



HYPERION DECIMUS

# CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

1st February 2026

## BITCOIN-RELATED



**NYDIG: Bitcoin continued to struggle this week, declining 5.9%, despite broader risk assets moving higher.** Despite weak price performance and market internals, the broader macroeconomic and political backdrop remains supportive for an asset like Bitcoin. With few non-sovereign stores of value globally available to investors, especially at the scale of Bitcoin, it is likely a matter of time before capital re-enters the ecosystem.

**South Dakota State Rep Logan Manhart announced: “I am proud to say I have released my bill that would allow the State of South Dakota to invest in Bitcoin.”**

**Rhode Island introduced a bill to create a legislative commission to study Bitcoin, crypto, and blockchain.** (Earlier in January, the state introduced a bill to temporarily exempt small Bitcoin transactions from state taxes.)

**Binance, the world’s largest exchange by volume, said it will convert \$1 billion in stablecoins from its Secure Asset Fund for Users (SAFU) – the company’s emergency fund started after a 2018 hack – into BTC.** Binance also promised to top up the fund if the value drops below \$800 million.

**Strategy purchased \$267 million worth of Bitcoin, adding 2,900 BTC to its total of 712,600 BTC.** The company primarily funded the purchase through the issuance of common stock, with STRC preferred stock accounting for the rest.

**Metaplanet approved a \$137 million overseas raise to be used for Bitcoin purchases, its Bitcoin income business, and partial debt repayment as it executes its capital strategy.**

**American Bitcoin, backed by the Trump family, increased its Bitcoin reserves to 5,843 BTC, worth ~\$512.9 million.**

**Strive raised \$225 million in an oversubscribed preferred stock offering to pay down legacy debt from its Semler Scientific acquisition and to buy more Bitcoin.**

**Fast food giant Steak 'n Shake announced it bought another \$5 million of Bitcoin.**

**SRx Health Solutions, a healthcare services provider, announced crypto holdings worth \$18 million across Bitcoin and Ether on Jan. 27.**

**Hyperscale Data, an AI data center company “anchored by Bitcoin,” said its subsidiary Ault Capital Group bought 10 BTC in the open market during the week ended Jan. 25.**

**GameStop moved its entire 4,710-Bitcoin stash worth ~\$420 million to Coinbase Prime, triggering market speculation that the retailer could be preparing to sell at a sizable loss, though the transfer could also reflect routine institutional custody management.**

**Coinbase CEO Brian Armstrong announced Coinbase is joining President Trump's investment initiative for children and wants to pay it in Bitcoin.**

**Citrea, a Bitcoin L2 built by Chainway Labs, launched its mainnet using zero-knowledge proofs to process transactions off Bitcoin while settling securely back onchain, alongside a new dollar-linked stablecoin aimed at enabling BTC-backed lending and structured financial products.**

## INDUSTRY ADVANCES



**A new survey conducted jointly by the National Cryptocurrency Association and PayPal revealed that nearly 4 in 10 US merchants (39%) now accept digital assets at checkout, with overwhelming consensus that crypto payments will become a standard option within the next five years. (See the survey, [here](#).)**

**Latin American fintech Nubank received conditional approval from the OCC to form a national bank, a step that allows the fintech to offer deposits, lending, credit cards and digital asset custody in the US.**

**Laser Digital, the crypto arm of Japanese banking giant Nomura, reportedly applied for a US national trust bank charter to offer custody, settlement, and crypto trading nationwide under federal supervision without taking retail deposits.**

**Ripple launched Ripple Treasury, a corporate treasury platform that integrates GTreasury's enterprise software with Ripple's blockchain infrastructure.**

**Crypto exchange Bybit is preparing to roll out bank-style accounts with IBANs that let users hold and move dollars and other traditional currencies alongside crypto, partnering with smaller licensed banks like Georgia-based Pave Bank as it evolves into a global “neo-bank” while eyeing a future US listing.**

**Sage Capital Management has evolved its business from a crypto prime broker to a complete operating system for digital assets. The company launched private banking service for institutional clients to enable them to connect banking, markets access, capital, and technology through one regulated counterparty, providing them with all the infrastructure they need to seamlessly move, trade, and manage digital assets globally.**

**Gemini introduced a Zcash-themed credit card, joining their Bitcoin, Solana, and XRP cards,** offering crypto rewards. The Zcash Edition provides up to 4% back in crypto rewards on purchases with no annual fee.

**Dubai Insurance launched a crypto-enabled digital wallet that allows policyholders to pay** insurance premiums and receive claims settlements in digital assets.

**Megatel Homes is launching a crypto program offering low mortgage rates to homebuyers who use** the MP token. The SEC granted a no-action letter for MegPrime to offer the token, merging crypto with real estate.

**The Ethereum Foundation said the ERC-8004 upgrade, a proposal defining a standard for trustless** AI agents on the network, is gearing up to go live, with developers expecting it soon. The proposal, introduced in Aug. 2025, would allow AI agents to interact with different organizations and platforms on Ethereum. (Ethereum researchers are proposing “Fork-Choice Enforced Inclusion Lists” for the upcoming Hegota upgrade as a way to make censorship much harder by letting multiple validators force valid transactions into blocks, reducing reliance on powerful middlemen that currently decide which transactions get processed.)

**Sam Altman and OpenAI are exploring ways to build a “humans-only” social platform. One idea** under consideration is using biometric verification to prove users are real people, potentially tapping technology developed by World Network, formerly known as Worldcoin.

**BitMine Immersion Technologies acquired 40,302 ETH worth \$116 million, marking its largest** purchase in 2026. The company has a total of 4,243,338 ETH valued at \$12.2 billion.

**Robinhood’s CEO Vlad Tenev Robinhood wants tokenized stocks to trade 24/7 in the US.**

**WisdomTree is expanding its tokenization efforts to Solana, allowing both institutional and retail** investors to mint, trade, and hold its tokenized funds on the blockchain.

**Theo network is launching thGOLD – tokenized gold earning a ~2% yield. It lends gold to established** institutions and retailers and passes a portion of the earnings to token holders.

**New CFTC Chair Michael Selig is launching new rules to govern prediction markets, proposing** removing guardrails.

**Coinbase continued its expansion beyond crypto trading on Jan. 28, officially rolling out its** prediction market product to American users in all 50 states.

**Polymarket secured an exclusive multi-year licensing deal with Major League Soccer, making the** blockchain-based prediction platform the league’s sole prediction partner.

## MINING



**Winter storm Fern delivered a rare, real-time stress test for Bitcoin’s US mining footprint. As grids** tightened, large miners voluntarily powered down. Foundry USA, one of the largest Bitcoin mining pools in the world, saw its mining pool hashrate drop ~60% from Jan. 23 to Jan. 26, causing Bitcoin’s block

production to slow. Despite the sharp drop in hashrate, BTC prices showed little direct reaction to the storm.

**Nvidia announced a fresh \$2 billion investment in CoreWeave. One analyst noted that Nvidia's** deepening partnership with CoreWeave could divert GPU access and funding away from independent miners trying to pivot into AI and high-performance computing.

**Compass Mining, a provider of Bitcoin mining infrastructure and services, announced the launch of** a new 10-megawatt Bitcoin mining facility located just outside Odessa, Texas.

## ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES

**BlackRock filed for a new iShares Bitcoin Premium Income ETF, which will generate income by** selling call options on IBIT shares and ETP indices.

**Japan plans to approve its first crypto ETFs in 2028, with regulators preparing to recognize digital** assets as eligible ETF base assets, according to Nikkei Asia. Nomura and SBI – two of Japan's largest financial institutions – are expected to launch the country's initial crypto ETF products on the Tokyo Stock Exchange.

**The first US spot Avalanche ETF by VanEck, VAVX, started trading on Nasdaq. The fund provides** exposure to AVAX token performance and staking rewards.

**ARK Invest filed with US regulators to launch two new crypto index ETFs tied to the CoinDesk 20.**

The proposed funds would list on NYSE Arca, with one ETF tracking Bitcoin alongside major altcoins such as Ether, Solana, XRP, and Cardano, and a second ETF designed to exclude Bitcoin by using long index futures paired with short Bitcoin futures.

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

**Blockchain infrastructure firm Zerohash is in talks to raise \$250 million at a \$1.5 billion valuation,** after recently pulling out of acquisition talks with Mastercard.

**Hong Kong-listed digital asset company OSL Group raised \$200 million in equity financing as it** steps up plans to expand its stablecoin trading and payment businesses globally.

**Crypto payments network Mesh raised \$75 million in a Series C funding round that valued the** company at \$1 billion. (The company acts as a unified payments layer for crypto, bringing together the thousands of wallets, chains, and assets that launch every day, and allowing them to function as a unified network.)

**Talos, an institutional trading technology provider for digital assets, raised another \$45 million in an** extended Series B funding round – with Robinhood as a key investor.

**Flying Tulip, a new DeFi platform being built by crypto veteran Andre Cronje and his team, raised an additional \$25.5 million in a private token round, bringing total institutional capital raised to \$225.5 million.**

**Doppler, an onchain token creation protocol built by Whetstone Research, raised \$9 million in seed funding to expand its role as the main launch infrastructure on Coinbase's Base network.**

**Former Revolut leaders Joao Alves and Guilherme Gomes raised a \$6 million seed funding round to scale Bleep, a self-custodial onchain finance app built around stablecoin-based payments.**

## IPOS, M&A, PARTNERSHIPS & DEALS



**Kraken-backed KRAKacquisition Corp. completed an upsized \$345 million IPO, listing its SPAC units on Nasdaq to pursue future mergers or acquisitions. The SPAC sold 34.5 million units at \$10 each, including the full exercise of the underwriter's over-allotment option.**

**Tokenization platform Securitize said its revenues are up over 840% to September 2025 in a new filing to go public that moves ahead with its plan to merge with a blank-check company backed by Cantor Fitzgerald.**

**Coinbase is reportedly in talks to acquire South Korean exchange Coinone, the country's 3rd-largest crypto exchange, which is rumored to be exploring the sale of chairman Cha Myung-hoon's 53.4% stake. Shares held by the 2nd-largest shareholder, Com2Us – which acquired a 38.42% stake in 2022 – could also potentially be included in any deal.**

## DEFI



**For almost a decade, over 75,000 ETH involved in TheDAO has remained unclaimed. Now, it will be used to create an ecosystem security fund. Some unclaimed money from the whole DAO debacle is being used to help establish a \$220 million endowment to shore up Ethereum's security called TheDAO Security Fund. (However, some funds will stay untouched so they can still be claimed.) The capital will be granted to projects working on Ethereum security, with funding distributed mostly through DAO processes. A portion of the ETH will also be staked so as to create an ongoing source of funding for security projects.**

**Kraken launched "DeFi Earn" across the EU, Canada, and most US states to offer its centralized exchange users direct access to onchain yield. The product offers variable returns of up to 8% APY while keeping the experience inside Kraken's custodial platform.**

**Bitwise Asset Management launched its first on-chain vault strategy by joining Morpho as a vault curator, marking the firm's formal entry into DeFi. The initial product targets up to a 6% yield on USDC by allocating capital into overcollateralized lending markets, with Bitwise responsible for strategy**

construction and risk management. Funds remain non-custodial and fully on-chain, with smart contracts handling allocation within predefined risk parameters.

**Animoca Brands Japan partnered with RootstockLabs to introduce Bitcoin-native DeFi tools to Japanese corporations and institutions.**

**Decentralized exchanges built using Hyperliquid's HIP-3 system reached an all-time high of more than \$790 million in open positions, a sharp increase from about \$260 million just a month ago. The growth comes as gold and silver prices surge, drawing traders toward markets tied to real-world assets rather than only crypto.**

**Optimism's tokenholders approved a plan to use half of the Superchain's net revenue to buy back OP tokens over a year-long pilot, formally tying the token's value to real network usage across Ethereum scaling chains like Base and OP Mainnet.**

## CBDs & STABLECOINS



**A new study found stablecoins moved ~\$35 trillion on blockchains last year, but only about 1% reflected real payments like payroll or remittances, showing that most activity still comes from crypto trading rather than everyday economic use.**

**Standard Chartered warns that accelerating stablecoin adoption could pull up to \$500 billion from US bank deposits by 2028, framing the shift as a growing structural threat to traditional banking.**

**Tether announced the launch of a "Made in America" stablecoin, USAT, which is "a dollar-backed stablecoin built to operate within the US' dedicated federal regime."**

**Tether now holds around 140 tons of gold, worth roughly \$23-24 billion, Chief Executive Paolo Ardoino told Bloomberg. Ardoino says the company continues to buy one to two tons per week, funded by profits from its stablecoin business. He also said he expects the company to become one of the world's largest gold holders outside of governments, and believes geopolitical rivals to the US will eventually pursue gold-backed alternatives to the dollar.**

**Fidelity Investments plans to launch its own stablecoin, the Fidelity Digital Dollar (FIDD), which will be available to retail and institutional investors on the Ethereum blockchain through Fidelity Digital Assets.**

**Coinbase is testing Flipcash's in-development stablecoin, USDF, on its backend as part of a new feature that will allow businesses to create their own branded, dollar-backed tokens. (The "Coinbase Custom Stablecoins" feature, introduced in December, will let businesses earn rewards on activity and allow them to move funds seamlessly between Coinbase-supported chains, with the tokens collateralized by Circle's USDC.)**

**Circle introduced a privacy-focused version of its USDC stablecoin on Aleo, highlighting a broader push by privacy-oriented blockchains to gain access to regulated, dollar-backed assets as demand for onchain privacy tools grows.**

**The House of Lords Financial Services Regulation Committee opened an inquiry into proposed stablecoin rules in the UK, seeking public input on plans put forward by the Bank of England and the FCA.**

**Wemade added Chainlink to its Korean won stablecoin alliance to strengthen oracle and data infrastructure as South Korea debates stablecoin regulation.**

**OKX launched an EU stablecoin payment card. The card supports USDC and USDG spending, is issued via Monavate on Mastercard's network, and is available to verified EU users.**

## NFTS, BLOCKCHAIN GAMING & METAVERSE



**Gemini is shutting down its NFT marketplace, Nifty Gateway, on Feb. 23, bringing an end to one of the most prominent platforms from the NFT boom. Rodeo became the 2nd NFT platform to announce its closure this past week.**

**Brave Games, a multi-week “vault heist competition,” aims to engage users in Web3 gaming through strategic thinking and social challenges. Players can sign up, choose factions, solve clues, and unlock a digital vault across different platforms.**

**Forgotten Runiverse, a free-to-play role-playing game on Ethereum scaling network Ronin, is shutting down its servers until further notice.**

## JOB MOVEMENT



**Bitvocation's 2025 Bitcoin jobs report was released, and it shows continuing growth for the industry, as non-developer roles gain steam and Bitcoin-only companies grow 5% to become 47% of the broader crypto job market. Bitvocation counts a total of 1,801 jobs; 6% more than 2024's 1,707 jobs report findings. (See the full report, [here](#).)**

**Morgan Stanley has appointed longtime executive Amy Oldenburg to its newly created digital asset strategy lead role, with its push into crypto.**

**Kalshi said it will open an office in Washington, DC, and hire “talent from both sides of the aisle” as part of the company's efforts to expand its US footprint. The company said it had hired former Biden administration official John Bivona as head of federal government relations, and Blake Bee, a former Amazon senior manager of state and local public policy.**

**KuCoin tapped former London Stock Exchange Group executive Sabina Liu to lead MiCA expansion in Europe.**

**Tokenization firm Securitize hired former Nasdaq and NYSE executive Giang Bui to help public and private companies issue regulated assets on blockchains, as the company prepares to launch onchain versions of stocks in early 2026.**

**Opender Singh, a seasoned executive with senior roles at UBS, Credit Suisse, Deutsche Bank, Société Générale, Merrill Lynch, and BlackRock, left Wall Street after 25+ years to help build AI-native Web3 markets by joining ANDX Global as Co-Founder & COO.**

**Cubist, a provider of the secure operating system for digital assets, announced the appointment of Rohan Chauhan as president.**

**Digital prime broker GCEX appointed Carmen Tan to lead GCEX MENA.**

**Bitcoin Magazine announced it's officially expanding operations to the Netherlands.**

## REGULATIONS, RULINGS & COMMENTARY



**The Senate Agriculture Committee advanced its version of the crypto market structure bill in a 12-11 party-line vote on Jan. 29, with Democrats citing President Donald Trump's crypto ties as a barrier to bipartisan support. The bill would expand the CFTC's oversight of digital assets and include protections for DeFi and noncustodial software developers. The legislation now heads toward a contentious path through the Senate Banking Committee, where earlier divisions and Coinbase's withdrawal of support have already stalled progress. (The White House will gather crypto and banking industry executives to discuss crypto market structure legislation on Feb. 2.)**

**President Trump formally nominated Kevin Warsh as the next chair of the Federal Reserve on Jan. 30, saying he'll go down as "one of the GREAT Fed Chairmen, maybe the best." But Bitcoin, and risk assets, sold off sharply after the news, as Warsh is considered the most hawkish on Trump's short-list – favoring monetary discipline, higher real rates, and a smaller Fed balance sheet. Notably, Warsh has expressed relatively positive views on Bitcoin in the past, describing it as a potential "sustainable store of value, like gold" in a 2018 and saying, "Even if you're not buying crypto assets, Bitcoin's boom-and-bust cycle is worth watching."**

**The CFTC is joining forces with the SEC on "Project Crypto," an initiative aimed at modernizing cryptocurrency regulation. In prepared remarks on Jan. 29 at the "Joint CFTC-SEC Harmonization Event," SEC Chair Paul Atkins announced that the initiative would be a joint effort.**

**In new guidance on Jan. 28, the SEC said tokenized securities remain subject to federal securities laws, including registration, disclosure, and compliance obligations, regardless of their blockchain/onchain format.**

**JPMorgan and Citadel met with the SEC about plans for tokenized securities and DeFi projects. The meeting materials emphasized the importance of not undermining investor protection with broad exemptions for tokenized trading activities.**

**SEC Chair Paul Atkins to make history as the first sitting chair to speak at the Bitcoin 2026 Conference in Las Vegas.**

**Fairshake, the crypto industry-backed PAC, disclosed on Jan. 28 that it's holding \$193 million in cash on hand ahead of this year's US midterm elections.**

**The European Commission said it will send formal notices to 12 countries for failing to fully** implement the EU's tax reporting rules for digital assets. Belgium, Bulgaria, Czechia, Estonia, Greece, Spain, Cyprus, Luxembourg, Malta, the Netherlands, Poland, and Portugal will face letters of formal notice "to fully implement the new tax transparency and information exchange rules on crypto-assets."

**UK banks increasingly blocked or capped customer transfers to crypto exchanges in 2025 despite** regulatory progress, with industry surveys showing nearly half of attempted transactions delayed or rejected, pushing some crypto firms to deprioritize the British market altogether.

**The UK Court of Appeal ruled that virtual gold in Old School RuneScape is considered property** under the Theft Act 1968, allowing owners to seek justice in theft cases. The ruling permits an appeal against a previous judgement that claimed the gold pieces were not "rivalrous" due to their infinite supply.

**Christopher Hui, Secretary for Financial Services and the Treasury of Hong Kong, said local** financial regulators are planning to submit a draft framework related to digital assets sometime in 2026.

**South Korea's National Assembly approved an overhaul of the country's crypto licensing regime,** tightening entry requirements for VASPs and expanding scrutiny to include controlling shareholders. It's expected to take effect six months after the law is enacted.

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

**Money launderers received at least \$82 billion in crypto in 2025, rocketing from \$10 billion in 2020,** according to Chainalysis.

**China has executed 11 members of a crime syndicate that made at least \$1.4 billion via pig** butchering scams and illegal casinos across Southeast Asia.

**The DOJ finalized the forfeiture of over \$400 million in crypto and other assets tied to Helix, an early** Bitcoin-era darknet mixing service.

**The US Marshals Service is investigating a potential breach of government-controlled crypto** wallets after blockchain sleuths linked more than \$60 million in stolen digital assets to addresses associated with federal seizure accounts used for holding forfeited cryptos.

**ZachXBT alleged that an individual named John Daghita was involved in the theft of more than \$40** million in crypto from US government wallets linked to seized assets. The onchain investigator claims Daghita is the son of Dean Daghita, president of Command Services & Support, a firm contracted by the US Marshals Service to manage seized cryptocurrencies.

**Jingliang Su, a Chinese national, received a 46-month prison sentence for laundering over \$36.9** million from victims of crypto scams. Su, along with eight co-conspirators, scammed 174 Americans by convincing them to invest in fake opportunities.

**A \$13.4 million exploit in SwapNet smart contracts hit 20 users of Matcha Meta – a decentralized** trading aggregator – after attackers abused direct token approvals granted by users who disabled one-time permissions, while the core Matcha and 0x contracts themselves remained secure.

**Australia's financial watchdog secured a court victory against financial services company BPS**

Financial Pty Ltd, with the Federal Court ordering the company to pay 14 million Australian dollars (\$9.3 million) in penalties over the promotion and operation of its Qoin Wallet product.

**The US Treasury sanctioned two crypto exchanges linked to Iran's financial system, the first time**

Washington has directly targeted digital asset platforms in its Iran sanctions program.

**The UK's advertising watchdog, the UK Advertising Standards Authority, reportedly banned a series**

of Coinbase advertisements claiming they presented the crypto exchange as a solution to cost-of-living concerns while making light of the risks of investing in crypto.

**The SEC is ending its Gemini Earn case with prejudice (can't refile the same claims) after Earn**

customers were made whole.

**ShinyHunters, a crypto hacking group, leaked over 10 million user records from Match Group's**

dating apps, including Match, Hinge, and OKCupid. The stolen data contains user IDs, IP addresses, and other sensitive information, possibly obtained through AppsFlyer.

**WhiteBIT, a crypto exchange, was blacklisted by Russian authorities for supporting Ukraine's war**

efforts. The exchange, accused of illegal activities, was designated as an "undesirable organization," facing restrictions within Russia and accusations of aiding the Ukrainian military.

**Ryan James Wedding, a former Olympic snowboarder accused of running a drug-smuggling**

operation backed by crypto, was arrested by the FBI in Mexico. The DOJ and Treasury Department claimed Wedding used Tether to fuel his activities, leading to his capture as one of the FBI's top 10 most wanted fugitives.

**A Bitcoin Lightning bug, present since 2016, was recently patched after a decade with the help of**

numerous contributors. The bug posed a security risk to users exiting the Lightning Network due to blockchain reorganization issues.

## MISCELLANEOUS

**The Ethereum Foundation announced a dedicated post-quantum security team, calling it a top**

strategic priority. Although the concern is not immediate, to get ahead of it, the foundation is backing the effort with \$2 million in research prizes, funding work on new cryptographic tools and running live test networks.

**Vitalik Buterin committed 16,384 ETH, worth ~\$45 million, to personally fund open-source security**

and privacy-focused projects. He framed the move as his "own share of austerity" as the Ethereum Foundation shifts toward tighter spending and long-term sustainability.

**An Ethereum whale moved 50,000 ETH on Jan. 25 after roughly nine years of dormancy, according to**

EmberCN.

**Solana's validator count has dropped below 800 as falling subsidies and rising operating costs** push smaller node operators offline, even though user activity like trades and app usage remains steady at ~100 million transactions per day.

# CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

ARK Invest released “The Bitcoin Quarterly” and “The DeFi Quarterly” reports. (Download the Bitcoin report, [here](#) and the DeFi report, [here](#).)



ARK INVEST

Data as of December 31, 2025

## The Bitcoin Quarterly

Cautiously Optimistic



ARK INVEST

Data as of December 31, 2025

## The DeFi Quarterly

Scaling Across Trading,  
Lending, And Payments

Bitcoin For Corporations released its “Corporate Bitcoin Adoption 2026 Report.” (Download it, [here](#)).



**FREE RESEARCH REPORT**

# Corporate Bitcoin Adoption 2026 Report

Discover how public companies added 494,000 BTC to their balance sheets in 2025, the emerging "Digital Credit" asset class, and the capital markets playbook driving institutional adoption.

|                            |                   |                       |
|----------------------------|-------------------|-----------------------|
| <b>494K</b>                | <b>35</b>         | <b>\$7B+</b>          |
| BTC Added by Corps in 2025 | Pages of Research | Digital Credit Market |

**Conclusion from Coin Metrics’ “State of The Network” weekly report from 1/27/26. (Read the full report, [here](#).)**

January 2026 opened with BTC pushing toward new highs, but macro and geopolitical developments firmly took the driver’s seat. Strategy’s early-month BTC buying spree proved insufficient to offset late-month outflows and thinning liquidity, leaving BTC roughly flat despite strong structural tailwinds. At the same time, Ethereum’s staking growth, NYSE’s tokenization plans, BitGo’s IPO, and evolving DeFi tokenomics underscore that market infrastructure continues to mature beneath the surface, setting the stage for expansion once macro conditions stabilize.

**Conclusion from Glassnode's "The Week On-Chain" from 1/28/26. (Read the full report, [here](#).)**

Bitcoin continues to consolidate around structurally important on-chain levels, where the balance between holder conviction and marginal demand remains finely poised. Short-Term Holder conditions still appear weak, leaving the market susceptible to additional distribution if support fails to hold and recent entrants are forced to de-risk.

However, the broader flow picture has stabilized. ETF selling pressure has cooled, and spot market positioning is showing early signs of improvement, particularly offshore, suggesting buy-side interest is beginning to rebuild. At the same time, derivatives markets remain restrained, with neutral funding pointing to a leverage-light environment where price is less dependent on speculative momentum.

Options positioning reinforces this caution. Skew has shifted bearish, near-term protection is being repriced higher, and dealer gamma moving below zero increases the likelihood of sharper price swings during bouts of volatility.

From here, the path forward hinges on whether demand can sustain across spot and ETF channels. A return to persistent positive inflows and stronger spot bid would support trend continuation, while ongoing fragility and rising downside hedging demand keeps the market vulnerable to further consolidation or a deeper retracement.

**Glassnode and Coinbase Institutional released their Q1 2026 report. (Download it, [here](#).)**



**Secure Digital Markets – a full-service crypto dealer offering spot trading, derivatives, and collateralized lending – released its “2025 Year in Review.” (See highlights below. Download the full report, [here](#).)**

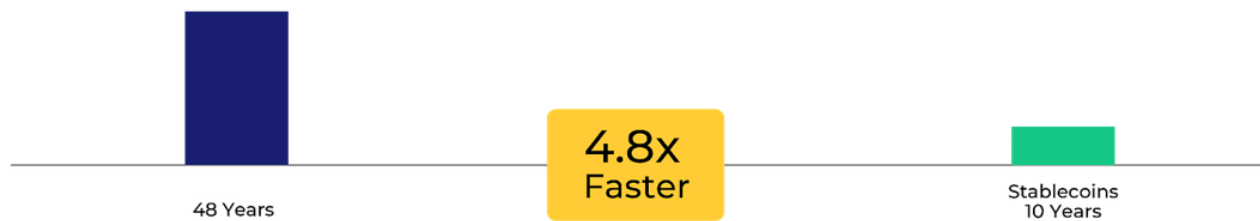
2025 marked a pivotal year for the cryptocurrency industry. The United States saw its first administration openly embrace digital assets, passing landmark legislation including the GENIUS Act for stablecoins and formalizing a Strategic Bitcoin Reserve.

For the first time, institutions had the clarity to treat Bitcoin as a standard reserve asset.

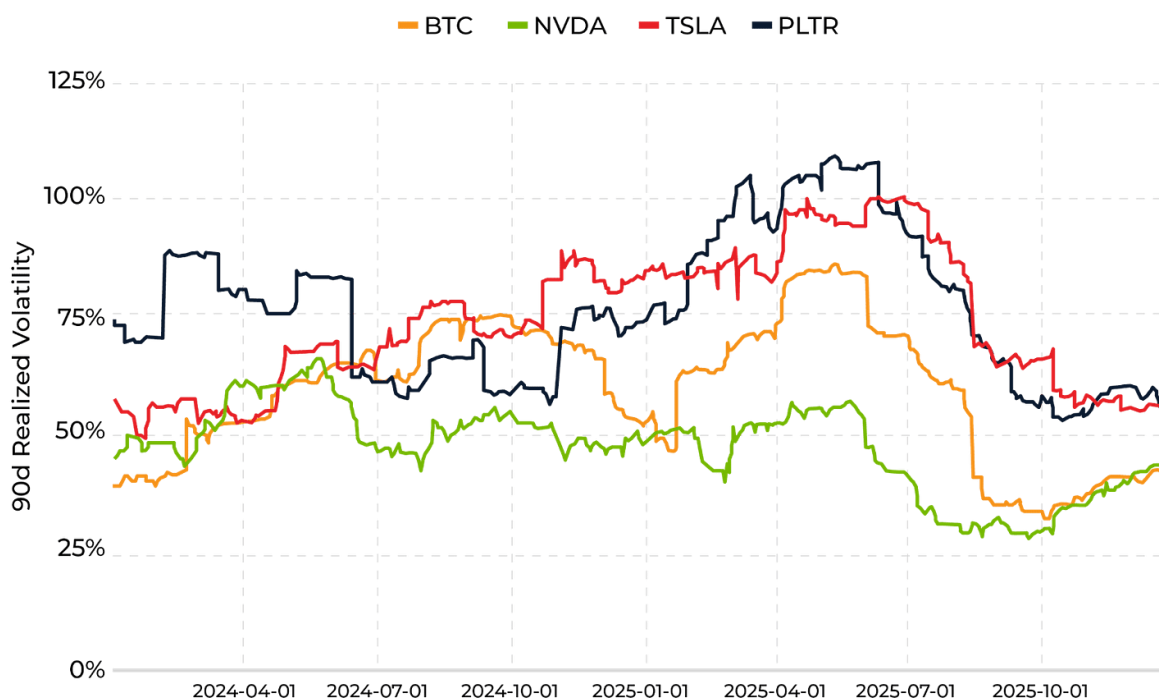
Yet while Washington delivered, markets struggled to deliver. Bitcoin peaked in late October, and the long-promised alt cycle never materialized. Gold, silver, and commodities surged to new highs. The S&P 500 and Russell 2000 pushed to all-time highs while the Nasdaq showed weakness in the 4th quarter. Bitcoin’s narrative as a hedge against inflation faced its toughest test yet. All while tariff pressures created volatility across all markets.

Even as liquidity tightened and market valuations faced a steep correction, the ecosystem reached several critical maturation points including:

Stablecoins hit the \$10 trillion annual transaction mark 4.8x faster than Visa...



Bitcoin volatility dropped to big tech levels...



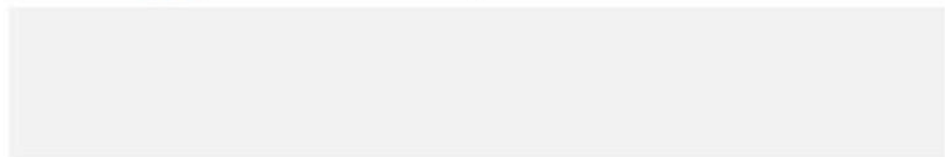
92% of major institutions now offer crypto custody...

|                       | Crypto Trading & Custody | Private Crypto Funds | Crypto ETPs | Crypto-Enabled Payments | Tokenization |
|-----------------------|--------------------------|----------------------|-------------|-------------------------|--------------|
| BANK OF AMERICA       |                          |                      |             |                         |              |
| BlackRock             |                          |                      |             |                         |              |
| BNY Mellon            |                          |                      |             |                         |              |
| Cboe                  |                          |                      |             |                         |              |
| JP Morgan Chase       |                          |                      |             |                         |              |
| Citi                  |                          |                      |             |                         |              |
| CME Group             |                          |                      |             |                         |              |
| DBS                   |                          |                      |             |                         |              |
| EBS                   |                          |                      |             |                         |              |
| Fidelity              |                          |                      |             |                         |              |
| FRANKLIN TEMPLETON    |                          |                      |             |                         |              |
| Goldman Sachs         |                          |                      |             |                         |              |
| HSBC                  |                          |                      |             |                         |              |
| Interactive Brokers   |                          |                      |             |                         |              |
| JP Morgan Chase       |                          |                      |             |                         |              |
| London Stock Exchange |                          |                      |             |                         |              |
| Morgan Stanley        |                          |                      |             |                         |              |
| SOCIETE GENERALE      |                          |                      |             |                         |              |
| UBS                   |                          |                      |             |                         |              |
| VISA                  |                          |                      |             |                         |              |
| WELLS FARGO           |                          |                      |             |                         |              |

Source: Bitwise

401(k) crypto access is now on the horizon...

U.S. 401(k) ASSET POOL: \$9.3 TRILLION



POTENTIAL 1% ALLOCATION: \$93 BILLION



TOTAL BTC ETF INFLOWS (2024-PRESENT): \$57 BILLION



As the industry looks toward 2026, the foundation laid in 2025 suggests a landscape defined more by structural maturity than speculative fervor. While the year was marked by a stark contrast between legislative progress in Washington and volatile price action on the charts, the underlying shift is undeniable: digital assets are a cornerstone of modern portfolio construction.

**Blockware Intelligence Research released its “2026 Bitcoin Market Forecast.” (See below for a list of bullish catalysts that could send BTC to new highs in 2026. Download the full report, [here](#).)**

- 1) Transition from risk-off to risk-on market environment
- 2) Resumption of monetary accommodation and liquidity expansion
- 3) Depletion of long-term holder sell pressure
- 4) Continued institutional adoption via ETFs and corporate treasuries
- 5) Compressed valuations creating asymmetric risk-reward
- 6) We anticipate sustained upward momentum beginning Q2 2026, coinciding with Federal Reserve leadership transition and accelerating liquidity conditions.

\* Blockware Intelligence Research believes this confluence of factors will send Bitcoin to a new all-time high of ~\$135,000 to ~\$150,000 in 2026.

## Matt Hougan's (Bitwise) Weekly CIO Memo: "Gold Rising, Clarity in Suspense – Two Big Forces Shaping Crypto Today."

There are two big things on my mind right now: the stunning rise of gold and the uncertain outlook for passage of the Clarity Act. Both have a lot to say about the future direction of crypto.

### Gold's Rise

Gold's recent run-up is staggering. After jumping 65% in 2025, gold is up another 16% in 2026 and is now trading above \$5,000. It's pretty wild to think about: Gold has been used as currency for more than 2,000 years, but has gained half of its value (in dollar terms) in the last 20 months.



Source: Bitwise Asset Management with data from Bloomberg. Data from January 1, 1971 to January 23, 2026.

I think the spiking price of gold says something profound about the world. First, it says that years of money printing, debt, and debasement is catching up with fiat currencies. And second, it shows that people no longer want to keep all of their wealth in a format that relies on the good graces of others.

That second piece is rarely discussed, but profound.

As I've written before, the current rise in gold was sparked by a sustained uptick in purchases from governments. Central banks doubled their annual purchases of gold starting after the US seized Russia's

treasury assets in 2022, following Russia's invasion of Ukraine. The gambit put banks on notice that they needed to keep their wealth in a format that's not subject to seizure.

You see this trend accelerating. Last week, German economists called on their government to withdraw the gold it has stored at the New York Federal Reserve and "repatriate" it to Germany. They no longer trust the US to safeguard their gold. And just today, a government panel in Norway issued a formal warning to its massive sovereign wealth fund saying it may be "subject to increased taxation, regulatory intervention and even confiscation" in the current geopolitical climate.

There is a global breakdown in trust among institutions, and it is accelerating.

One of the truly unique things about crypto – something we don't talk about enough – is that it creates systems that don't rely on centralized institutions. To own Bitcoin or other crypto assets, you don't have to trust anyone. Also, no single person can change the rules for how platforms like Ethereum and Solana operate.

We use buzzwords for this in crypto – words like "self-custody," "censorship resistance," and "trustless." The benefits can often feel abstract. But in a world where faith in centralized institutions is falling fast, those buzzwords are starting to feel very real and increasingly valuable.

### A Lack of Clarity

Now to the second big thing on my mind right now.

I've written before about how important it is that Congress pass the Clarity Act. The reason is simple: The Clarity Act would cement the current pro-crypto regulatory environment into law. Without it, a future administration could reverse today's pro-crypto push. (To imagine what's at stake, picture Senator Elizabeth Warren as the next chair of the SEC.)

Earlier this year, prediction markets were optimistic that Clarity would pass. In early January, Polymarket placed the odds at 80%. But after recent setbacks – including Coinbase CEO Brian Armstrong calling the current version of the bill unworkable – the odds are now closer to 50%.

Given the swing, I wanted to share some thoughts on what happens if Clarity fails.

### A Future Without Clarity

If the bill fails, I believe crypto will enter a "show me" period. That means it will have three years to make crypto indispensable to the everyday lives of regular Americans and the traditional financial industry. If it succeeds, regulations will take care of themselves. If it fails, there could be real challenges.

History is full of examples of disruptive technologies that bent regulation to their reality. Uber, for instance, operated on the edge of regulations for years... but became so popular that lawmakers had to change the rules to accommodate it, whether they wanted to or not. The same is true of Airbnb.

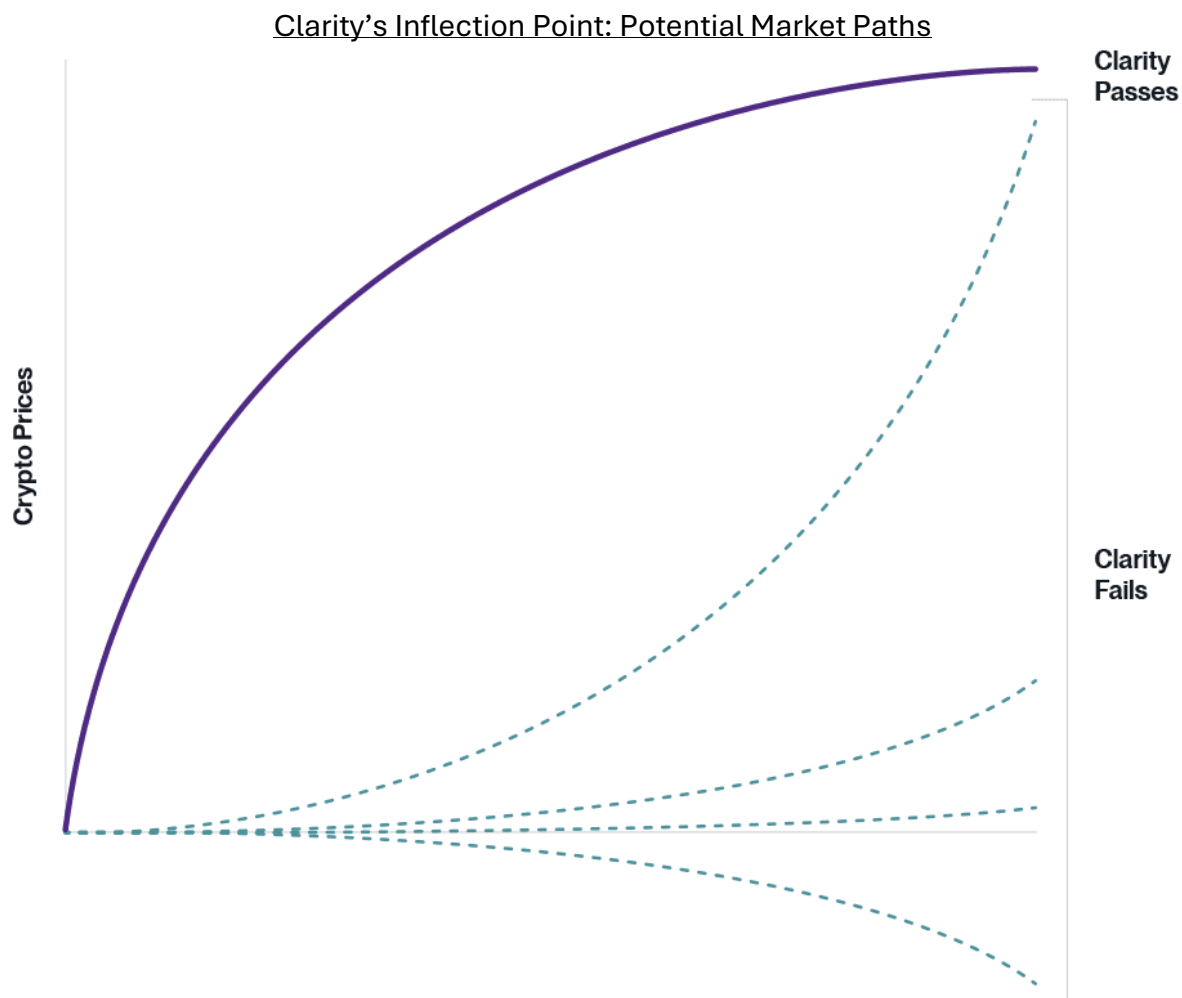
If, at the end of three years, we're all using stablecoins and trading tokenized stocks, we'll get positive crypto legislation regardless of who is in charge. But if crypto is instead still operating on the edges, a change in Washington could be a huge setback.

If I'm right, this has big implications for near-term price returns.

If Clarity passes – specifically, if a version of the act passes that the crypto industry is comfortable with – I suspect the market will rally sharply. With legislation in place, investors will assume that the growth of things like stablecoins and tokenization is guaranteed. They'll begin to build that future into prices today.

If Clarity fails, future growth will be contingent on real-world progress. Investors will demand that crypto prove real-world adoption before they begin to reward prices, because without that real-world adoption, crypto will be built on a regulatory foundation of sand.

The result is two very different pathways for the market. One is an early bull market built on strong expectations. The other is a “wait and see” market where any optimism has to wrestle with prolonged regulatory grind and skepticism.



I'm still optimistic we'll get Clarity passed. So far, this administration has delivered on its election promises to the crypto industry, and the Clarity Act is one of those promises. But if it doesn't pass, I think we need to prepare for a slower ascent.

## Arca: The Crypto Market was Much Healthier 5 Years Ago...

### An Unfortunate Situation for Bitcoin

Most investment debates consist of people talking about different time horizons, and thus, they often talk past each other because both are technically right. Take the gold versus Bitcoin debate. Bitcoin lovers tend to say that Bitcoin is the best investment because it has outperformed gold over the past 10 years by a wide margin.



Source: TradingView BTC and GLD returns over the past 10 years

Gold investors tend to say that gold is the best investment and have recently been stomping on Bitcoin's grave, as gold has outperformed Bitcoin significantly over the past year (with similar stories for silver and copper).



Source: TradingView BTC and GLD returns over the past 1 year

Meanwhile, over the past 5 years, gold and Bitcoin have had nearly identical returns. Gold tends to do nothing for long periods of time, then skyrocket higher when central banks and momentum chasers buy. Bitcoin tends to have violent moves higher, and then big crashes down, but ultimately still moves higher.



Source: TradingView BTC and GLD returns over the past 5 years

So you can win or lose just about any argument involving Bitcoin and gold, depending on your investment time horizon.

That said, there's no denying the recent strength of gold (and silver) versus Bitcoin lately. In some ways, it's kind of funny (or sad). The biggest firms in the crypto industry spent the past 10 years catering to macro investors instead of real fundamental investors, only for those macro investors to say, "nah, we'll just buy gold, silver, and copper instead." We've long been advocating for the industry to switch gears. There is over \$600 trillion worth of stocks, bonds, and real estate, and the buyer base of these assets is a much stickier group of investors. There are a LOT of digital assets that look more like bonds and stocks, issued by companies that generate revenue and perform token buybacks, yet the market leaders have, for some reason, decided to ignore this sub-sector of tokens. Maybe Bitcoin's recent poor performance versus precious metals will be enough for large brokers, exchanges, asset managers, and other crypto leaders to recognize that their attempt to turn crypto into an all-encompassing macro trading vehicle has failed. Instead, they may focus on educating the \$600 trillion worth of investors who buy cash-flow-producing assets. It's not too late for the industry to start focusing on the quasi-equity tokens that house cash-flow-producing tech businesses (like the tokens of various DePIN, CeFi, DeFi, and token launchpad companies).

Then again, if you just change the goalposts, Bitcoin is still king. So it's more likely that nothing will change.

### The Case for Asset Differentiation

The good years for crypto investing seem like ages ago. Back in 2020 and 2021, it seemed like there was a new narrative/sector/use case and a new type of token every month, and positive returns came from many corners of the market. While blockchain's growth engine has never been stronger (on the heels of Washington legislation, the growth of stablecoins, DeFi, and RWA tokenization), the investment environment has never been worse.

One sign of a healthy market is dispersion and weak inter-market correlations. You want healthcare and defense stocks to move differently from tech and AI stocks. You also want emerging market stocks to move somewhat independently from developed market stocks. Dispersion is generally viewed as a good thing.

2020 and 2021 are largely remembered as "broad market rallies," but that wasn't actually the case. It was rare to see the whole market moving up and down together. More often than not, one sector was up while another sector was down. Gaming would rally while DeFi fell. DeFi would rally as Dino-L1 tokens fell. Layer-1s (L1s) would rally while Web3 fell. A diversified portfolio of crypto assets actually smoothed out returns and often lowered overall portfolio beta and correlations. Liquidity came and went according to interest and demand, but returns were mixed. And this was very encouraging. The massive inflows into crypto hedge funds in 2020 and 2021 made sense due to the growing investable universe and differentiated return sets.

Fast forward to today, and the returns of all crypto-wrapped assets look identical. Since the flash crash on October 10th, downside returns across sectors have looked indistinguishable. It doesn't matter what you own, or how the token accrues economic value, or what the trajectory of the project is...the returns are largely the same. And this is very discouraging.

| Input      |          |  |  |
|------------|----------|--|--|
| Start Date | 10/10/25 |  |  |
| End Date   | 01/25/26 |  |  |

| Majors  |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| BTC     | \$113,201.74     | \$86,548.32    | -23.55% |
| ETH     | \$3,835.63       | \$2,814.19     | -26.63% |
| XRP     | \$2.38           | \$1.83         | -23.12% |
| SOL     | \$189.89         | \$118.89       | -37.39% |
| Average |                  |                | -27.67% |

| Layer 1s |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| BNB      | \$1,110.81       | \$864.44       | -22.18% |
| TON      | \$2.06           | \$1.50         | -26.97% |
| AVAX     | \$21.03          | \$11.48        | -45.38% |
| NEAR     | \$2.40           | \$1.43         | -40.25% |
| INJ      | \$8.68           | \$4.28         | -50.71% |
| APTOS    | \$3.78           | \$1.49         | -60.72% |
| SUI      | \$2.63           | \$1.40         | -46.86% |
| SEI      | \$0.21           | \$0.10         | -51.60% |
| Average  |                  |                | -43.09% |

| Layer 2s |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| ARB      | \$0.30           | \$0.17         | -43.92% |
| OP       | \$0.51           | \$0.29         | -43.49% |
| STRK     | \$0.11           | \$0.07         | -39.39% |
| POL      | \$0.18           | \$0.12         | -35.85% |
| ZK       | \$0.04           | \$0.03         | -31.98% |
| BLAST    | \$0.00           | \$0.00         | -46.37% |
| Average  |                  |                | -40.17% |

| ETH DeFi |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| LINK     | \$17.47          | \$11.50        | -34.19% |
| UNI      | \$5.87           | \$4.63         | -21.14% |
| MKR      | \$1,476.47       | \$1,516.87     | 2.74%   |
| LDO      | \$0.84           | \$0.49         | -41.00% |
| ENA      | \$0.44           | \$0.18         | -63.23% |
| SNX      | \$1.02           | \$0.40         | -60.91% |
| PENDLE   | \$3.61           | \$1.85         | -48.84% |
| AERO     | \$0.85           | \$0.44         | -47.56% |
| Average  |                  |                | -39.27% |

| ETH Memes |                  |                |         |
|-----------|------------------|----------------|---------|
| Asset     | Start Date Price | End Date Price | Return  |
| DOGE      | \$0.1939856      | \$0.1192872    | -38.51% |
| SHIB      | \$0.0000098      | \$0.0000075    | -23.57% |
| PEPE      | \$0.0000068      | \$0.0000047    | -30.80% |
| FLOKI     | \$0.0000676      | \$0.0000405    | -40.10% |
| MOG       | \$0.0000005      | \$0.0000002    | -51.57% |
| Average   |                  |                | -36.91% |

| SOL DeFi |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| JUP      | \$0.33           | \$0.19         | -44.50% |
| RAY      | \$2.01           | \$0.94         | -53.20% |
| JTO      | \$1.05           | \$0.31         | -70.70% |
| DRIFT    | \$0.60           | \$0.15         | -75.00% |
| MPLX     | \$0.25           | \$0.04         | -85.83% |
| KMNO     | \$0.06           | \$0.04         | -27.16% |
| Average  |                  |                | -59.40% |

| SOL Memes |                  |                |         |
|-----------|------------------|----------------|---------|
| Asset     | Start Date Price | End Date Price | Return  |
| WIF       | \$0.483410       | \$0.317917     | -34.23% |
| BONK      | \$0.000013       | \$0.000008     | -36.60% |
| POPCAT    | \$0.151201       | \$0.072152     | -52.28% |
| TRUMP     | \$5.452319       | \$4.751378     | -12.86% |
| Average   |                  |                | -33.99% |

| BTC Eco |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| STX     | \$0.43           | \$0.28         | -35.17% |
| CORE    | \$0.26           | \$0.11         | -58.96% |
| ORDI    | \$5.25           | \$3.77         | -28.22% |
| DOG     | \$0.00           | \$0.00         | -30.64% |
| WZRD    | \$0.23           | \$0.11         | -51.62% |
| PUPS    | \$0.01           | \$0.00         | -60.89% |
| Average |                  |                | -44.25% |

| Cosmos  |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| ATOM    | \$2.97           | \$2.23         | -24.86% |
| DYDX    | \$0.34           | \$0.16         | -53.34% |
| OSMO    | \$0.12           | \$0.05         | -58.19% |
| NTRN    | \$0.05           | \$0.02         | -59.36% |
| STRD    | \$0.07           | \$0.03         | -60.57% |
| Average |                  |                | -51.26% |

| Data    |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| FIL     | \$1.70           | \$1.25         | -26.72% |
| AR      | \$4.09           | \$3.31         | -18.99% |
| GRT     | \$0.06           | \$0.03         | -43.42% |
| Average |                  |                | -29.71% |

| DATS    |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| BTC     | \$113,201.74     | \$86,548.32    | -23.55% |
| ETH     | \$3,835.63       | \$2,814.19     | -26.63% |
| SOL     | \$189.89         | \$118.89       | -37.39% |
| ENA     | \$0.44           | \$0.18         | -63.23% |
| AVAX    | \$21.03          | \$11.48        | -45.38% |
| DOGE    | \$0.19           | \$0.12         | -38.51% |
| WLD     | \$0.89           | \$0.44         | -50.20% |
| ETHFI   | \$1.19           | \$0.57         | -52.38% |
| IMX     | \$0.49           | \$0.23         | -53.21% |
| INJ     | \$8.68           | \$4.28         | -50.71% |
| Average |                  |                | -44.12% |

| DePin   |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| RENDER  | \$2.38           | \$1.87         | -20.72% |
| AKT     | \$0.75           | \$0.41         | -45.49% |
| GRASS   | \$0.52           | \$0.25         | -51.10% |
| LPT     | \$4.47           | \$3.08         | -31.07% |
| HNT     | \$2.11           | \$1.13         | -46.53% |
| HONEY   | \$0.01           | \$0.01         | -56.06% |
| IO      | \$0.33           | \$0.15         | -56.08% |
| Average |                  |                | -43.87% |

| AI       |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| TAO      | \$297.22         | \$224.06       | -24.61% |
| VIRTUAL  | \$0.72           | \$0.77         | 7.10%   |
| AI16Z    | \$0.05           | \$0.00         | -97.93% |
| AIXBT    | \$0.06           | \$0.03         | -51.05% |
| ARC      | \$0.01           | \$0.05         | 334.66% |
| GRIFFAIN | \$0.02           | \$0.01         | -30.41% |
| ZEREBRO  | \$0.01           | \$0.01         | -1.33%  |
| VVAIFU   | \$0.00           | \$0.00         | -65.81% |
| Average  |                  |                | 8.83%   |

| NFTs/Gaming |                  |                |         |
|-------------|------------------|----------------|---------|
| Asset       | Start Date Price | End Date Price | Return  |
| IMX         | \$0.49           | \$0.23         | -53.21% |
| AXS         | \$1.54           | \$2.00         | 30.15%  |
| RON         | \$0.37           | \$0.14         | -62.91% |
| APE         | \$0.38           | \$0.17         | -54.68% |
| PENGU       | \$0.02           | \$0.01         | -62.22% |
| ILV         | \$11.26          | \$5.29         | -53.03% |
| YGG         | \$0.12           | \$0.06         | -47.96% |
| Average     |                  |                | -43.39% |

| Perp DEXs |                  |                |         |
|-----------|------------------|----------------|---------|
| Asset     | Start Date Price | End Date Price | Return  |
| HYPE      | \$38.319089      | \$22.145761    | -42.21% |
| GMX       | \$9.840617       | \$6.805432     | -30.84% |
| DRIFT     | \$0.600250       | \$0.150053     | -75.00% |
| VRTX      | \$0.006509       | \$0.000100     | -98.46% |
| ASTER     | \$1.338066       | \$0.604335     | -54.84% |
| DYDX      | \$0.340828       | \$0.159014     | -53.34% |
| Average   |                  |                | -59.12% |

Source: Arca internal calculations and CoinGecko API of a representative sample of crypto assets

This table looks a little more encouraging during times of market prosperity. The “good” tokens tend to outperform the “bad” tokens. But a healthy market would actually look the opposite. You want good tokens to outperform in bad times, not just in good times. Here’s the same table from the April 7th lows to the September 15th top.

| Input      |          |
|------------|----------|
| Start Date | 04/07/25 |
| End Date   | 09/15/25 |

| Majors  |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| BTC     | \$79,179.29      | \$115,397.25   | 45.74%  |
| ETH     | \$1,555.91       | \$4,524.24     | 190.78% |
| XRP     | \$1.90           | \$2.99         | 57.81%  |
| SOL     | \$106.80         | \$233.84       | 118.95% |
| Average |                  |                | 103.32% |

| Layer 1s |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| BNB      | \$554.16         | \$919.23       | 65.88%  |
| TON      | \$3.11           | \$3.15         | 1.37%   |
| AVAX     | \$16.69          | \$29.82        | 78.70%  |
| NEAR     | \$2.12           | \$2.63         | 23.82%  |
| INJ      | \$7.25           | \$13.51        | 86.21%  |
| APTOS    | \$4.41           | \$4.37         | -0.79%  |
| SUI      | \$2.02           | \$3.52         | 74.75%  |
| SEI      | \$0.15           | \$0.32         | 111.91% |
| Average  |                  |                | 55.23%  |

| Layer 2s |                  |                |        |
|----------|------------------|----------------|--------|
| Asset    | Start Date Price | End Date Price | Return |
| ARB      | \$0.27           | \$0.49         | 79.42% |
| OP       | \$0.61           | \$0.74         | 20.89% |
| STRK     | \$0.13           | \$0.13         | 4.69%  |
| POL      | \$0.17           | \$0.26         | 48.39% |
| ZK       | \$0.05           | \$0.06         | 10.39% |
| BLAST    | \$0.00           | \$0.00         | -4.77% |
| Average  |                  |                | 26.50% |

| ETH DeFi |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| LINK     | \$11.45          | \$23.58        | 105.95% |
| UNI      | \$5.12           | \$9.16         | 78.78%  |
| MKR      | \$1,235.01       | \$1,746.47     | 41.41%  |
| LDO      | \$0.70           | \$1.18         | 69.41%  |
| ENA      | \$0.29           | \$0.70         | 140.89% |
| SNX      | \$0.62           | \$0.67         | 8.81%   |
| PENDLE   | \$2.86           | \$4.93         | 72.08%  |
| AERO     | \$0.33           | \$1.30         | 295.98% |
| Average  |                  |                | 101.66% |

| ETH Memes |                  |                |         |
|-----------|------------------|----------------|---------|
| Asset     | Start Date Price | End Date Price | Return  |
| DOGE      | \$0.1491850      | \$0.2685388    | 80.00%  |
| SHIB      | \$0.0000114      | \$0.0000131    | 14.41%  |
| PEPE      | \$0.0000064      | \$0.0000108    | 67.45%  |
| FLOKI     | \$0.0000507      | \$0.0000954    | 87.99%  |
| MOG       | \$0.0000003      | \$0.0000009    | 165.82% |
| Average   |                  |                | 83.13%  |

| SOL DeFi |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| JUP      | \$0.34           | \$0.51         | 49.87%  |
| RAY      | \$1.62           | \$3.27         | 101.15% |
| JTO      | \$1.59           | \$1.80         | 13.48%  |
| DRIFT    | \$0.46           | \$0.63         | 36.93%  |
| MPLX     | \$0.16           | \$0.29         | 81.61%  |
| KMNO     | \$0.04           | \$0.07         | 59.40%  |
| Average  |                  |                | 57.07%  |

| SOL Memes |                  |                |         |
|-----------|------------------|----------------|---------|
| Asset     | Start Date Price | End Date Price | Return  |
| WIF       | \$0.344248       | \$0.879065     | 155.36% |
| BONK      | \$0.000010       | \$0.000023     | 128.52% |
| POPCAT    | \$0.139100       | \$0.265018     | 90.52%  |
| TRUMP     | \$7.832766       | \$8.528002     | 8.88%   |
| Average   |                  |                | 95.82%  |

| BTC Eco |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| STX     | \$0.55           | \$0.65         | 17.32%  |
| CORE    | \$0.42           | \$0.44         | 4.92%   |
| ORDI    | \$6.40           | \$9.45         | 47.84%  |
| DOG     | \$0.00           | \$0.00         | 90.87%  |
| WZRD    | \$1.18           | \$0.33         | -72.30% |
| PUPS    | \$0.01           | \$0.01         | -15.90% |
| Average |                  |                | 12.12%  |

| Cosmos  |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| ATOM    | \$4.33           | \$4.51         | 4.07%   |
| DYDX    | \$0.55           | \$0.61         | 10.55%  |
| OSMO    | \$0.21           | \$0.16         | -23.88% |
| NTRN    | \$0.11           | \$0.10         | -15.47% |
| STRD    | \$0.24           | \$0.07         | -72.48% |
| Average |                  |                | -19.44% |

| Data    |                  |                |        |
|---------|------------------|----------------|--------|
| Asset   | Start Date Price | End Date Price | Return |
| FIL     | \$2.37           | \$2.41         | 1.69%  |
| AR      | \$5.17           | \$7.01         | 35.52% |
| GRT     | \$0.07           | \$0.09         | 24.46% |
| Average |                  |                | 20.56% |

| DATS    |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| BTC     | \$79,179.29      | \$115,397.25   | 45.74%  |
| ETH     | \$1,555.91       | \$4,524.24     | 190.78% |
| SOL     | \$106.80         | \$233.84       | 118.95% |
| ENA     | \$0.29           | \$0.70         | 140.89% |
| AVAX    | \$16.69          | \$29.82        | 78.70%  |
| DOGE    | \$0.15           | \$0.27         | 80.00%  |
| WLD     | \$0.65           | \$1.51         | 132.76% |
| ETHFI   | \$0.46           | \$1.44         | 211.59% |
| IMX     | \$0.40           | \$0.64         | 61.08%  |
| INJ     | \$7.25           | \$13.51        | 86.21%  |
| Average |                  |                | 114.67% |

| DePin   |                  |                |         |
|---------|------------------|----------------|---------|
| Asset   | Start Date Price | End Date Price | Return  |
| RENDER  | \$2.96           | \$3.79         | 27.86%  |
| AKT     | \$0.97           | \$1.15         | 18.37%  |
| GRASS   | \$1.82           | \$0.76         | -57.94% |
| LPT     | \$3.88           | \$6.75         | 74.23%  |
| HNT     | \$2.60           | \$2.63         | 1.17%   |
| HONEY   | \$0.03           | \$0.02         | -44.46% |
| IO      | \$0.58           | \$0.63         | 8.68%   |
| Average |                  |                | 3.99%   |

| AI       |                  |                |         |
|----------|------------------|----------------|---------|
| Asset    | Start Date Price | End Date Price | Return  |
| TAO      | \$204.66         | \$343.21       | 67.70%  |
| VIRTUAL  | \$0.47           | \$1.23         | 159.93% |
| AI16Z    | \$0.11           | \$0.11         | -4.79%  |
| AIXBT    | \$0.08           | \$0.11         | 47.42%  |
| ARC      | \$0.03           | \$0.02         | -39.65% |
| GRIFFAIN | \$0.03           | \$0.04         | 35.18%  |
| ZEREBRO  | \$0.02           | \$0.02         | -1.03%  |
| VVAIFU   | \$0.00           | \$0.00         | -27.78% |
| Average  |                  |                | 29.62%  |

| NFTs/Gaming |                  |                |         |
|-------------|------------------|----------------|---------|
| Asset       | Start Date Price | End Date Price | Return  |
| IMX         | \$0.40           | \$0.64         | 61.08%  |
| AXS         | \$2.40           | \$2.42         | 1.08%   |
| RON         | \$0.56           | \$0.50         | -11.68% |
| APE         | \$0.40           | \$0.58         | 44.85%  |
| PENGU       | \$0.00           | \$0.03         | 694.72% |
| ILV         | \$11.07          | \$14.52        | 31.16%  |
| YGG         | \$0.15           | \$0.20         | 31.99%  |
| Average     |                  |                | 121.89% |

| Perp Dexs |                  |                |         |
|-----------|------------------|----------------|---------|
| Asset     | Start Date Price | End Date Price | Return  |
| HYPE      | \$11.490222      | \$53.988243    | 369.86% |
| GMX       | \$12.049487      | \$14.948391    | 24.06%  |
| DRIFT     | \$0.457189       | \$0.626047     | 36.93%  |
| VRTX      | \$0.048104       | \$0.006983     | -85.48% |
| DYDX      | \$0.554277       | \$0.612771     | 10.55%  |
| Average   |                  |                | 71.18%  |

Source: Arca internal calculations and CoinGecko API of a representative sample of crypto assets

Interestingly, when crypto was in its infancy, market participants tried very hard to differentiate between the types of crypto assets. For instance, here's something I wrote in 2020, where I labeled crypto assets in 4 ways:

1. Cryptocurrencies/money
2. Decentralized protocols/platforms
3. Asset-backed tokens
4. Pass-through securities

At the time, this was somewhat unique, but a lot of investors were intrigued. It mattered that crypto assets were evolving from just Bitcoin to smart-contract protocols, to asset-backed stablecoins, to quasi-equity pass-through securities. Researching the various areas of growth was a big form of alpha, and investors wanted to understand the different valuation techniques required to value different types of assets. Most crypto investors didn't even know when jobless claims came out, or when an FOMC meeting was taking place, and rarely took any cues from macro data.

Post the crash of 2022, these different types of assets still exist. Nothing really changed. But there was a big change in terms of how this industry was marketed. The gatekeepers decided Bitcoin and stablecoins were all that mattered. The media decided that TRUMP token and other memecoins were all they wanted to write about. And over the past few years, not only has Bitcoin outperformed most other crypto assets, but many investors have forgotten these other asset types (and sectors) even exist. There was nothing about the underlying companies' and protocols' business models that became more correlated, but the assets themselves sure did as investors fled and market makers dominated price action.

Which is why last week's article from Matt Levine at Bloomberg was so surprising and welcomed. In just 4 short paragraphs, Levine accurately described the differences and nuances between various tokens. It gave me some hope that this type of analysis could still be done.

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| <p>And then crypto came along, and now you can launch a business and raise money from investors by giving them <i>tokens</i>. A token is a different sort of promise to investors. What is that promise? Well, there are four main answers:</p> <ol style="list-style-type: none"> <li>1. Some tokens are roughly debt: You promise people some fixed return. (This is, approximately, a "stablecoin.")</li> <li>2. Some tokens are roughly equity: You promise people a share of the profits of the business. (Crypto exchanges, for instance, <u>sometimes issue tokens</u> and promise to use a portion of their revenue or profit to buy back the tokens, analogous to how companies share their profits with shareholders through <u>stock buybacks</u>.)</li> <li>3. Some tokens are crowdfunding: You plan to build a product, and you give your investors tokens that will eventually allow them to pay for or use the product. This was not exactly <i>invented</i> by crypto – platforms like Kickstarter allowed crowdfunding without any crypto – but crypto certainly did a lot of it, making it more mainstream and much larger-scale. These tokens are sometimes called "utility tokens," because the idea is that they will provide some utility – you can use them to do stuff – when your product is ultimately working.</li> </ol> | <ol style="list-style-type: none"> <li>4. Some tokens are <i>nothing</i>. You launch a project, and it has a name, The Bleeبزorx Network or whatever, and it has some business plan, and if the plan works it will make money. And then you go out to investors and you say "buy some Bleeبزorx Tokens if you believe in my project," and the investors are like "oh you are a smart founder and your project sounds good, we are interested, what do we get if we buy Bleeبزorx Tokens," and you say "well you get Bleeبزorx Tokens." And the investors, if they come from traditional financial backgrounds, say "no we know we get that, but like, what economic rights do these tokens have? What is their connection to the underlying project?" And you say "oh, nothing, they are just tokens. They just have the same <i>name</i> as the project." And they say "well will you share your profits from the project with the token holders," and you say "lol absolutely not." And they say "well then why would we pay for these tokens? Even if the project succeeds beyond our wildest expectations, why would that make the tokens worth money?" And you say: "It just <i>will</i>. People will be like 'oh, the Bleeبزorx Project is good, we'd better buy some Bleeبزorx Tokens.' So they'll buy tokens and the price will go up. They won't overthink it, so neither should you. Just buy the tokens and you'll make money." Loosely speaking, these tokens are called "meme tokens," or "memecoins": They have some memetic association with your project, but no economic rights.</li> </ol> <p>And you can combine these categories in various ways. <sup>[1]</sup> We have talked about the third category, utility tokens, a <u>few times</u> around here; it is what people commonly think of when they think that crypto created a new way to finance companies. Selling tokens to use the company's product, in order to raise money to build that product, was an important innovation of crypto. These tokens, I <u>once wrote</u>, are "like if the Wright Brothers sold air miles to finance inventing the airplane." And because these tokens were also a speculative investment, this created a new economic model. "Tokenomics," people sometimes <u>called</u> this <u>idea</u> that every customer of a company could also be a speculator.</p> |
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The leading crypto exchanges, asset managers, market makers, OTC desks, and pricing services still call everything that isn't Bitcoin an "altcoin" and seem to only write macro research that lumps all of "crypto" together as one giant asset. Did you know that Coinbase, for example, appears to have a very small research team, led by one primary research analyst (David Duong), whose work is largely focused on macro research? Nothing against Mr. Duong – his analysis is excellent. But who comes to Coinbase looking for macro analysis? Imagine if the leading ETF providers and exchanges only wrote generically about ETFs, saying things like "ETFs are down today!" or "ETFs responded negatively to the inflation data." They'd be laughed out of existence. Not all ETFs are the same just because they use the same wrapper, and those who sell and market ETFs understand this. What is inside the ETF matters most, and

investors seem to have no problem differentiating between ETFs intelligently, largely because the industry leaders help their customers understand this.

Similarly, a token is just a wrapper. What is inside the token matters, as Matt Levine eloquently describes. The type of token matters. The sector matters. The attributes (inflation or amortization) matter.

Perhaps Levine isn't the only one who understands this. But he is doing a better job explaining this industry than those who actually profit from it.

**Grayscale Research published “Investing in Smart Contract Platforms.” (See key takeaways below. View the full article, [here](#).)**

- Smart contract platforms extend the original vision for blockchains from networks for peer-to-peer transactions to infrastructure for financial applications. They offer a new paradigm for global finance based on decentralization and open-source software.
- Smart contract platforms are the foundational infrastructure for stablecoins, tokenized assets, and the other real-world use cases of blockchains. Investing in Ethereum and other smart contract platforms can be considered a way to position for growth in these applications.
- Smart contract platforms monetize network activity through transaction fees, and this in turn drives value to their native tokens. In traditional finance, economic activity accrues value to intermediaries like banks; in blockchain-based finance it accrues value to smart contract platforms and related software.
- Like Bitcoin, tokens within the FTSE/Grayscale Smart Contract Platforms Crypto Sector have historically delivered strong investment returns and potential portfolio diversification benefits. Relative to Bitcoin, the smart contract category has shown higher returns, higher volatility, and a slightly higher correlation to stocks over the last 5-10 years. Staking rewards may further augment total returns for token holders.
- Smart contract platforms are a highly competitive industry, and not every project will succeed in the longer run. Successful platforms will give users compelling reasons to remain on their networks – rather than switch to other networks – allowing them to potentially capture a degree of pricing power.
- Grayscale Research believes these five networks currently have differentiated strategies and the potential to sustainably capture value over time: Ethereum (ETH), Solana (SOL), Sui (SUI), BNB Chain (BNB), and Avalanche (AVAX). This list will surely evolve given the rapid pace of innovation across the industry.

The Block Pro Research: The market cap of RWAs on Ethereum has surged to \$15 billion, up from \$4.3 billion a year ago. This growth excludes stablecoins, highlighting genuine institutional appetite for tokenizing traditional financial instruments on public blockchains. The growth in RWA market cap is notable given Ethereum's relatively flat price performance over recent months. This decoupling suggests that institutional adoption of tokenization is being driven by operational and structural benefits. (The largest RWA protocols on Ethereum include Tether Gold, Ondo Finance, and Securitize, with tokenized Treasury bills representing a significant portion of the market.)

