



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

25th January 2026

BITCOIN-RELATED



NYDIG: Bitcoin fell 6.2% on the week, reversing some of the early gains that had characterized the start of the year. Momentum faded after news broke of potential tariffs proposed by President Trump, tied to his stated interest in acquiring Greenland. The headlines injected a renewed dose of geopolitical uncertainty into markets, weighing on risk appetite broadly. While prices managed a modest rebound off the lows, the damage to the nascent momentum was evident. Year-to-date, Bitcoin remains modestly up, but sentiment has clearly softened following the pullback.

Kansas became the latest US state to consider a formal role for Bitcoin in public finance, with Kansas Senator Craig Bowser introducing a bill to create a Strategic Bitcoin Reserve.

Oklahoma introduced a bill that would allow state employees, vendors, private businesses, and residents to negotiate and receive payments in Bitcoin.

Cathie Wood's ARK Invest has predicted Bitcoin will reach a market cap of around \$16 trillion, up fourfold, and the broader crypto market will grow to roughly \$28 trillion by 2030 in a new report. Bitcoin, tokenized assets, and decentralized finance applications are three ideas (among 13) in ARK Invest's "Big Ideas 2026" report. (Download it, [here](#).)

Data from Glassnode, as of Jan. 18, showed mid-to-large Bitcoin holders with 10 to 1,000 BTC accumulated around 110,000 BTC over the past 30 days, marking the largest inflow since FTX's 2022 collapse. Their holdings rose from 6.4 million BTC to 6.6 million BTC during this period. Investors holding less than one BTC also increased their holdings by over 13,000 BTC, signaling broad-based demand reflecting a perceived undervaluation of Bitcoin.

Strategy purchased another 22,305 BTC for ~\$2.13 billion. The purchases take the company's total holdings to 709,715, or 3.3% of total supply. (The US Louisiana State Employees Fund reported holding \$3.2 million worth of Strategy shares.)

Fast food giant Steak 'n Shake announced it added \$10 million worth of Bitcoin to its corporate treasury after months of accepting BTC payments across its US restaurants, using crypto revenue to cut card fees, boost sales, and fund upgrades without raising menu prices. (The company also tapped a

Bitcoin bonus program for hourly employees, saying employees will receive a BTC bonus per hour worked, with payouts vesting after two years and limited to company-operated locations.)

Strive, the Bitcoin-focused asset manager founded by Vivek Ramaswamy, is seeking to raise \$150 million in a follow-on stock offering to buy more Bitcoin and pay down debt.

Nakamoto Inc., a Bitcoin company, announced that it has changed its corporate name from KindlyMD, Inc. to Nakamoto Inc., to integrate its corporate identity with the Company's long-term strategy in the Bitcoin ecosystem. The healthcare business will continue operations through Kindly LLC, a wholly owned subsidiary of Nakamoto. The Company's common stock and warrants will remain listed under the NAKA and NAKAW ticker symbols, respectively.

Trump Media and Technology Group, which holds a significant amount of Bitcoin, set a date for airdrop of digital tokens to DJT shareholders. Crypto.com will mint nontradable tokens for DJT shareholders on Feb. 2, as Trump Media expands its blockchain rewards strategy.

XXI Capital CEO Jack Mallers dropped the Bitcoin-per-share metric for his Bitcoin treasury firm, arguing that constant share dilution to buy more BTC – a model popularized by Strategy – hurts investors and no longer reflects what the market wants from Bitcoin-linked equities.

Cardone Capital, a real estate firm worth \$5.3 billion, acquired another \$10 million in Bitcoin.

An OG Bitcoin whale moved ~\$85 million worth of BTC late on Jan. 19 after 13 years of dormancy, according to onchain data. The wallet accumulated its holdings between December 2012 and April 2013, when Bitcoin traded between \$13 and \$250.

INDUSTRY ADVANCES

Swiss banking giant UBS Group will open up crypto investing to some of its private banking clients, according to Bloomberg.

According to PwC, institutional adoption of crypto has crossed a threshold where it is no longer reversible, marking a structural shift in how large financial players interact with digital assets. (See the Big Four accounting firm's 109-page report, [here](#).)

Bitpanda is expanding beyond digital assets to offer stocks and ETFs on the same platform, advancing its push towards a universal exchange model. Beginning Jan. 29, the Vienna-based crypto exchange will open access to ~10,000 stocks and ETFs. The company said the move will allow users to trade traditional financial products alongside cryptos within a single app.

Regulated digital prime broker GCEX Group, which serves institutional and professional clients across the UK, EU, and UAE, added Gold Futures CFDs to its product range.

Crypto-friendly fintech unicorn Revolut plans to apply for a banking license in the US, abandoning earlier plans to acquire a local lender.

Crypto payment cards reached a tipping point as daily transactions jumped 22X since late 2024 to ~60,000 per day (~\$18 billion pace by late 2025), driven by users spending crypto seamlessly through Visa and Mastercard networks instead of cashing out via exchanges.

The Ethereum network processed nearly 2.8 million transactions on Jan. 16, the most in its history. And unlike past surges, users didn't get hit with steep fees. Gas costs have dropped to as low as \$0.15 on average, and even lower on L2s, a dramatic shift for a network long plagued by congestion and expense.

Solana Mobile launched an airdrop of its new SKR token for Seeker phone users and app developers, positioning the token as the backbone of ownership and incentives in its mobile ecosystem while rewarding early participation through staking and inflation-based rewards.

MetaMask added native Tron support across mobile and browser extension wallets as multichain push accelerates.

Analytics platform Nansen launched its own AI-powered trading solution across Base and Solana.

Coinbase launched an Independent Advisory Board on Quantum Computing and Blockchain to proactively safeguard Bitcoin and other digital assets against potential future quantum threats.

BitMine added more than 35,000 ETH, passing 4.2 million ETH in holdings as its staked share climbs above 40%. (Its heavy ETH staking is reportedly clogging the network with over \$8 billion worth of Ether waiting to go live, pushing new validators into a 44-day queue and complicating entry for ETFs and other large institutions.)

Ethereum treasury firm ETHZilla formed a new subsidiary and purchased aerospace equipment in a bid to boost the company's tokenization efforts.

Token Terminal data showed tokenized funds (\$14.2B), tokenized commodities (\$4.3B), and tokenized stocks (\$456.5M) have all reached new all-time high market caps.

The NYSE is developing a platform for trading and onchain settlement of tokenized US equities and ETFs, pending regulatory approval. The system aims to support 24/7 trading, fractional shares, dollar-denominated orders, and instant settlement using tokenized capital and stablecoin funding.

"CZ," the former CEO of Binance and co-founder of YZi Labs, said he is in talks with "probably a dozen governments" about tokenizing their assets.

Coinbase introduced a borrowing feature that lets eligible US customers (excluding New York) use cbETH, its tokenized staked Ether, as collateral to borrow up to \$1 million in USDC.

F/m Investments, an \$18 billion ETF issuer, filed for permission with the SEC to launch tokenized shares of its \$6.3 billion US Treasury 3 Month Bill ETF (TBIL).

Galaxy Digital announced the successful closing of Galaxy CLO 2025-1, a new-issue collateralized loan obligation (CLO) that is tokenized on the Avalanche blockchain. The CLO will be used to support Galaxy's lending activities and represents Galaxy's first CLO issuance.

Ondo Finance is expanding its tokenized equities platform to Solana, bringing 200+ tokenized US stocks and ETFs to the network for the first time. (It also plans to release tokenized versions of BitGo's newly listed stock on Ethereum, Solana and BNB Chain, allowing non-US investors to buy shares using stablecoins without traditional brokerage access.)

Figure formalized its role as the primary operator supporting the independent Provenance

Blockchain Foundation as the L1 scales toward onchain equities, credit, and real-world assets.

The digital asset arm of Nomura, Laser Digital, is launching a new yield-focused Bitcoin investment

product. The Bitcoin Diversified Yield Fund (BDYF) will address a growing market demand for tokenized yield-driven funds over “vanilla long-only funds.”

Lingfeng Capital announced the upcoming launch of the Digital Venture Fund (DVF). DVF delivers a

regulated, multi-chain tokenized venture fund providing institutional-level access to early-stage fintech and digital infrastructure opportunities. The fund will launch on LSEG’s Digital Markets Infrastructure platform during a LSE market opening ceremony in March.

Polymarket was ordered by Portugal’s gambling regulator to cease operations in the country within

48 hours due to unauthorized betting on the presidential election.

Kalshi could face legal complications operating in the US state of Massachusetts after a judge

reportedly ruled that residents could not use the website for sports betting.

MINING

A winter storm threatening to pelt most of the southern US with ice and heavy snow this weekend

could see some Bitcoin miners curtail their operations until the front has passed. (When large storms have caused havoc to power grids in the past, certain Bitcoin miners have powered down to ease the load on the grid – like in 2022, when a major winter storm hit Texas and crypto miners across the state voluntarily curtailed their activities.)

The Prime Minister of Ethiopia said they’re looking for an investment partner to mine Bitcoin.

The Board of Mayor and Aldermen in Kingsport, Tennessee approved changes to the city’s zoning

rules that could pave the way for crypto mining companies and data centers to operate locally. The ordinance sets guidelines on where those facilities could be located within the city and requires a second vote before the amendment is formally adopted.

GoMining has collaborated with Jacob & Co. to create a limited-edition watch and Bitcoin miner

package, combining luxury with mining rewards. The \$40,000 Epic X GoMining set includes a Bitcoin-themed luxury watch and a 1,000 terahash digital miner.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES

Nasdaq filed a rule change with the SEC to remove limits on options tied to spot Bitcoin and Ether

ETFs, in a move to align crypto ETF options with rules applied to other commodity-based funds. The proposal would lift the existing 25,000-contract limits on options linked to a range of BTC and ETH ETFs listed on Nasdaq.

Thailand is moving to cement its position as one of Asia's most crypto-friendly financial centers, with regulators finalizing new rules for Bitcoin and crypto ETFs, futures trading, and tokenized investment products in early 2026. The country's Securities and Exchange Commission confirmed it's preparing comprehensive regulatory guidelines to allow crypto ETFs to be formally established, crypto futures to trade on the Thailand Futures Exchange, and digital assets to be recognized as an official asset class under existing derivatives law.

The London Stock Exchange announced it listed a Bitcoin and Gold ETP, giving investors access to both "store-of-value assets."

Grayscale filed with the SEC to launch a spot ETF tracking BNB.

21Shares launched a spot Dogecoin ETF on Nasdaq under the ticker TDOG, backed by the Dogecoin Foundation.

The Bitwise Proficio Currency Debasement ETF (BPRO) launched on Jan 22. BPRO is a first-of-its- kind, actively managed investment strategy targeting assets poised to benefit from the eroding purchasing power of fiat currencies worldwide – including gold, Bitcoin, silver, other precious metals, and mining equities.

Delaware Life Insurance Company introduced a fixed indexed annuity linked to the BlackRock US Equity Bitcoin Balanced Risk 12% Index, providing indirect exposure to Bitcoin through an ETF. This innovative product offers principal protection with limited growth potential, appealing to financial professionals and their clients.

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

According to the Financial Times, Galaxy Digital is launching a \$100 million hedge fund in Q1. The fund plans to allocate up to 30% of its assets to crypto assets, with the remaining 70% invested in equities that Galaxy believes are being reshaped by digital asset technologies and shifting regulations.

Superstate raised \$82.5 million in a Series B funding round, led by Bain Capital Crypto and Distributed Global. The firm plans to use the fresh capital to scale beyond tokenized Treasury products into onchain equity issuance on Ethereum and Solana.

Bitcoin payments startup ZBD raised \$40 million in a Series C funding round to expand blockchain- based payment infrastructure for the video game industry.

Solayer unveiled a \$35 million fund to back real-time blockchain applications built on its infiniSVM network, targeting revenue-generating projects like payments, DeFi, AI tools, and tokenized assets that require extremely fast transaction speeds.

Konnex successfully raised \$15 million in a strategic funding round to advance its vision of integrating the \$25 trillion real-world labor economy into an on-chain collaborative ecosystem. The company aims to develop infrastructure that enables autonomous robots to be scheduled, verified, and compensated through on-chain contracts.

Meld, a payments and conversion infrastructure that enables in-app conversion between fiat currencies and stablecoins or tokens, raised \$7 million, led by Lightspeed Faction.

Andreessen Horowitz's Crypto Startup Accelerator and Road Capital led a \$5.5 million seed round for Cork, a startup focusing on a new "onchain infrastructure category," tokenized risk.

IPOS, M&A, PARTNERSHIPS & DEALS



Anchorage Digital is seeking to raise \$200 million to \$400 million ahead of a possible IPO next year, as the federally chartered crypto custody bank expands into stablecoins and capitalizes on clearer US rules that now allow regulated firms to issue digital dollars.

Crypto custody company BitGo raised \$212 million in the first crypto US IPO of 2026, selling 11.8 million shares at \$18 apiece after marketing at between \$15 to \$17 per share. The IPO valued BitGo at just over \$2 billion and debuted on Jan. 22.

French crypto hardware wallet provider Ledger is reportedly planning an IPO in the US, which may value the company at more than \$4 billion, and is in talks with bankers at Goldman Sachs, Jefferies, and Barclays about a potential listing.

CertiK, a Web3 cybersecurity firm founded in 2018, is exploring an IPO aiming to become the first public Web3 security company, after a 2022 fundraising valued it at \$2 billion, according to co-founder Ronghui Gu.

Capital One has a \$5.15 billion deal to buy the fintech Brex and is set to acquire the company's stablecoin payments solution.

Farcaster, a pioneer crypto social protocol, will be taken over by Neynar, cofounder Dan Romero said. Neynar will take over the Farcaster protocol, app, developer tools as well as AI token launchpad Clanker. (The company raised \$150 million in 2024 backed by Paradigm and a16z but struggled to sustain growth. In a rare outcome, Merkle Manufactory – the company behind Farcaster – plans to repay \$180 million to its venture backers.)

Blockspace Media acquired Bitcoin Layers, an independent data platform tracking metrics across Bitcoin's L2 and scaling ecosystem.

Blockchain oracle provider RedStone acquired Security Token Market and its TokenizeThis conference, adding a large dataset on tokenized RWAs to its existing oracle business.

Chainlink acquired the Atlas transaction-ordering system to strengthen its tools that reduce harmful trading behavior in DeFi, keeping more value inside lending and trading apps instead of leaking profits to high-speed bots.

Mastercard is considering a strategic investment in Zerohash after abandoning talks to buy the crypto infrastructure firm outright, following Zerohash's decision to stay independent despite prior acquisition discussions reportedly valued near \$2 billion.

Tron founder Justin Sun invested \$8 million into River, a lesser-known DeFi project building cross-chain stablecoin infrastructure.

Decentralized satellite internet project Spacecoin announced a partnership and token swap with World Liberty Financial to combine satellite connectivity with DeFi payments, using WLFI's USD1 stablecoin to handle settlement for users accessing the Spacecoin network.

Automotive technology supplier Valeo and Natix Network, a Solana-based DePIN provider, partnered to build an open-source, AI multi-camera model aimed at improving autonomous driving systems.



Ethereum co-founder Vitalik Buterin proposed adding native distributed validator technology to the network's staking protocol to reduce single points of failure. The design would let multiple independent keys operate as one validator, keeping nodes online as long as a threshold of participants remains honest. He also framed native DVT as a decentralization lever that could improve validator diversity as Ethereum staking scales.

Buterin called on the crypto industry to build “different and better” DAOs that move beyond token-holder voting. He said current DAO designs are inefficient and vulnerable to capture and manipulation, fueling growing cynicism around decentralized governance. Buterin pointed to zero-knowledge proofs and selective AI use as potential solutions – urging builders to prioritize stronger oracle designs, communication layers, and long-term governance infrastructure from the start. (Plus, Buterin said he plans to fully recommit to decentralized social media in 2026.)

Injective's protocol community approved a major tokenomics overhaul, passing a governance proposal with 99.89% support based on staked voting power. The Supply Squeeze proposal (IIP-617) reduces its native token issuance and maintains the network's buyback-and-burn program, which uses protocol-generated revenue to permanently remove tokens from circulation. (Injective is an L1 blockchain focused on DeFi applications, with INJ serving as its native token for staking, governance and transaction fees.)

WalletConnect now supports TRON, giving 600+ WalletConnect-enabled wallets and 70,000 dApps direct TRC-20 stablecoin access and native DeFi/NFT integrations.

DeFi protocol Pendle is changing how its token system works, replacing vePENDLE with a new model called sPENDLE. The main idea is to remove long, inflexible lockups while keeping incentives aligned with the protocol's growth.

CBDCS & STABLECOINS



India's central bank, the Reserve Bank of India, reportedly proposed an initiative linking BRICS' CBDCs to facilitate cross-border trade and tourism payments.

The stablecoin market reached a record high of over \$311 billion in total supply, led by Tether's USDT and Circle's USDC.

Circle CEO Jeremy Allaire said within three to five years, billions of AI agents that can work without human input will use crypto and stablecoins for everyday payments on behalf of users.

Hong Kong plans to issue its initial batch of stablecoin licenses in Q1 as the special administrative region accelerates its push to become a crypto hub. Hong Kong Financial Secretary Paul Chan said at the World Economic Forum in Davos that the city's crypto framework prioritizes responsible growth while expanding into stablecoins, exchanges, and tokenized assets amid intensifying global competition.

Elliptic analysis reveals that the Central Bank of Iran acquired at least \$507 million in USDT, the US dollar-backed stablecoin. There are indications that the acquired USDT was used to support the value of the Iranian Rial, providing a viable alternative for market intervention given that sanctions prevent the regime from deploying its official foreign reserves.

A7A5, a ruble-pegged stablecoin issued on Ethereum and Tron, has seen over \$100 billion in transactions among 41,300 wallet addresses. The stablecoin's circulation has increased to 42.5 billion, with a value of \$547 million, but activity has slowed down due to sanctions.

NFTS, BLOCKCHAIN GAMING & METaverse



The Justice Department will drop its case against Nathaniel Chastain, a former OpenSea manager who successfully appealed an NFT-related wire fraud and money laundering conviction.

NFT project Pudgy Penguins is set to apologize for a racist post following a complaint from Manchester City, according to a report from Protos, addressing xenophobic stereotypes about Indians. The post has been removed from the company's channels, with plans to express an apology to the user who flagged it.

Axie Infinity's AXS surged over 120% after developers overhauled in-game rewards by making newly earned tokens non-tradable by default, a shift designed to cut down on bots, slow new token supply, and refocus the blockchain game on real players rather than automated farming.

JOB MOVEMENT



Michael Selig, chair of the CFTC, announced the appointment of Michael Passalacqua as a senior adviser with experience in litigating crypto and blockchain cases.

Polygon Labs laid off 60 staff members after its \$250 million acquisition of Coinme and Sequence.

REGULATIONS, RULINGS & COMMENTARY



The Trump family added ~\$1.4 billion in crypto-related wealth in the year since President Trump returned to office, Bloomberg reported. Crypto now accounts for about one-fifth of the family's total estimated \$6.8 billion net worth, according to the report. World Liberty Financial and the president's Official Trump memecoin represent the two highest-profile projects, generating more than \$1 billion in realized proceeds for the family.

In Davos, Trump said: “To unleash innovation in savings and financing, I’m also working to ensure America remains the crypto capital of the world. And to that end, last year I signed a landmark GENIUS Act into law. Now Congress is working very hard on crypto market structure legislation. Bitcoin, all of them, which I hope to sign very soon, unlocking new pathways for Americans to reach financial freedom.” (Bottom line: Trump wants crypto legislation across the finish line and the directive to move crypto market structure forward is coming from the top.)

In Davos, Treasury Secretary Scott Bessent said: “The policy of this government is to add seized Bitcoin to our digital asset reserve.”

US crypto legislation hit another pause, as work on a sweeping crypto market structure bill was delayed after lawmakers on the US Senate Banking Committee shifted focus to housing affordability, a top priority for the Trump administration ahead of elections. The bill, already postponed once, is now unlikely to resurface until late February or March. (The Senate Agriculture Committee did release an updated crypto market structure bill text on Jan. 21 ahead of a Jan. 27 hearing, but Chair John Boozman said “differences remain.”)

In his first month as chair of the CFTC, Michael Selig says the agency is “charting a new course,” announcing a new “Future Proof” initiative aimed at modernizing the CFTC's approach to digital assets. On Jan. 20, Selig said the derivatives regulator needs an “upgrade” and plans to start a broad review of its rules. The goal, he wrote in a Washington Post column, is to adopt what he described as the “minimum effective dose of regulation.”

The SEC and CFTC said they’re coming together to discuss their efforts to implement President Donald Trump’s crypto agenda. The agencies will hold an event on Jan. 27 to discuss the “harmonization between the two agencies.”

Coinbase CEO Brian Armstrong plans to use meetings in Davos to revive stalled US crypto market-structure legislation, focusing on compromises around stablecoins after Coinbase pulled support over yield restrictions.

Vietnam opened applications for licensed crypto exchanges under a pilot regime that sets a steep entry threshold of nearly \$400 million in required capital. The framework limits participation to Vietnamese firms, caps foreign ownership at 49%, and effectively favors domestic banks and securities companies.

The government of Bermuda is planning to create a “fully onchain” national economy using digital asset infrastructure provided through partnerships with Coinbase and Circle.

Kazakhstan’s President Kassym-Jomart Tokayev signed legislation establishing a regulatory framework for digital assets, including licensed crypto exchanges and granting the country’s central bank authority to approve which cryptos can be traded on regulated platforms.

Binance applied for authorization under the EU’s MiCA in Greece as regulators warned of looming compliance deadlines.

Binance Australia has resumed direct dollar deposits and withdrawals for local users, including PayID and bank-transfer access, after over two years of banking service disruptions. The exchange has reintroduced real-time payments, aiming to enhance user activity and market share in the country.

London-based fintech Revolut applied for a full banking license in Peru as part of its expansion across Latin America.

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

Donald Trump filed a \$5 billion lawsuit against JPMorgan and CEO Jamie Dimon over the alleged shutdown of accounts tied to his businesses in 2021, reviving broader “debanking” concerns long raised by crypto firms about politically motivated account closures.

South Korean customs authorities dismantled an international crypto laundering ring accused of moving about \$102 million between 2021 and mid-2025 by cycling funds through digital assets and local banks, as part of a wider crackdown on illegal foreign-exchange activity.

According to blockchain security firm CertiK, ~\$63 million in Tornado Cash deposits was linked to the \$282 million cryptocurrency wallet compromise of Jan. 10.

Brazilian police dismantled a crypto money laundering network, freezing, or confiscating \$126 million in assets. The operation, named Narco Azimut, resulted in seven arrests, including the suspected ringleader and intermediaries involved in illicit fund movements.

South Korean authorities launched an investigation after discovering that 70 billion won (\$47.7 million) worth of Bitcoin was missing during a routine inspection of seized financial assets.

Guernsey authorities seized \$11.4 million in assets related to the OneCoin fraud, following a court decision upholding an overseas forfeiture order. The funds were held in an account at RBS International under the name Aquitaine Group Limited.

Saga EVM blockchain paused operations after a \$7 million hack, minting D tokens and bridging funds to Ethereum. The exploit's cause remains uncertain, with speculation on a private key compromise or IBC mechanism abuse.

Makina Finance suffered a ~\$5 million exploit when an attacker used a massive flash loan to manipulate price data and drain a stablecoin pool, adding to a year already marked by record crypto thefts despite the protocol still verifying details.

Caroline Ellison, the former CEO of Alameda Research and linked to FTX, is scheduled for release from federal custody after serving 440 days of a two-year sentence. According to inmate records with the Federal Bureau of Prisons, Ellison is expected to be released from the Residential Reentry Management field office in New York City on Jan. 21, more than a year after she reported to prison in Danbury, Connecticut.

A New Jersey man will spend the next 12 years behind bars for helping to flood American streets with over a metric ton of fentanyl-related drugs, paid for with hundreds of thousands of dollars in Bitcoin sent directly to Chinese suppliers.

Authorities in France started a preliminary investigation into a breach of crypto tax platform Waltio that could have compromised users' personal data.

A pricing glitch on Starknet-based DEX Paradex briefly sent Bitcoin to \$0 on the platform, triggering widespread liquidations before prices rapidly recovered, users reported. The exchange said a database migration error caused the incident and confirmed plans to roll back the appchain to restore its last known correct state. Paradex did not disclose how many traders were affected, but restricted parts of the platform while engineers worked through recovery.

Blockchain security firm SlowMist flagged a new Linux-based attack vector that exploits trusted applications distributed through the Snap Store to steal users' crypto recovery seed phrases.

MISCELLANEOUS

According to new research from CoinGecko, over 53% of the 20.2 million crypto tokens launched since 2021 are now inactive. A staggering 11.6 million of those failures happened in 2025 alone – accounting for 86.3% of all token deaths over the past five years.

Ethereum L2 network MegaETH will open its mainnet for a high-intensity global stress test on Jan. 22, attempting to process 11 billion transactions in one week to prove it can support real-time games, DeFi apps, and consumer tools before a public launch.

BNB Chain executed its 34th quarterly burn, eliminating 1.37M BNB from supply as part of its Auto-Burn mechanism. Recent upgrades accelerated block production, prompting formula adjustments while reinforcing BNB's deflationary model.

Trove Markets abruptly switched its planned collectibles-focused perpetuals exchange from

Hyperliquid to Solana just hours before its token launch, after a key liquidity backer exited over confidence concerns, forcing a full rebuild and triggering backlash following a chaotic \$11.5 million token sale.

Solana-based meme coin launchpad Pump.fun introduced a \$3 million fund for market-driven

token launches, aiming to empower projects through user funding and transparency. The platform's investment arm, Pump Fund, will support 12 projects with \$250,000 each, valuing them at \$10 million.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Conclusion from Coin Metrics' "State of The Network" weekly report from 1/20/26. (Read the full report, [here](#).)

The data points to a market in flux, maturing and consolidating. While the crypto universe continues to expand in the number of assets and in its role as the substrate for a wider range of traditional assets, there is only so much liquidity to go around. At the same time, crypto is competing with strong narratives in equities and traditional hedges like gold for space in multi-asset portfolios.

Capital has concentrated in large cap tokens and the infrastructure layer powering stablecoins, tokenized assets, and DeFi. Liquidity and scale matter more than they used to, and the bar for altcoins to attract sustained capital has risen considerably. That said, clearer market structure rules, the proliferation of altcoin and multi-asset ETFs, and more favorable liquidity conditions could still catalyze another "altcoin season", but one that is narrower and more selective than in past cycles.

Conclusion from Glassnode's "The Week On-Chain" from 1/21/26. (Read the full report, [here](#).)

Bitcoin remains in a low participation regime, with price action driven more by the absence of pressure than by active conviction. On-chain data continues to reflect supply overhang and fragile structural support, while spot flows, though improving, have yet to transition into sustained accumulation.

Institutional and corporate demand remains cautious, with treasury flows stabilizing near neutral and activity concentrated in isolated transactions. Derivatives participation remains thin, with futures volume compressed and leverage deployment subdued, reinforcing a low-liquidity environment where price is increasingly sensitive to modest positioning shifts.

Options markets echo this restraint. Volatility repricing has been confined to the front end, hedging demand has normalized, and elevated volatility risk premium continues to anchor implied volatility.

DACFP/Ric Edelman recent crypto stats...

- 83% of institutional investors plan to increase their crypto allocation in 2026.
- 72% of individual investors say crypto is a "key component" of their wealth strategy, and 69% plan to increase their crypto holdings in 2026.
- 71% of individual investors want crypto advice from a financial advisor, and 62% are willing to switch advisors to get that advice.
- US households are now more likely to own Bitcoin than they are to own a dog.
- Only 40% of advisors have asked their clients if they own Bitcoin, but of those who asked, 94% discovered clients who do.

Bitwise released its “Crypto Market Review: Q4 2025.” (Read the 77-page report, [here.](#))



Matt Hougan’s (Bitwise) Weekly CIO Memo: “Why I Love Chainlink – Simple Thoughts on One of the Least Understood, Most Important, and Most Attractive Crypto Assets.”

Last week, we launched a Chainlink ETP. The launch was quiet by crypto standards: decent volume, tight spreads, but not the rapturous reception we saw for Bitcoin ETPs.

Investors are missing out. Chainlink is one of my favorite crypto assets. In fact, I believe it is one of the least understood, most important, and possibly most undervalued crypto assets.

For this week’s memo, I thought I’d share why.

What Is Chainlink?

Chainlink is the 11th-largest crypto asset in the world, with a market cap of nearly \$10 billion. You rarely hear investors talking about it, however. I think that’s mostly because it’s complex.

Most high-profile crypto assets fit a simple narrative. Bitcoin is digital gold. Ethereum is a platform for stablecoins and tokenized assets. Dogecoin is a meme.

Chainlink is ... well, when you ask most crypto people what Chainlink is, they’ll tell you it’s a “data oracle.”

There are two problems with this.

First, it’s incomplete. As I’ll explain later, acting as an oracle is just one of the things Chainlink does. As Zach Rynes said on Bitwise’s recent X Space, calling Chainlink a “data oracle” is like calling Amazon a bookstore.

But a far more important problem is that no normal human knows what an oracle is.

In crypto, most people think an oracle is a service that allows blockchains to find out facts about the real world. If a blockchain needs to know the price of short-term US Treasuries, it will use an oracle to provide that. The same is true if a DeFi app needs to know whether a stock is up or down, if a bank needs to know

whether a client passed KYC/AML checks, or if Polymarket needs to know whether the Senate passed the CLARITY Act.

The word “oracle” traces its roots back to Ancient Greece, where people would trek to temples and ask questions about the world of priests and priestesses (like the famous Oracle of Delphi). Those priests and priestesses would provide answers.

Chainlink is an “oracle” for blockchains, see? Clever, right?

No.

The percentage of people who know about ancient Greek oracles is low. Most people need an oracle to tell them what a decentralized oracle is.

How I Think About Chainlink

My mental model for Chainlink is much simpler. I think of Chainlink as a software platform business. Specifically, it’s a high-growth software platform with a dominant market share in a very large and fast-growing market.

Software platforms are designed to solve problems. Salesforce, for instance, helps people organize complex customer data. The core problem Chainlink solves is that blockchains are isolated, both from one another and from the outside world. Financial services and capital markets are rapidly moving onto blockchains as we speak, and Chainlink helps make it possible.

One way to think about it: A blockchain is like an Excel spreadsheet installed on a brand new computer, not yet connected to the internet. That spreadsheet can do amazing things: add, subtract, sort, do calculus, and so on. It can even run if/then statements that connect one cell to another.

But ... and this is a big but ... it’s completely isolated from everything else around it. To make that spreadsheet useful in the real world, particularly in financial services, it needs ways to connect externally. It needs to know about stock prices and news events (Chainlink’s “data oracle” services). It needs to be able to talk to other spreadsheets (Chainlink’s “cross-chain interoperability” services). It needs to act in a compliant manner that satisfies regulatory standards (Chainlink’s “automated compliance” services). It needs macros to orchestrate all of this functionality into a repeatable workflow (Chainlink’s “runtime environment” developer platform). And so on.

Chainlink is the platform that almost all blockchains use to do these things. It has anywhere from 50% to 100% market share for each of these and other infrastructure services that connect blockchains and crypto applications with the real world and with one another.

The Simple Investment Case for Chainlink

I have a strong feeling there will eventually be significant institutional demand for Chainlink ETPs. The reason is simple. It is the glue that connects everything institutions love about crypto.

Bullish about stablecoins? They rely on Chainlink for price feeds, moving across chains, and proof of reserves.

Bullish on tokenization? It relies on Chainlink for prices, asset servicing, and compliance.

Bullish on DeFi? DeFi doesn't exist without Chainlink.

Bullish on prediction markets? You guessed it – Chainlink again.

I could go on.

One of the biggest themes in crypto for the next decade is its growing intersection with the real world. Today, most of the ways in which crypto intersects with the real world flow through Chainlink. That's why everyone – DTCC, SWIFT, JPMorgan, BNP Paribas, Visa, Mastercard, Euroclear, Fidelity, Franklin Templeton, FTSE Russell, Coinbase, Aave, Deutsche Börse, Polymarket, etc. – uses Chainlink.

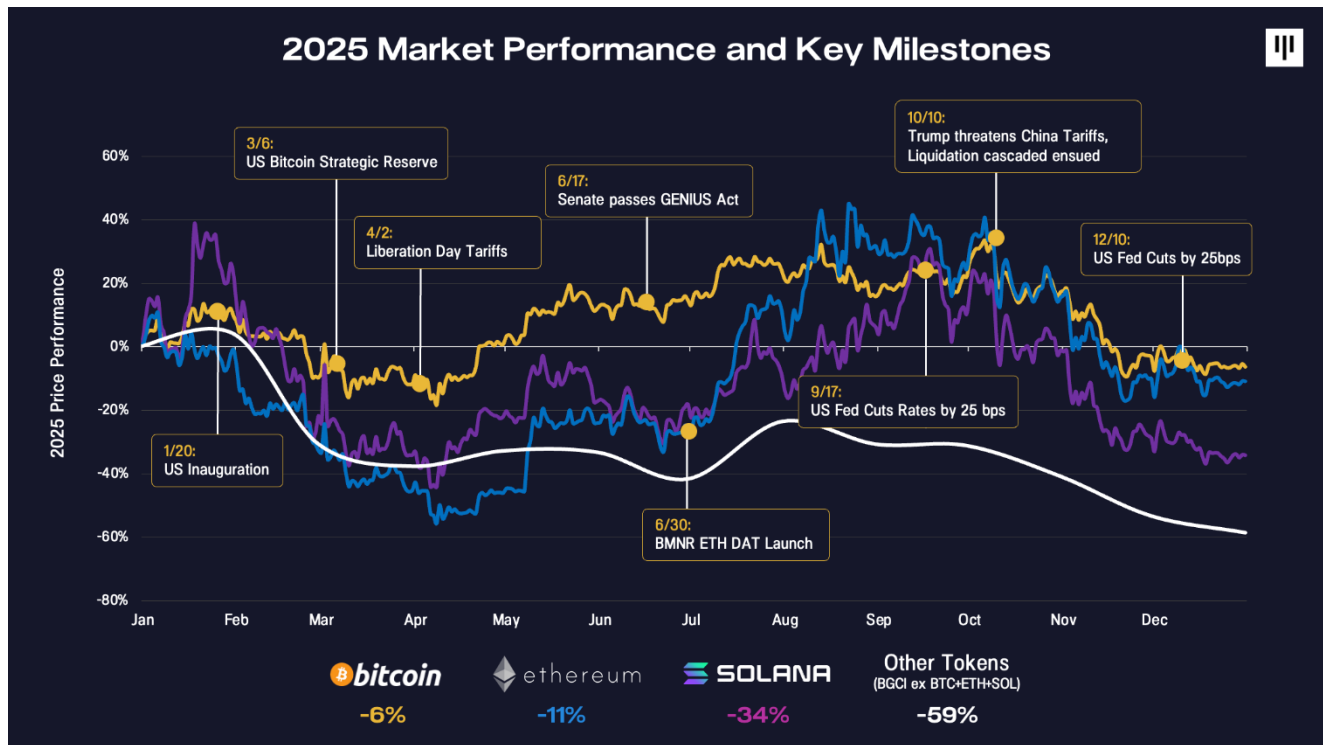
If you're like me, you see a tidal wave of stocks, bonds, and other assets moving onchain in the coming years. But beneath the surface is a quieter force helping to power all of it. And that's why I'm so bullish on Chainlink.

Highlights from Pantera Capital's latest Blockchain Letter ("Navigating Crypto in 2026")...

MARKET OUTLOOK FOR 2026 – By Cosmo Jiang, General Partner

2025 was not a fundamentals-driven year for returns in the crypto markets. It was a year where macro, positioning, flows and market structure effects were the dominant drivers – particularly for assets outside of Bitcoin.

Looking at a timeline of the year's major macro and policy inflection points helps capture why the tape felt so discontinuous.



The year opened with the US inauguration, which ultimately proved to be a classic “sell-the-news” moment and an early warning shot for volatility. Subsequent months saw repeated whipsaws in risk appetite – from optimism around a US Strategic Bitcoin Reserve announcement, to renewed pressure from “Liberation Day” tariffs. Mid-year brought constructive developments, including passage of the GENIUS Act, digital asset treasuries (“DATs”) like Bitmine Immersion taking off, and the onset of Federal Reserve rate cuts, which stabilized sentiment for a few months.

The fourth quarter marked a decisive break as multiple challenges arose. The October 10 selloff triggered the largest liquidation cascade in crypto history – larger than during both the Terra/Luna collapse and the FTX unwind – with more than \$20 billion in notional positions wiped out. Markets needed time to digest that shock. At the same time, a key marginal buyer throughout the year (DATs) began to exhaust incremental purchasing power. That downward momentum was exacerbated by seasonal pressures, including tax-loss selling (in particular in ETFs and DATs), portfolio rebalancing, and systematic CTA flows into year-end.

Bitcoin finished 2025 modestly lower, down approximately 6%. Ethereum declined roughly 11%. From there, performance deteriorated sharply. Solana fell 34%, and the broader token universe (BGCI excluding BTC, ETH, and SOL) declined close to 60%.

It was an exceptionally narrow market. This dispersion becomes even more stark when looking at return distributions across the token universe.

Only a small fraction of tokens generated positive returns. The overwhelming majority experienced deep drawdowns – the median token declined 79%.

Over A Year-Long Altcoin Bear Market

Perhaps the most underappreciated reality of 2025 is that the non-Bitcoin token market has actually been in a bear market since December 2024.



Total crypto market capitalization excluding Bitcoin, Ethereum, and stablecoins peaked in late 2024 and has been in a grinding decline ever since – down approximately 44% through the end of 2025. From this perspective, what appeared to be at least at times a constructive year for Bitcoin was, for the rest of the market, a continuation of an unresolved bear market.

Portfolios with meaningful exposure to mid- and small-cap tokens structurally struggled.

The divergence between Bitcoin and the broader token market reflects fundamental differences. Bitcoin benefits from a singular, widely understood thesis – digital gold – and increasingly from mechanical demand driven by sovereigns, governments, ETFs, and corporate treasuries. Other tokens, by contrast, represent a heterogeneous set of disruptive technologies with less standardized access, less institutional sponsorship, and more complex value capture dynamics.

That divergence showed up clearly in price.

Structural Headwinds Facing Tokens

Several forces compounded pressure on the broader token complex in 2025.

1. Value Accrual and Investor Rights

One of the most persistent challenges was the unresolved question around value accrual. In traditional equity markets, shareholders benefit from clear legal claims on cash flows, governance, and residual value. Tokens, by contrast, often rely on protocol-level mechanisms enforced by code rather than by governmental body enforced law.

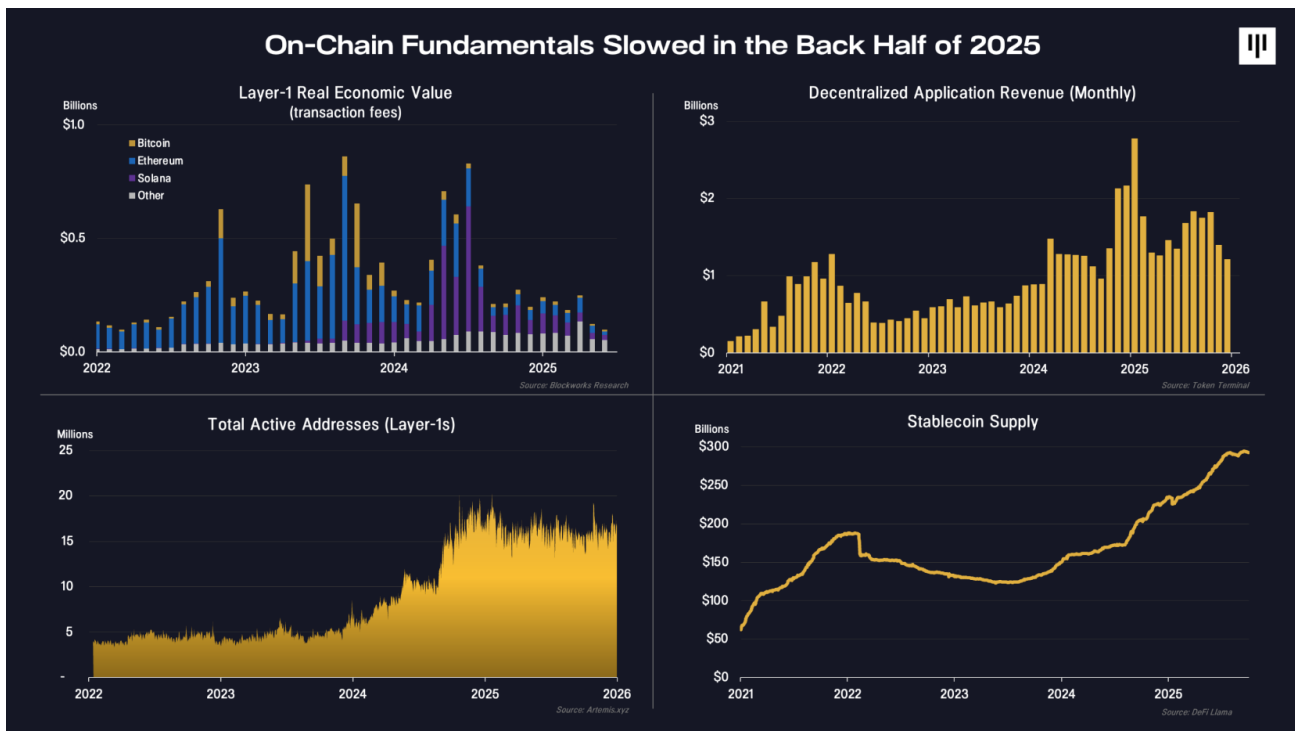
Value Accrual Debate: Token vs Equity		
Feature	Governance Tokens (Protocol)	Equity Shares (Corporation)
Claims on Profit	Sometimes confer claims on protocol economics	Yes, shareholders receive claims on corporate profit
Voting Rights	Protocol-level governance voting (e.g., upgrades, forks)	Material corporate actions and legal protections (e.g., board elections, mergers)
Cash Flow Mechanism	Staking and buybacks to tokenholders	Dividends and buybacks to shareholders
Legal Protections	Smart contract guarantees (code based)	Jurisdiction under securities laws

This year, multiple high-profile cases brought that tension into focus, particularly where token-based ecosystems were acquired or restructured without direct compensation to token holders, including Aave, Tensor and Axelar. These events reverberated across the market, undermining confidence even in projects with comparatively strong token economics.

Against this backdrop, digital asset equities outperformed tokens, benefiting from clearer paths to value capture at a time when investors were already seeking defensiveness.

2. Slowing On-Chain Activity

On-chain fundamentals also softened in the back half of the year.



Across key indicators – including layer-one revenue, decentralized application fees, and active addresses – activity decelerated. Stablecoin supply, notably, continued to grow, signaling ongoing adoption of blockchain for payments and settlement. However, much of the economic value associated with stablecoins accrued to off-chain equity-based businesses rather than to token-based protocols.

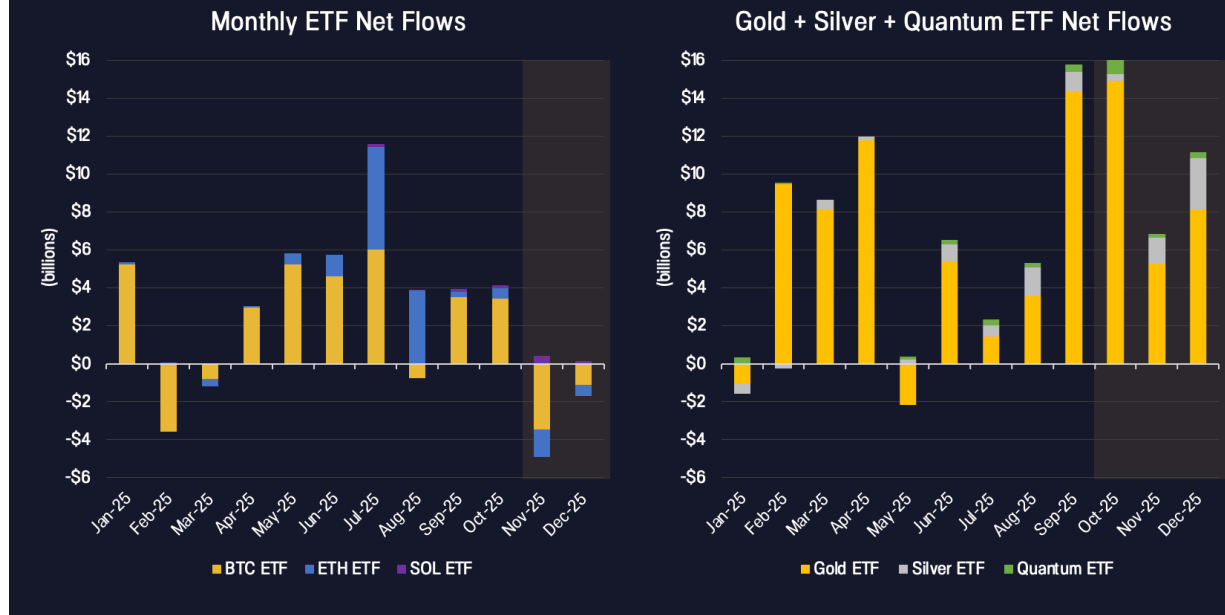
In effect, the base layer of usage persisted, but marginal, pro-cyclical activity declined. That shift fed directly into token price action.

3. Rotation of Speculative Capital

Finally, flows reversed. The marginal capital supporting the broader token universe has historically been speculative retail. While institutional adoption continues to grow, it remains concentrated primarily in assets available in ETF-format including Bitcoin, Ethereum, and, toward the end of the year, Solana.

In 2025, speculative attention rotated to other sectors.

Speculative Retail Capital Rotating Into Other Sectors



ETF inflows surged into gold, silver, and emerging thematic trades such as quantum computing, while digital asset ETF flows slowed and turned negative later in the year. This rotation occurred precisely as token breadth was deteriorating, reinforcing downside momentum.

Sentiment, Positioning, and Historical Context

By year-end, sentiment had compressed to levels historically associated with capitulation.

Crypto Fear & Greed Index At Multi-Year Lows

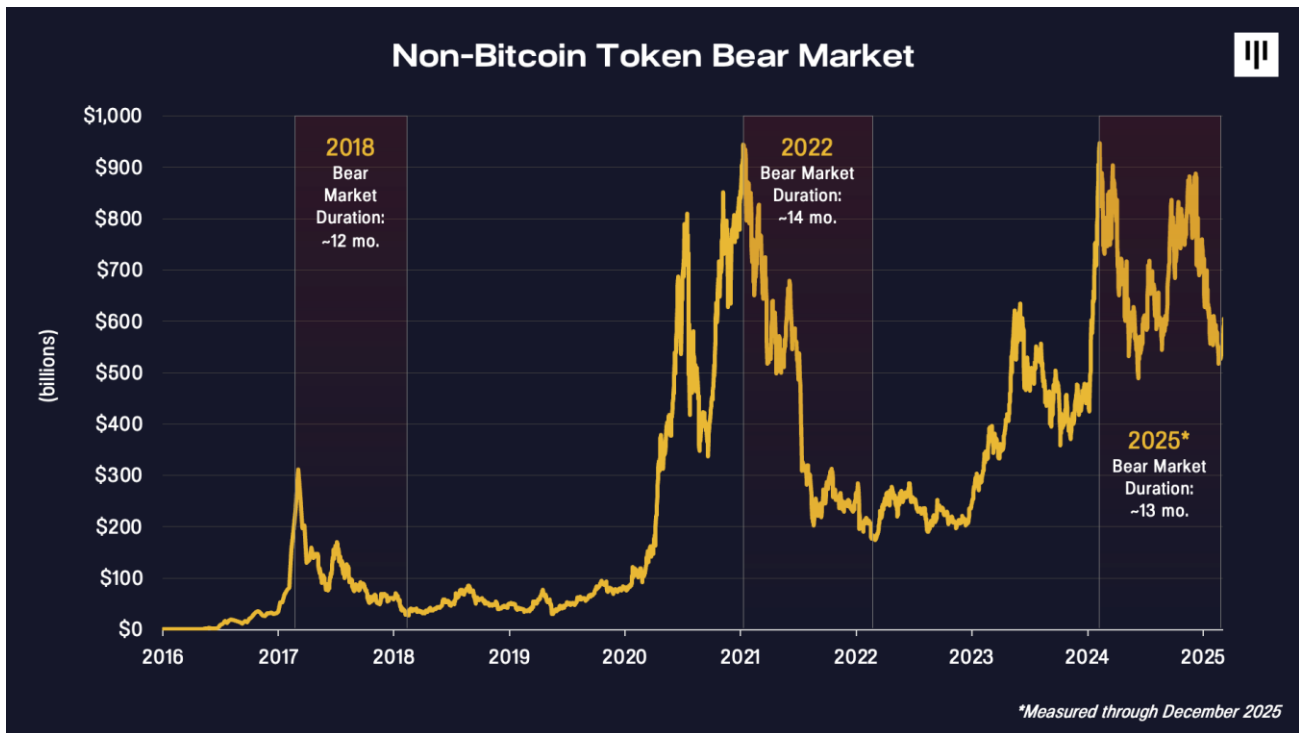


Source: *Alternative.me*

The Fear & Greed Index reached readings last seen during periods of acute stress, including the aftermath of the FTX collapse. At the same time, perpetual futures funding rates declined, signaling reduced leverage and diminished speculative excess.

Seasonality also played a role. December has historically been a weak month for Bitcoin and broader crypto markets, with tax-loss selling, portfolio rebalancing, and liquidity constraints creating mechanical pressure independent of fundamentals.

Importantly, when viewed through a longer-term lens, the duration of the current non-Bitcoin drawdown aligns closely with prior cycles.



The 2018 and 2022 bear markets lasted approximately 12 to 14 months. Measured from the late-2024 peak, the current drawdown is now in that same range. This does not guarantee a bottom, but it does suggest that a significant amount of time and price-based compression has already occurred.

Why the Setup Improves from Here

Despite the challenges of 2025, there are several reasons to remain constructively optimistic looking forward.

Institutional Adoption is Broadening



Technology

Robinhood	ARBITRUM	Launched tokenized stocks on Arbitrum
stripe	Tempo Klarna	Stablecoin announcement with Klarna as first enterprise client
Western Union		Launches stablecoin on SOL
J.P.Morgan		Issues JPM Coin for tokenized deposits on ETH
VISA	CIRCLE	Stablecoin settlement partnership
mastercard	MoonPay	Stablecoin payment partnerships

Product Market Fit

-  Prediction Markets
-  Stablecoins

Investor

  	U.S. Bitcoin Strategic Reserve
  	ETF Issuance
BlackRock	Top 5 revenue-generating ETFs (IBIT Bitcoin Shares)
MERRILL LYNCH A BANK OF AMERICA COMPANY	Allow advisors to endorse 1-4% allocation assets to clients
Morgan Stanley	Broadening access to all clients and investment accounts
Vanguard	Reverses ban on crypto ETFs and Mutual Funds

Upcoming Sectors

-  Tokenization
-  Perpetuals

First, institutional adoption continues to broaden. Enterprises are increasingly integrating blockchain into core products – from Robinhood launching tokenized equities to Stripe developing stablecoin infrastructure to JPMorgan tokenizing deposits. On the capital side, sovereign reserves have been established, and wirehouses, retirement platforms, and large asset managers have meaningfully lowered barriers to participation.

Second, product-market fit is becoming clearer. Stablecoins and prediction markets gained breakout attention and adoption as standout use cases in 2025, while broader tokenization and perpetual futures are showing early signs of product-market fit.

Third, the macro backdrop is supportive. The US economy remains resilient, with wage growth outpacing inflation and corporate earnings expanding. Liquidity conditions are improving now that the Fed has stopped quantitative tightening. Declining long-term yields combined with easing monetary policy have historically been constructive for risk assets, including digital assets.

Finally, penetration remains remarkably low. As Tom Lee of Bitmine has stated: there are just 4.4 million Bitcoin addresses holding more than \$10,000 in value, compared to 900 million of traditional investment accounts globally. Per a Bank of America institutional investor survey, among professional investment managers 67% still have zero exposure to digital assets. Even modest shifts in allocation over time represent a meaningful source of potential demand.

Closing Thoughts

2025 was a difficult year for much of the token market, characterized by extreme dispersion, stronger performance from the majors, and prolonged weakness outside of Bitcoin. But it was also a year that advanced institutional adoption, clarified product-market fit, and compressed valuations across large segments of the ecosystem.

A strong fundamental backdrop following a year-long bear market for the broader token universe could present opportunity. With sentiment washed out, leverage reduced, and a significant repricing already behind us, forward-looking setups appear increasingly asymmetric – provided fundamentals stabilize and breadth returns. Periods of dislocation have historically laid the groundwork for the next phase of growth.

NINE PREDICTIONS FOR 2026 – By Paul Veradittakit, Managing Partner

#1 Real-World Assets (RWA) Takes-Off

As of mid-December 2025, RWA total value locked (TVL) reached \$16.6 billion or ~14% of total DeFi TVL.

Prediction:

- Treasuries and private credit could at least double.
- Tokenized stocks and equities could grow even faster when the anticipated “Innovation Exemption” under the SEC’s “Project Crypto” debuts.
- One surprise sector (carbon credits, mineral rights, or energy projects) will catch fire. This sector will likely be characterized by fragmented liquidity, global distribution, and a lack of standards, which blockchain-based markets will help resolve.

#2 AI Revolutionizes On-chain Security

AI security and blockchain development tools are getting scary good. Real-time fraud detection, 95% accurate transaction Bitcoin labeling, and instant smart-contract debugging are here, detecting millions in blockchain vulnerabilities.

Prediction: In 2026, picture bigger shifts toward on-chain intelligence with deterministic, verifiable rules taking over smart contract-based governance. The application will scan code in near real-time, spot logic bugs and exploits instantly, and give immediate debugging feedback. The next big unicorn will be an innovative onchain security firm that will 100x the safety game.

#3 Prediction Markets Are Acquisition Targets

With \$28 billion traded in 2025’s first ten months, prediction markets are consolidating around institutional infrastructure. We hit an ATH the week of October 20 at \$2.3 billion.

Prediction: A buyout in the industry of more than \$1 billion, one that will not involve Polymarket or Kalshi. Winning platforms will build under-the-hood liquidity rails with baked-in market-discovery intelligence that points out where money is hiding and why. Forget shiny new buttons. It’s all about effortlessly giving users superpowers: instant access to hidden pools, smarter routing, and predictive order flow.

Sports-focused platforms like DraftKings and FanDuel have gone mainstream, partnering with media for real-time odds distribution. Newer entries like NoVig, focused on sports, will expand their presence vertically, and new startups will emerge in APAC, as that is a region to watch.

#4 AI Becomes Your Personal Crypto Co-Pilot

Consumer AI platform usage will surge as systems mature, delivering hyper-personalized experiences that meet tailored expectations. Seamless integration makes advanced AI feel effortless, shifting usage from clunky to instant.

Prediction: Platforms like Surf.ai will engage people from crypto-curious individuals to active traders in 2026 via intuitive advanced AI models, proprietary crypto datasets, and multi-step workflow agents. I believe that sophisticated technology and accessible design positions Surf as the go-to crypto research tool, delivering instant, on-chain-backed market insights 4× faster than generic options with other platforms of this type also emerging.

#5 Bank Titans Gear Up: G7-Pegged Stablecoin Looms

Ten major banks are in the early stages of exploring a consortium stablecoin issuance pegged to G7 currencies. The financial institutions are determining whether an industry-wide stablecoin would likely provide people and institutions with the benefits of digital currencies in compliant, risk-managed ways. Meanwhile, a group of ten European banks are investigating the issuance of a euro-pegged stablecoin.

Prediction: A consortium of major banks will release their own stablecoin (whether these pilot projects come to fruition in 2026 or a different consortium does).

#6 Privacy, Payments, Perpetuals: The Institutional Trio

Privacy tech is booming in institutional usage with the transparency-secrecy combination of Zama, Canton, and other protocols although retail usage isn't finding traction or scalability. Stablecoins sit at \$310 billion today, more than doubling market cap since 2023, expanding for 25 months in a row. Perpetual swap contracts already make up ~78% of crypto derivative volume, and the gap keeps growing between perps and spot options.

Prediction: For privacy, the gap between institutional and retail will widen in 2026. Stablecoins will have a path to \$2 trillion+ long-term, hitting at least \$500 billion next year, and the momentum for perpetuals will continue in 2026.

#7 The Institutional Macro View

As of December 15, 17.9% of BTC holdings now rest in the hands of publicly traded and private companies, ETFs, and countries.

Prediction: 2026 won't be about hype or memes. It will be about consolidation, real compliance, and institutional money being driven by public market liquidity. Crypto will integrate in mainstream platforms, upgrade financial rails, and challenge current incumbents.

#8 The Biggest Crypto IPO Year Ever

2025 had 335 US IPOs, overall, an increase of 55% from 2024; many of those were crypto-friendly, including nine blockchain IPOs. This includes crypto-native ones like Circle Internet Group with a launch date of May 27, 2025 and crypto-inclusive ones like SPACS; Bitcoin Infrastructure Acquisition Corp, for example, launched on December 2, 2025.

Prediction: 2026 will be an even bigger year for digital asset public listings. Coinbase says that 76% of companies plan to add tokenized assets in 2026 with some eyeing 5%+ of their entire portfolio. Morpho serves as an example protocol with its \$8.6 billion TVL in November 2025.

#9 Digital Asset Treasury Consolidation Accelerates

Back in 2021, fewer than ten public companies owned Bitcoin. By mid-December 2025, 151 public companies own \$95 billion with the number rising to 164 and \$148 billion when including governments.

Predictions: 2026 will see brutal pruning. In each major asset class, only one or two players will dominate. Everyone else gets acquired or left behind except for a longer-tail token winner going along for the ride. It's going global, too. Japan's Metaplanet is already aggressive, so the US no longer owns the trend as the global treasury landscape diversifies.

Arca: Index Construction, Mr. Beast, and the Value Accrual Problem...

A Follow-Up on DATs

Last week, we wrote about how Digital Asset Treasury companies (DATs) need to evolve and restructure in order to survive. In short, the days of clean shells with crypto balance sheets and no business model are over, and the next leg of DAT growth will have to come from using a heavy cash-flow generative company to purchase crypto assets. However, I forgot to mention what happens after a DAT acquires a ton of crypto – they use that crypto on their balance sheets to acquire cash-flow producing companies. I've actually been suggesting this path for years. Here's an excerpt from our May 2025 "That's our Two Satoshis:"

Further, and this is WAY down the line, but you could argue that a premium to NAV actually makes sense. If Bitcoin truly does become a scarce asset, couldn't these BTC shell companies become the "Berkshire Hathaway" of crypto? In this scenario, a company can buy any company they want at a lower price (and thus create a higher ROI), simply because they can pay in BTC while other suitors would have to pay in lousy old worthless fiat cash? That's likely the end game for all of these companies. Fake it until you make it, and then use the most sought-after asset on earth to become a real portfolio of companies.

Almost 5 years ago, I wrote about why [Bitcoin was possibly the best Treasury asset to own](#).



*"So this brings about an interesting paradox. **Why does a company have cash in the first place?** If they just want the flexibility and fungibility, clearly there are better options now than holding cash in banks or brokerages that are closed more than half of the time. Further, if they plan to spend that cash, but everything that they might spend the cash on is going up in price due to inflation (stocks, capex, salaries), they'd presumably need to generate an ROI on that cash to keep pace. But then again, if they expect everything to go higher, why not just buy back their stock before it too goes higher. Of course, if they buy back stock, that money would then be gone when they might need it most (ahem, March 2020). Right now, perhaps purchasing Bitcoin really is the best solution to this conundrum -- Bitcoin increases transaction flexibility, keeps pace with inflation, keeps activist investors at bay, and provides a cushion during the next crisis."*

Well, Strategy (MSTR) hasn't done this yet with their Bitcoin, but Bitmine (BMNR) got us one step closer to my theory last week by acquiring a \$200 million stake in MrBeast's media empire (Beast Industries). While the \$200 million is a relatively small amount for BMNR (a \$14 billion ETH-Treasury company), it's an interesting move and a departure from anything else we've seen to date from DATs. We don't know whether this purchase will be made in cash or ETH, but my guess is that they are using cash. So while it's close to my original thesis, it's not exactly the same.

Bitmine is the largest corporate investor in the company now. Roughly one-seventh of the entire globe follows MrBeast. While he likely won't immediately start shilling ETH to his audience, this acquisition seems like a longer-term bet on the creator economy and the economic alignment between Ethereum and content creation. Many other blockchains have tried to become the "creator chain", with little success to date, so loosely partnering with MrBeast can immediately make Ethereum the front-runner.

The "Berkshire Hathaway of crypto" approach is valid, however. If you acquire as much BTC or ETH as MSTR and BMNR have, it would be extremely difficult to sell it in any meaningful size without materially impacting the market. Even selling a tiny bit could crash the asset due to signaling effects, and could crash the stocks, too. But if their thesis is correct and BTC and ETH truly become valuable, scarce assets, then they can use this "hard currency" to make acquisitions. No one is going to be able to easily acquire \$1 billion worth of BTC or ETH if they are valuable and in demand, so a company may be willing to sell for a lower price to get paid in this valuable asset. For this reason, I think it would be smart for Bitmine to actually pay for this investment with ETH itself. That would demonstrate that they own a truly valuable asset. And if MrBeast were to commit to holding that ETH (at least for some period of time), and the market believes it was a good investment with a potentially higher ROI, then the BMNR stock could go up, which would allow BMNR to continue to sell more stock above NAV, and buy more ETH.

This appears to be the most viable path for monetizing the crypto on a DAT's balance sheet.

Index Construction is Really Setting This Industry Back

In mature asset classes, funds often benchmark their performance to an index that can also be easily bought or sold via ETFs. For example, the S&P 500 is often used as a performance benchmark, but you can also easily purchase or short shares of SPY (an S&P 500 ETF). Fixed-income indexes are now largely tradable as well, thanks to ETFs and CDS. As a result, passive investors will often just buy the index for broad diversification, while actively managed funds will often hedge out market risk by shorting these indexes against their long positions.

In crypto, however, indexes are still relatively new and relatively untradable. When Arca launched its first private fund in 2018, we chose the Bloomberg Galaxy Crypto Index (BGCI) as our fund benchmark. We didn't really choose this because it was the best representation of our fund strategy, but rather because there weren't a lot of choices at the time, and since it had "Bloomberg" and "Galaxy" in the name, we thought it had a chance to still exist in 10 years (a wise choice, as many other indexes from 2018 have already disappeared).

But there are some problems with the BGCI index. For starters, 95% of the index is made up of 4 coins (BTC, ETH, XRP, and SOL), which is not really a diversified representation of the growth of crypto and blockchain. Further, while you can subscribe to this fund as an Accredited Investor or a Qualified Purchaser, it doesn't trade on any exchanges, so using it for hedging purposes is impossible.

Now, there are other indexes that are more representative of the digital asset class. S&P offers a series of crypto indexes, ranging from market-weighted indexes (like the BGCI above) to combined crypto stock and token indexes, and small-cap indexes that exclude BTC and ETH. These make for better, more tailored fund benchmarks, but they, too, are not tradable in any way.

In terms of tradable indexes, there are a few. Bitwise is the leader, with its BITW ETF reaching \$1 billion in assets. But once again, 98% of this index is made up of 4 coins. Other similar tradable multi-crypto index products include:

- GDLC (Grayscale CoinDesk Crypto 5 ETF): Tracks a basket of 5 large-cap cryptos (Bitcoin, Ethereum, XRP, Solana, Cardano), with around \$500 million in assets.
- NCIQ (Hashdex Nasdaq Crypto Index ETF): Tracks a diversified basket (originally Bitcoin/Ethereum, expanded to include Solana, XRP, Cardano, Chainlink, Stellar, etc.), one of the earlier multi-asset launches. But this has barely over \$100 million in AUM and no real trading liquidity.
- EZPZ (Franklin Crypto Index ETF): Tracks a broad index of digital assets (started with Bitcoin/Ethereum, expanded to include XRP, Solana, Dogecoin, Cardano, Chainlink, Stellar, etc.). But this has virtually no AUM and no liquidity.

Bitwise, as the leader in the space, has been heavily marketing its BITW index. The pitch is simple – why try to pick winners when you can just invest in the entire space? That’s simple, and compelling.



The problem, of course, is that an index that is 98% composed of 4 assets (and 90% composed of 2 assets) is not at all a diversified investment meant to represent the growth of blockchain.

As we’ve discussed previously, almost all of the growth of blockchain is now being driven by 3 distinct areas:

1. Stablecoins/payments
2. RWA tokenization
3. DeFi

Almost none of these sectors are represented by the 4 assets in the BITW index:

- BTC (75% weighting) touches none of these 3 growth areas.

- ETH (15% weighting) is probably the closest proxy to this growth, but no one can even figure out why ETH (the asset) would benefit from this growth.
- XRP (5% weighting) is really not connected to much of anything. One would be hard-pressed to find anyone in the world who understands what the XRP asset even does, let alone how it benefits from any growth of the industry. Not to mention Ripple dumps roughly \$1 billion per quarter of XRP on the market (\$4 billion worth of tokens per year), which makes it an even further uphill battle for price appreciation.
- SOL (3% weighting) at least diversifies you a little bit via memecoin exposure and maybe launchpads, but again, L1 token prices have shown no actual correlation to activity or usage.

Further, there are other areas of crypto and blockchain growth that are completely ignored by these indexes, which offer no exposure to sectors like AI/crypto agents, gaming, ICO launchpads, DePIN, internet capital markets, or privacy coins.

So, wouldn't an equally weighted index make more sense, or perhaps a custom index that takes the top 2-3 tokens from each sector/category?

I just find it hard to believe that 4 large-cap assets are the "safe and diversified way" to bet on a new industry.

The Existential Crisis of Crypto

For many years, I've discussed the "Crypto Investing Paradox." In short, crypto protocols work great, but the assets available to move and trade on blockchain rails are mostly garbage assets. For blockchain to really take off, we need to bring real assets on chain (\$600 trillion worth of stocks, bonds, and real estate).

It always takes a crisis for people to remember that the current trading and asset transfer system is deeply flawed. And, of course, that leads to everyone in crypto saying, *"if only there were another way where you can transact on your own without a 3rd party blocker?"* And in theory, this is correct. On-chain is better for many facets of financial transactions. It is incredibly frustrating when you can't get money from your bank or trade stocks out of your brokerage account.

But therein lies the crypto investing paradox.

Crypto protocols all functioned fine last week. DeFi applications worked fine. This should have been the biggest onboarding day in on-chain history, with millions of financial professionals flocking to Uniswap and Aave to trade and lend, and using self-custodial wallets to protect their assets.

Except this didn't happen.

Not because the protocols aren't awesome (they are), not because the DeFi protocols aren't awesome (they are), and not because self-custody doesn't work (it does). No one flocked to crypto last week because very few care about the assets you can transact with on these platforms. Thus, the crypto paradox. We have this great technology (blockchain) and these amazing protocols (smart contract platforms) that do not work without the assets (tokens like ETH and SOL or UNI or AAVE) that run them. But regular investors just want to trade their NVDA or AAPL stock, they don't care about trading crypto.

The technology would be so much more useful if it could be used with other assets. Imagine if investors were able to send their NVDA and AAPL stock to Uniswap to trade them there without interruption. Most of the financial world wants to use the tech, just not the assets currently available on it.

For many years, this seemed very far away – until recently. There has been more progress in tokenization in the past 5 months than in the previous 5 years. A few weeks ago, it was DTCC announcing its tokenization plans, before that was BlackRock and JPMorgan, and most recently, we got the NYSE:

"NYSE's new digital platform... will power a new NYSE venue that supports trading of tokenized shares fungible with traditionally issued securities as well as tokens natively issued as digital securities... The launch of the NYSE's tokenized securities platform is one component of ICE's broader digital strategy, which includes preparing its clearing infrastructure to support 24/7 trading and the potential integration of tokenized collateral."

This is amazing. Everything we have always dreamed about is now happening. But once again, a paradox. Even though everything we thought would happen on blockchain is now happening, little, if any, of this value is accruing to any of the stocks or tokens in the crypto ecosystem. The Fat Protocol thesis has long been debunked (apps now make up over 2/3 of the revenue on chain, and Layer-1s only make 12%, even though protocols still represent 90% of the market cap of tokens). Bitcoin has nothing to do with any of the actual blockchain growth engines (no exposure to growth of stablecoins, DeFi, or RWA tokenization). And most of these tokenization growth initiatives from Wall Street are happening on new, private blockchains.

That's why Layer-1 tokens keep going down, and so do the stocks of Coinbase (COIN) and other token exchange operators. The growth of blockchain seems to be accruing solely to stablecoin issuers (i.e., Tether) and service providers (i.e., BlackRock, Securitize).

Many crypto enthusiasts once thought incumbent banks and brokerages would be rendered obsolete once blockchain took over, reducing redundancies and the need for middlemen. I've always argued that blockchain is an evolutionary technology, not a revolutionary technology, and therefore, big companies would evolve too. Blockchain always reminded me of robo-advisors. Betterment and Wealthfront didn't make financial advisory obsolete. FAs just adapted and began offering similar services. We're seeing the same thing now, with banks and brokerages offering their own crypto products rather than using what already exists. I found this article on "incumbents at the gate" enlightening.

So, the question remains. How do you invest in the growth of blockchain and crypto? We continue to think the tokens of a handful of DeFi protocols, token launchpad companies, and GLXY stock may be the only clear winners from this trend. When all assets are on chain, DeFi goes from a niche experiment to becoming the full financial plumbing engine where you can easily navigate asset movement, loans, and trading of all assets in one place.

But while we wait to be proven right or wrong, we have to keep watching the growth of this industry through headlines rather than token prices.

The Block Pro Research: Google search interest for “Polymarket” currently stands at 100, its highest ever level. This even exceeds the Nov. 2024 election peak of 99 when the platform processed \$3.7 billion in election-related volume. The record comes despite the absence of a comparable high-stakes event, as Polymarket's post-election retention suggests the platform transcended its reputation as an election-specific tool, now having established itself as infrastructure for real-time information markets.

