bitcoin

The other question is whether MSTR will sell its Bitcoin. Specifically, people are worried that:

1. MSTR will be removed from MSCI indexes;
2. The stock price will crater, dropping well below NAV; so that
3. MSTR will be forced to sell its Bitcoin.

The argument feels logical. Unfortunately for the bears, it's just flat wrong. There is nothing about MSTR's price dropping below NAV that will force it to sell. You can look at the details and do the math yourself.

MSTR has two relevant obligations on its debt: It needs to pay about \$800 million a year in interest and it needs to convert or roll over specific debt instruments as they come due.

The interest payments are not a near-term concern. The company has \$1.4 billion in cash, meaning it can make its dividend payments easily for a year and a half.

Similarly, debt conversion is not a near-term issue either. The first debt instrument doesn't come due until February 2027. Even then, it's only about \$1 billion – chump change. For context, the company has \$60 billion in Bitcoin.

Would insiders pressure MSTR to sell Bitcoin if its stock continued trading lower? Doubtful. Michael Saylor himself controls 42% of the voting shares, and you'd be hard pressed to find a human being with more conviction on Bitcoin's long-term value. He didn't sell the last time MSTR stock traded at a discount, in 2022.

I understand why bears want to embrace the MSTR “doom loop” idea. It would indeed be very bad for the Bitcoin market if MSTR had to sell its \$60 billion of Bitcoin in one go – that's akin to two years of Bitcoin ETF inflows. But with no debt due until 2027 and enough cash to cover interest payments for the foreseeable future, I just don't see it happening. It's also worth zooming out in moments like these: As of this writing, Bitcoin's price of roughly \$92,000 is 27% below its highs – and 24% above the average price at which Strategy acquired its stash (\$74,436). So much for the doom.

Conclusion

If you want to worry about something in crypto, there are things to focus on. I'm a little concerned over the slow progress of market structure legislation through Congress, for instance, although I think it will pick up speed now that the government is open. I worry about some of the small and poorly run DATs, which may indeed fold. And I don't think DATs will buy a lot of Bitcoin in 2026, removing a big source of recent demand.

But when it comes to Strategy:

1. I wouldn't worry about the impact of MSCI's decision on the stock price, which is smaller than most people think and likely baked in; and
2. There's no plausible near-term mechanism that would force it to sell its Bitcoin. It's not going to happen.

Conviction in Bitcoin has a cost: It demands hard-nosed patience when the volatility hits. Nobody knows that better than Saylor and Strategy. That’s because they also grasp the flip side – how, over the long term, that patience can be rewarded.

Conclusion from Coin Metrics’ “State of The Network” weekly report from 12/2/25. (Read the full report, [here.](#))

As Fusaka activates, the most immediate effects will be seen in lower rollup costs, higher blob throughput, and a meaningful expansion in L1 execution capacity. Over time, the combination of larger blob space, lower costs, and steady improvements to L1 performance will shape the economics of L2 settlement, influence burn dynamics, and make the broader Ethereum ecosystem feel increasingly cohesive.

While the long-term value implications ultimately depend on how demand and adoption stack up, Fusaka establishes a clearer, more scalable foundation for Ethereum’s next phase of growth, one where L1 and L2 function more seamlessly together and the network becomes better positioned to support higher volumes of users, assets, and on-chain activity.

Conclusion from Glassnode’s “The Week On-Chain” from 12/3/25. (Read the full report, [here.](#))

Bitcoin continues to trade within a structurally fragile environment where on-chain weakness and thinning demand intersect with a more cautious derivatives landscape. Price has briefly stabilized above the True Market Mean, yet the broader structure now closely resembles Q1 2022, with over 25% of supply underwater, rising realized losses, and heightened sensitivity to macro shocks. Positive capital momentum, though much softer than earlier in the year, remains one of the few constructive signals preventing a deeper breakdown.

Off-chain indicators reinforce this defensive tone. ETF flows have turned negative, spot CVD has rolled over, and futures open interest is steadily unwinding. Funding rates sit near neutral, reflecting neither bullish conviction nor aggressive short pressure. In the options market, implied volatility has compressed, skew has softened, flows have reversed, and options currently trade underpriced relative to realised volatility, signalling caution rather than renewed risk appetite.

Looking ahead, holding within the 0.75–0.85 quantile band (\$96.1K–\$106K) is critical for stabilizing market structure and reducing downside vulnerability into year-end. Conversely, the True Market Mean continues to serve as the most probable bottom-formation zone, unless a negative macro catalyst disrupts the market’s already delicate equilibrium.

Blockworks updated key metrics...

Total Crypto Market Cap	\$3.13 T
Bitcoin Market Cap	\$1.77 T
Ethereum Market Cap	\$365.98 B
ETH/BTC Ratio	0.03
DeFi TVL	\$221.87 B
Fear and Greed Index	20 (Extreme Fear)

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

Opening Remarks

November was a bit choppy in traditional markets and very choppy in crypto markets. The government shutdown, tightening liquidity conditions and fears of the Fed not cutting in December were the main culprits for the choppy price action. But SPX was down <1%. QQQ was only down 2.5%. BTC on the other hand was down 17% in November, for its second worst month of the year and its second worst month since June 2022. ETH was -22%. SOL -28%.

So it's fair to say crypto took a much rougher gut punch in November than the rest of the markets. And that is representative for how crypto has traded all year – quite crappy relative to other assets.

Below is a chart that shows relative YTD performance for Gold, QQQ, BTC, ETH, SOL, Total3 and OTHERS



Source: TradingView. As of 11/30/23.

Yeah... So that is just much worse performance than what most anyone was expecting out of crypto this year. Some might say I'm cherry picking the date there. Let's pull it back to right before the election, so you get all the election gains –



Source: TradingView. As of 11/30/25.

So again, even including the Trump pump, that is still meaningfully worse than expectations, all things considered.

The outperformance of QQQ can be explained with two letters – AI. The AI narrative fully encompassed dozens of stocks in 2025 and drove several trillion of aggregate market cap gains. Additionally, Emerging Tech sectors like quantum, space, data centers and semis exploded higher in 2025, with many tickers up hundreds of percent YTD. There was indeed an Alt Szn in 2025 – it was just in Emerging Tech stocks.

And so, crypto is wrapping up the year in the tough position of being an “inferior casino.”

Market Update – Liquid Crypto Asset Investing

	Nov	Oct	Q3-25	Q2-25	Q1-25	YTD	2024	Q4-24	Q3-24	Q2-24	Q1-24	2023	2022
BTC	-17%	-4%	6%	30%	-12%	-3%	121%	48%	1%	-12%	69%	155%	-64%
ETH	-22%	-7%	67%	36%	-45%	-10%	46%	28%	-24%	-6%	60%	91%	-67%
XRP	-14%	-12%	27%	7%	0%	4%	238%	240%	29%	-24%	2%	81%	-59%
BCH*	1%	-4%	10%	59%	-31%	16%	36%	25%	-12%	-44%	121%	157%	-75%
EOS	-26%	-32%	-31%	-8%	-20%	-75%	-8%	50%	-11%	-48%	30%	-2%	-72%
BNB	-19%	8%	53%	9%	-14%	25%	124%	24%	-3%	-4%	94%	27%	-52%
XTZ	-16%	-13%	24%	-18%	-49%	-62%	28%	82%	-11%	-43%	40%	39%	-84%
XLM	-18%	-15%	51%	-10%	-20%	-25%	157%	237%	8%	-35%	9%	81%	-73%
LTC	-14%	-11%	24%	4%	-19%	-20%	42%	54%	-11%	-28%	44%	4%	-52%
TRX	-5%	-11%	19%	17%	-6%	11%	136%	63%	25%	1%	14%	98%	-28%
Aggregate Mkt Cap	-16%	-5%	16%	24%	-19%	-7%	96%	46%	-4%	-14%	63%	119%	-64%
Aggregate DeFi*	-25%	-6%	40%	20%	-19%	-5%	50%	52%	-15%	-21%	47%	132%	-77%
Aggr Alts Mkt Cap	-9%	-15%	34%	25%	-34%	-14%	72%	47%	-13%	-15%	58%	90%	-64%

Source: CoinMarketCap and Coingecko. As of 11/30/25. BCH includes SV.

BTC was -17% in November and most other cryptos fared worse. There was significant technical damage done to the BTC chart. And that has the market quite nervous about further price declines coming in the near future.

Shown below, you can see the crucial support level around \$100k (white box) was broken, and price quickly accelerated downward, before find the next clear support level in the low \$80s (yellow) –



Source: TradingView. As of 11/30/25.

Zooming in, I've circled that low-\$80s to mid-\$90s range (purple) –



Source: TradingView. As of 11/30/25.

You see that price has very rapidly moved through that purple area three times now – twice on the way down and once on the way up. So there's some "green grass" in that area immediately overhead that could be reclaimed quickly. Overall, I think we've established a new "sub-\$100k" range here in the low \$80s up to \$100k. It's not my base case we will see new lows in BTC in the next couple months, or at least not by much. And in terms of further upside, I think we'll just have to see how price acts around that \$100k range when we get there again. My guess is we'll get a look at those levels in December or January.

The chart below shows the 50-week MA in blue –



Source: TradingView. As of 11/30/25.

This is a level that has understandably made market participants quite nervous. It has worked as a "line in the sand" for over five years at this point. And that level was very firmly broken in November. The last time this level broke as support was December 2021, and price went down 67% thereafter.

ETH failed at prior ATHs and has now declined ~40% in a straight line in less than two months. ETH now sits at the midpoint of a broad range of the last 4 ½ years –



Source: TradingView. As of 11/30/25.

ETH's narrative was taking a ride on a multiyear strugglebus until this summer when Tom Lee showed up with BMNR and bought 3.6mm ETH totaling >\$10bn. All that buying drove ETH to the top of the range but was not sufficient to drive ETH to new highs, and now price has fallen back to the \$3k level. Tom Lee is still buying ETH. He bought >\$1bn in November. But that wasn't enough to keep ETH's price from falling 22% in the month. So whatever sort of buying BMNR was doing in November, there was a lot more selling. ETH's narrative is a struggle right now. There is definitely a path where ETH's price revisits the bottom of this range in 2026.

ETHBTC got a big pump this summer off the DAT catalyst, but it's been fading ever since. ETH needs a new catalyst if this half a trillion-dollar asset wants to be a trillion-dollar asset –



Source: TradingView. As of 11/30/25.

Solana had a bad year, down 35% YTD. My guess is the overwhelming driver of SOL's price action was the selling of all that locked SOL that was bought out of the FTX estate. Those buyers made a lot of money and were more than happy to get out of the trade as it unlocked. On top of that, the Pump Fun protocol hammered upwards of a \$1bn in SOL sells from platform fees. This combined selling pushed price down all year.

SOL is currently sitting at 18-month support –



Source: TradingView. As of 12/1/25.

The price action above the white line looks clearly distributive to me, and it matches up with all that FTX and Pump Fun selling I just mentioned. Like ETH, SOL needs a new narrative.

The SOL ETF inflows have been pretty decent. BSOL will be one the strongest ETFs launched in 2025. But it wasn't enough to keep SOL's price from getting smoked –

Solana ETF Flow (US\$m)

	Bitwise	ViaEek	Fidelity	21Shares	GRANSCALE	Total
	BSOL	VSOL	FSOL	TSOL	GSOL	
Fee	0.20%	0.30%	0.25%	0.21%	0.35%	
Staking	Yes	Yes	Yes	Yes	Yes	
Seed	222.9	7.3	3.0	111.0	102.7*	446.9
12 Nov 2025	12.5	-	-	-	5.6	18.1
13 Nov 2025	1.5	-	-	-	0.0	1.5
14 Nov 2025	12.0	-	-	-	0.0	12.0
17 Nov 2025	7.3	0.0	-	-	0.9	8.2
18 Nov 2025	23.0	1.8	2.1	-	3.2	30.1
19 Nov 2025	35.9	1.7	5.4	0.0	12.6	55.6
20 Nov 2025	20.1	0.0	2.3	1.2	0.0	23.6
21 Nov 2025	0.0	0.0	3.0	6.0	1.4	10.4
24 Nov 2025	39.5	3.1	9.7	1.0	4.7	58.0
25 Nov 2025	31.0	1.3	4.8	0.0	16.0	53.1
26 Nov 2025	13.3	0.0	2.5	(34.4)	10.4	(8.2)
28 Nov 2025	0.0	0.0	2.4	(1.4)	4.3	5.3
01 Dec 2025	-	-	-	-	-	0.0
Total	527.9	7.9	32.2	(27.6)	77.9	618

Source: Farside.co.uk. As of 12/1/25.

OTHERS (aggregate market cap outside of top 10) looks a lot like the SOL chart above -



Source: TradingView. As of 12/1/25.

The yellow line shows where price failed at prior ATH immediately after the election a year ago. Price is now down 55% since that Trump pump and is sitting at the bottom of an 18 month range (white box). As previously mentioned, this OTHERS market cap number is pretty fake because the market caps of the constituents are quite fake. OTHERS is currently worth ~\$200bn. If it declined 90% to \$20bn, it still wouldn't be cheap in any traditionally accepted sort of way. I don't think OTHERS is about to decline 90%, but it could certainly go down 50% next year. It would be a good thing for the space, to my point earlier about starving crypto to force structural change.

SUI was a name that had a fair amount of hype around it in 23/24 -



Source: TradingView. As of 12/1/25.

SUI price had support around ~\$2 (white box), but once that level was lost, you saw aggressive acceleration to the downside. Price is now -64% in the last two months. The actual SUI ecosystem was fledgling and has not produced a noteworthy project, so I don't get the sense there is some strong fundamental story to SUI that would prevent it from going down further. And that's also just a pretty bad looking chart.

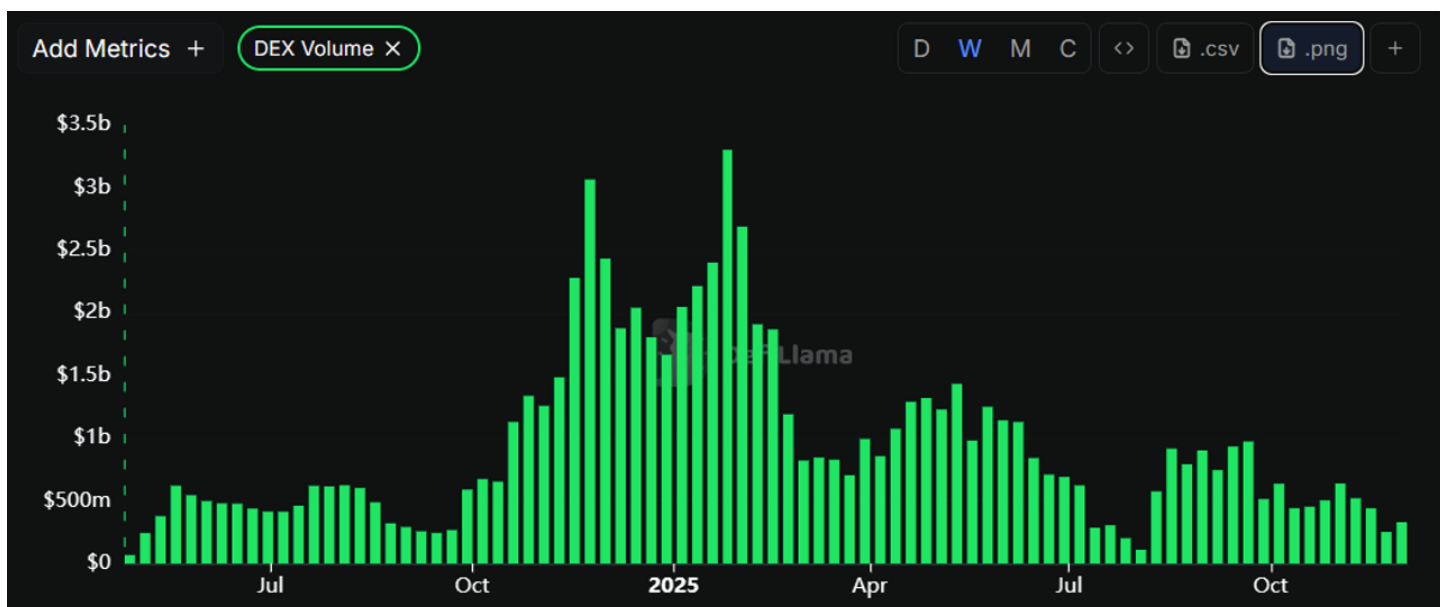
As we look back on the last three years of crypto since the FTX bottom, we can say confidently that Pump Fun was one of the worst things to happen to crypto this cycle. The scale of the extraction (\$844mm of SOL in fees paid, the SOL was sold for cash by Pump mgmt..) and the lopsidedness of the scams (>99% of profits likely accrued to a few hundred entities) puts Pump Fun in a league of its own in terms of being cancerous to crypto. Pump Fun was ground zero for the hyper-gambling, financial nihilism risk taking that ended up as a defining feature for this crypto cycle. I called Pump Fun a poison back in February, and that turned out to be correct.

But that didn't stop them from raising \$500mm in an ICO from retail investors –



Source: TradingView. As of 12/1/25.

The Pump Fun token traded above ICO price for a bit but is now sitting at the lows and 32% below ICO price. This price action generally matches the trading volume on Pump Fun, which is sitting near the lows



Source: Defi Llama. As of 12/1/25.

Pump Fun began a token buyback program this summer. At the beginning of September, they changed the buyback to equal 100% of net revenues generated by the platform. This has led to \$194mm of buybacks – 60% of which are burned and 40% are distributed as staking rewards for PUMP holders. So that's certainly better than nothing. But the entire platform is terribly parasitic and enables the worst of

crypto and if the whole thing just fades away from here, the world will be better off. Decent chance that's what happens.

Closing Remarks

I feel like this month's letter was a bit of a downer. I assure you that was not my intention when I sat down to write it. I didn't know what I was going to write about and then this one just shook out the way that it did. Although to be fair, from what I can tell from what's left of Crypto Twitter and Telegram chats, my dour assessment of the state of crypto is felt by many others. Also, it's just the end of the calendar year and this is a natural period for retrospection. And it's just a fact that crypto in 2025 was disappointing relative to expectations when we were sitting here a year ago.

Crypto has always been in a state of flux. Every year since I got into this in 2017 (and certainly the years before that as well) crypto has sloshed around in a state of flux. There have been all manner of positive and negative events for crypto over those years. We've seen the rise and fall of a slew of characters, projects and companies. Market caps have ballooned and collapsed and ballooned again only to collapse again so they can then boom again... phew. Only this time, they didn't really balloon to the extent people were expecting. And that is telling about the type of flux that crypto finds itself in today.

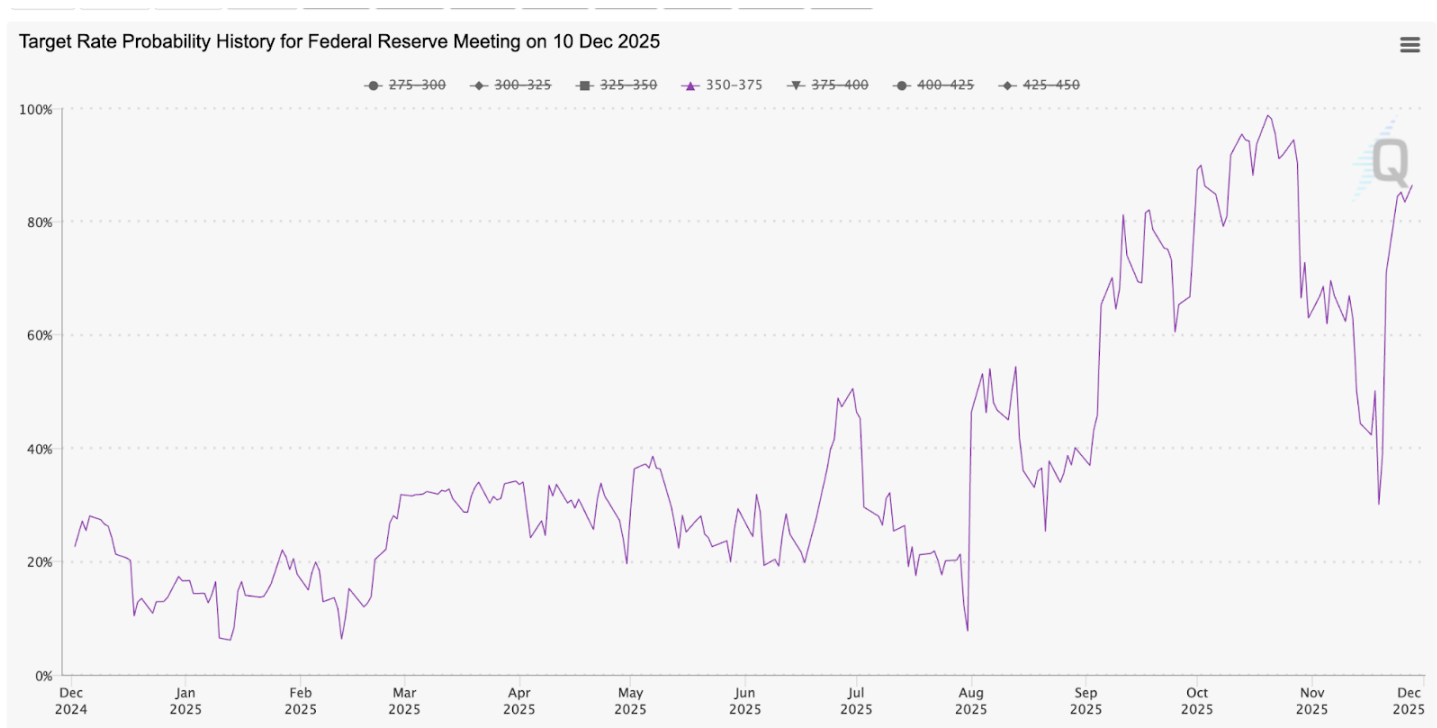
It goes back to that "core utility" problem I mentioned earlier. Crypto is being forced to look at its core utility problem square in the eyes. And just like when any of us look at a problem we have in our own lives square in the eyes, this process is forcing crypto to grow up. That growing up process includes cutting away the vines of vaporware that have been choking the life out of crypto. As you've probably noticed, crypto's desire to shill vaporware has not gone quietly into the night. The industry's scammers and grifters are fighting to remain a part of this ecosystem, but they're getting starved. They were pretty starved in 2025. The opportunities to scam and grift were thinner than they'd been in years past. The healthiest possible thing for this ecosystem would be for 2026 to be another year where scammers and grifters are starved for opportunities. Not sure what they'll do with all their free time, though. Maybe run for office?

Arca: The Selling Nobody Can Explain...

The Bottom of the Risk Spectrum, I Guess

The digital assets market has been down for 7 of the past 8 weeks, but staged a brief rally during Thanksgiving week, only to plunge Sunday night again as Japanese markets opened (Nikkei down, JPY bond yields up). While the initial crypto slide happened after Binance and other exchanges broke on October 10th, three weeks before the FOMC meeting, most of the weakness in November was attributed (ex post) to the hawkish comments by Fed Chairman Powell. Expectations of a December rate cut plummeted throughout November, from almost a 100% chance of a rate cut, to as low as 30%. This sent equity and crypto markets lower throughout the month.

But a funny thing happened in the last week of November. Core PPI inflation fell to 2.6%, below expectations of 2.7%, and the little data we have on the labor market post-government shutdown indicate it is slowing, if not collapsing. Rate-cut expectations for December quickly climbed back to almost 90%, and equities staged a fierce rally to close November in positive territory. Further, President Trump has hinted at knowing who the next Fed Chairman will be, and prediction markets are basically fully pricing in Kevin Hassett, who is known for pushing faster rate cuts in alignment with the Trump admin, and is largely a macro bull.



Source: CME Fed Watch

So why are digital assets still selling off on every piece of bad news but failing to rally with good news?

I have no idea.

While we've seen similar periods like this in the past, where everything is lining up bullish except price (May/June 2021 and April 2025, for example), this feels different. There seems to be little interest in investing in most digital assets right now, but no one we speak to can really put a finger on why. And that is very different from years past. Most of the time, whether we are ahead of a big move lower or behind

the curve, we can at least talk to other funds, exchanges, brokers, and industry leaders to figure out why this is happening. But thus far, this selloff seems to be happening without much rationale.

Recently, Bill Ackman commented that his Freddie Mac and Fannie Mae investments are suffering due to their correlation with crypto prices. And while that makes little sense fundamentally since these assets are quite different with completely different investment theses, it does make sense when you think about all of the ways TradFi, retail, and crypto investors are now converging. What was once a pretty isolated industry now overlaps with everything else. And while that is most definitely a good thing long-term (since it makes no sense to have a completely isolated sleeve of the financial industry), it is causing major problems in the short term, as investments in crypto seem to be the first to go in any diversified portfolio. Moreover, it helps explain why participants in the crypto industry don't really understand where the selling is coming from – most likely, it's not coming from within the industry at all. The crypto world is very transparent, often to a fault, whereas TradFi remains more of a black box. And that black box is dominating flows and activity right now.

A Few Possible Explanations for the Weakness

Aside from the obvious (lack of education and a lot of bad assets), there has to be a better explanation for why crypto is in such a downward spiral.

We've argued for a long time that assets have to have some combination of financial, utility and social value in order to have any value at all. And the biggest problem with most digital assets is that the majority of the value comes from social value, which is the hardest of the three to put a value on. In fact, in our piece earlier this year, when we did a sum-of-the-parts analysis of Layer 1 blockchain tokens (like ETH and SOL), we had to back into the social value component after deriving the much smaller financial and utility value components.

So with sentiment at the lows, you'd expect tokens that derive most of their value from social value to be plummeting right now (and most are - think Bitcoin, L1s, NFTs, and memecoins). Conversely, you'd expect those assets with a higher percentage of value from financial and utility sources to outperform – while some do (BNB), most do not (DeFi tokens, PUMP). So that's a bit odd.

You'd also expect the cavalry to arrive to defend prices a little, but that isn't happening much either. In fact, if anything, we're seeing more investors pile into the weakness, expecting more weakness, even if there is no rationale beyond momentum and technical analysis. Our friends at Dragonfly, a prominent crypto VC, did come to the rescue of Layer-1 token valuations with a well thought out piece, which was at least indirectly influenced by our SOTP analysis on L1s. Dragonfly basically sides with the last 2 paragraphs of our piece, which state that the current valuations based on today's revenues and utility value are irrelevant, because the entire world's assets will one day be moving on blockchain rails. And while that doesn't mean that any individual L1 token is cheap, collectively it makes the total value of all blockchains cheap, and betting on any one L1 token is essentially a probability function of its success. Essentially, you have to think much bigger about where this industry is headed rather than focusing on current usage. And he's right about that. If prices keep falling, I'd expect to see more of these "in defense" pieces written.

And of course, it wouldn't be a crypto selloff without some hit pieces on Microstrategy (MSTR) and Tether. Even though we've debunked all the MSTR issues numerous times (they will never be forced sellers), these attacks keep coming. The Tether FUD is more timely. Somehow, we've gone from "Tether is raising \$20 billion at a \$500 billion valuation" to "Tether is insolvent" in a matter of just a few weeks.

S&P recently downgraded Tether to junk, and Tether's latest attestation report (dated 9/30/25) shows that the USD stablecoin is 70% backed by cash and cash equivalents, and 30% backed by gold, Bitcoin, corporate loans, plus an equity buffer.



- *Asset Breakdown:* At the reporting date, the breakdown of the Reserves backing the fiat-denominated Tether tokens in circulation is as follows:

Asset Category	Amount in USD
1. Cash & Cash Equivalent & Other Short-Term Deposits:	
U.S. Treasury Bills ⁴	112,417,034,272
Overnight Reverse Repurchase Agreements ⁵	17,991,468,781
Term Reverse Repurchase Agreements ⁶	3,056,191,686
Money Market Funds ⁷	6,409,774,689
Cash & Bank Deposits ⁸	30,100,334
Non-U.S. Treasury Bills ⁹	47,901,280
Subtotal	139,952,471,042
2. Corporate Bonds ¹⁰	14,672,361
3. Precious Metals ¹¹	12,921,449,635
4. Bitcoin ¹²	9,856,011,011
5. Other Investments ¹³	3,874,458,261
6. Secured Loans ¹⁴	14,604,086,904
Total (1+2+3+4+5+6)	181,223,149,214

Source: Tether

I guess this is freaking people out, even though it seems perfectly in line with what you'd expect from a private company with no regulations on asset mix. And of course, being almost fully collateralized with cash is certainly a lot better than how the entire fractionalized banking system works. But I won't try to compare USDT to a bank, at least until the GENIUS ACT goes into effect.

However, I will say there is no scenario in which more than 70% of USDT is redeemed overnight, which is the only way they'd ever have a liquidity issue. So any questions about their liquidity are just silly. A solvency issue is different, though. If 30% of their holdings in BTC, Gold, and loans lose money, they'd have to dip into other assets the parent company holds that aren't explicitly backing USDT. Given how profitable the parent company is, this also isn't much of an issue, and I doubt any serious investors think it is an issue. But still, Tether CEO Paolo Arduino still had to explain this. USDT has not depegged even a little, because, again, this is a non-issue, but it may be causing some market angst? I suppose the only question I have is why bother owning these other investments in the first place if you know the market just wants you to own cash & cash equivalents, and Tether can still make an obscene amount of money just clipping the coupons on government interest (3-4% annual interest on \$180B of assets is north of \$5B in profits per year).

So again, ex post, we can at least try to rationalize some of the moves lower in the market. But this persistent weakness certainly has us scratching our heads.

Visa released its “2025 Holiday Spending Shift Survey” results taken from 1,000 US adults between Oct. 14-16. (See the crypto-related results below.)

- More than one in four shoppers (28%) would be excited to receive cryptocurrency as a gift. That number skyrockets to 45% for Gen Z.
- Approximately one in 10 shoppers believe stablecoins will take over by 2030, while 28% expect an increase in usage of stablecoins by 2035.
- Gen Z is more likely to use biometric authentication (71%), purchase gifts from overseas (60% globally), buy from social platforms (55%), and make purchases via cryptocurrency (44%) than other age groups.
- While one in five shoppers now prefer their digital wallets, Gen Z is closing the gap. These younger consumers are just as likely to prefer digital wallets compared to physical cards, 36% to 34%, respectively.

Grayscale published “November 2025: What It Takes to HODL.” (See summary points below. Download the article, [here](#).)

- Bitcoin investors have enjoyed high returns but have also stomached many challenging drawdowns. The ~30% drawdown since early October is in line with the historical average and the ninth meaningful pullback during the latest bull market.
- Grayscale does not believe Bitcoin is on the cusp of a deep and prolonged cyclical drawdown, and we expect prices to potentially make new highs next year. Tactically, some indicators point to a short-term bottom while others are still mixed. Into year-end, positive catalysts may include another rate cut from the Fed and bipartisan progress on crypto legislation.
- Beyond the majors, privacy-related crypto assets continued to stand out. Meanwhile, the first ETPs for XRP and Dogecoin began trading.

Grayscale published “Bittensor on the Eve of the First Halving.” (See summary points below. Download the article [here](#).)

- Bittensor is a decentralized network for AI development – an open network where anyone can create, train, and access AI. Amid growing concentration of capital, power, and decision-making in AI, Grayscale believes decentralized alternatives like Bittensor have become essential.
- Like Bitcoin, Bittensor’s native token, TAO, follows a four-year halving cycle. The network’s first halving is expected as soon as December 14, 2025, reducing daily token emissions from approximately 7,200 TAO to 3,600 TAO.
- Bittensor is seeing rising network adoption and rising institutional investment. Grayscale Research believes that the combination of reduced TAO supply growth from the halving and increased TAO demand could serve as a positive catalyst for the Bittensor ecosystem.
- Grayscale offers eligible accredited investors exposure to Bittensor through the Grayscale Bittensor Trust, a leading investment vehicle that enables accredited investors to gain exposure to TAO, the token underlying the Bittensor platform.