



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

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BITCOIN-RELATED



NYDIG: Bitcoin bounced back after falling in Q2, up 2.5% in Q3. Although bitcoin was up on the quarter, we'd classify most of the trading action since the March all-time high as largely rangebound. Bitcoin has traded in a range between \$70K and \$54K for much of the past 6 months, unable to make a decisive move one way or the other.

Japanese firm Metaplanet purchased an additional 107 Bitcoin, worth \$6.9 million at current prices, at an average price of 9.26 million yen (\$64,168) per BTC. (The company also reported earning 23.972 BTC, valued at ~\$1.46 million, following a transaction involving the sale of put options.)

Analysts at JPMorgan suggested in a Oct. 3 note that increasing geopolitical tensions and November's presidential election are driving investors towards gold and Bitcoin, as safe-haven assets in what they describe as the "debasement trade."

Investment bank Standard Chartered said on Oct. 3 that Bitcoin is not a safe haven against geopolitical risks. Geoff Kendrick, global head of digital assets research at Standard Chartered, wrote: "Gold is a geopolitical hedge," whereas "BTC is a hedge against TradFi issues such as bank collapses or de-dollarization/US Treasury issues." The bank noted that geopolitical concerns depressed Bitcoin's price while at the same time increasing Donald Trump's odds of winning the US election in November, "which improves BTC's post-election probabilities."

CleanSpark CEO Zach Bradford expects Bitcoin to peak at just under \$200,000 this cycle, subject to macro events and other factors. Bradford sees November's US presidential election impacting Bitcoin's price but said it was less about who wins and more about the election being over, helping to reduce uncertainty. He added: "I think we'll start seeing a meaningful push in Bitcoin prices post-election through January, which should result in significant margin expansion for well-placed miners with efficient cost structures."

As of Oct. 1, traders at crypto exchange Deribit have locked in nearly \$1 billion in Bitcoin call options at a \$100,000 strike.

An upcoming HBO documentary, “Money Electric: The Bitcoin Mystery,” stirs speculation in the crypto world by claiming to reveal new details about the identity of Bitcoin creator Satoshi Nakamoto. The big reveal is set to air on Oct. 8 at 9pm EST.

INDUSTRY ADVANCES



Starting next year, Swift said banks in North America, Europe, and Asia will begin live trials of digital asset and currency transactions over its global messaging network. Swift has previously experimented with blockchain transactions, including working with Web3 services firm Chainlink as an enterprise abstraction layer to connect to the Ethereum Sepolia test network. However, next year's trials mark the first time Swift will move beyond experimenting with blockchain transactions in testing environments to real-world settlement.

According to Odaily, Charles Schwab – worth \$7.13 trillion in assets – has expressed its willingness to offer cryptocurrency trading services if there are changes in relevant laws.

Retail investing platform Robinhood announced that it's offering customers in Europe the ability to transfer cryptocurrencies in and out of its app. The company said that it'll allow customers in the E U to deposit and withdraw 20+ digital currencies through its platform, including Bitcoin, Ethereum, Solana, and USD coin.

Thailand's Kasikornbank, its second-largest bank by assets, intends to launch orbix Custodian as the country's first licensed digital asset custodian. orbix Custodian obtained a Digital Asset Custodian license from the Ministry of Finance.

Australia and New Zealand Banking Group – one of Australia's “Big Four” banks – joined Singapore's Project Guardian to explore the potential benefits of real-world asset tokenization in financial markets. ANZ will team up with blockchain oracle firm Chainlink Labs and Singapore investment firm ADDX to test how RWAs like commercial papers can interoperate between blockchains.

The likes of BlackRock and Franklin Templeton could see tokenized shares of their money-market funds pledged in trading after a major group under the aegis of the CFTC approved guidelines for their use. A subcommittee of the CFTC's Global Markets Advisory Committee voted to pass the recommendations on to the full committee, which is expected to vote on the recommendations later this year.

Franklin Templeton launched its OnChain US government securities fund (FOBXX) on the Aptos blockchain to better integrate TradFi/DeFi. The fund, represented by the BENJI token, provides institutional investors access to US government securities via the Aptos blockchain.

Boba Network, a multichain Layer 2 known for its HybridCompute technology, announced its integration into the Superchain ecosystem, a horizontally scalable network of chains. This integration strengthens Boba's ability to support real-world applications while benefiting from enhanced cross-chain interoperability.

Guinea-Bissau, a tiny West African nation, made a big leap in the use of financial technology by successfully launching a blockchain platform for wage bill management. The initiative, developed with

guidance from the IMF under the Extended Credit Facility and Ernst & Young, will revolutionize the country's public wage bill management, is the first for an African nation.

MINING



With Hurricane Helen unleashing tragedy upon the South Eastern US. Florida, Georgia, Tennessee, and the Carolinas, CleanSpark curtailed 360 MW across their Georgia sites to provide energy support to the grid during a time of need.

Bitcoin mining colocation provider Compass Mining energized 2,400 machines at a new partner site in Nebraska, boasting 7.5 megawatts of power capacity.

Bitcoin miner Hut 8 paid off the ~\$38 million balance of its loan from Anchorage Digital through a stock conversion. Anchorage Digital converted the debt to common stock at \$16.395 per share. The converted share price represents a 51% premium on the 20-day volume-weighted average price through Sept. 26. Hut 8 stock opened at \$12.30 on Oct. 1.

TeraWulf has sold a 25% stake in its nuclear-powered Nautilus Cryptomine joint venture in Pennsylvania to a subsidiary of Talen Energy for ~\$92 million. The capital will be reinvested into expanding its Lake Mariner facility in New York, which focuses on hosting high-performance computing and AI data centers, in addition to Bitcoin mining.

In a complaint filed with the district court of Arkansas on Sept. 26, Bitcoin mining firm NewRays alleges that Judge Allen Dodson, prosecutor Phil Murphy, and others are selectively enforcing noise legislation targeting its business operations. NewRays acquired the property in Faulkner County, Arkansas, in October 2022 to operate a data center for crypto mining at a time when there were no relevant zoning restrictions. However, following complaints from residents, local laws were enacted – imposing decibel limits and criminal sanctions for violations.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES



The Grayscale Bitcoin Trust (GBTC), with almost \$14 billion in AUM, is earning about \$205 million a year, CoinDesk calculations show. The figure is roughly five times larger than at rival BlackRock iShares Bitcoin Trust (IBIT), with \$17 billion in AUM, which is raking in just \$42.5 million. The discrepancy is mainly down to the expense ratio.

BlackRock's Ethereum ETF surpassed \$1 billion in value just two months post-launch, driven by the highest weekly inflows since August.

DeFi Technologies subsidiary Valour launched an asset-backed Ethereum physical staking ETP for professional investors on the London Stock Exchange.

Franklin Templeton filed for a new ETF with the SEC that would offer exposure to both Bitcoin and Ethereum. If approved, the ETF will be traded on the CBOE, with Bank of New York Mellon managing cash, and Coinbase handling the custody.

A Bitwise Sept. 30 filing shows that a statutory trust named “Bitwise XRP ETF” was registered on the state of Delaware’s Division of Corporations website. This filing, which lists CSC Delaware Trust Company as the registered agent, is typically the first step in the process of launching an ETF. On Oct. 2, the asset manager submitted an S-1 form to the SEC. (XRP is the seventh-largest cryptocurrency by market capitalization at ~\$33 billion.)

Bitwise filed to convert its three futures-based ETFs – BITC, AETH, and BTOP – to new active momentum-based strategies that can rotate out of the market when prices fall. Bitwise’s Trendwise strategy rotates between 100% exposure to crypto futures contracts and 100% exposure to US Treasuries based on market trends. It seeks to minimize exposure to volatility during periods of intense drawdowns, and to capitalize on momentum during market upswings.

Grayscale launched a new fund called the Grayscale Aave Trust, offering eligible individual and institutional accredited investors exposure (through a private placement) to the governance token AAVE.

Franklin Templeton announced plans to introduce a mutual fund on the Solana blockchain.



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

Forbes reported crypto venture capital is slowly bouncing back, with around \$2.2 billion raised across 24 funds in the year to July, according to data from PitchBook, putting the market on track to surpass last year’s \$2.6 billion total.

Decentralized private credit platform Credbull is rolling out a new fixed yield credit facility LiquidStone, with a capacity of up to \$500 million, exclusively on the real-world asset focused blockchain Plume Network. In the first phase, the product debuts with a fixed 30-day 10% annualized yield, with assets capped at \$100 million at the beginning. The protocol plans a broader rollout in the first quarter of 2025, raising the maximum capacity to \$500 million and offering a 90-day fixed yield of 15% annualized. On top of the yield, retail and institutional investors may earn rewards for participating in the Plume ecosystem.

Asset manager Kin Capital is launching a \$100 million tokenized real estate debt fund on the real world asset-centric network Chintai. The fund will hold real estate trust deed positions, offering 14%-15% target yield for institutional investors.

Mind Network, an FHE (Fully Homomorphic Encryption) layer, raised \$10 million in a pre-A round, led by Animoca Brands.

RD Technologies, building a financial platform that bridges the Web2 and Web3 worlds, raised \$7.8 million in funding, led by HongShan.

IPOS, M&A, PARTNERSHIPS & DEALS



Bithumb, South Korea's second-largest crypto exchange, said during a shareholders meeting on that it is considering listing on the Nasdaq in the US. The company had reportedly been preparing for an IPO on South Korea's Kosdaq in the latter half of 2025, with Samsung Securities as its underwriter. However, regulatory challenges in South Korea may have influenced Bithumb to explore the Nasdaq IPO option.

Matrixport acquired Crypto Finance's asset management unit in an all-cash deal, rebranding it as Matrixport Asset Management AG, with the Swiss firm offering institutional-grade digital asset solutions, including the first FINMA-approved crypto fund.

Binance Labs has invested an undisclosed sum in Sophon, a ZKsync “elastic chain” Layer-2 network built using Matter Labs' ZK Stack, ahead of its mainnet and SOPH token deployment next month.

Amberdata announced a partnership with Derive (formerly Lyra), a DeFi options and derivatives exchange. This collaboration combines Amberdata's blockchain and crypto asset data with Derive's DeFi platform.

DEFI



World Liberty Financial, a “DeFi” project backed by the Trump family, opened KYC verification on its website for pre-qualified participants amid plans to issue a non-transferable governance token called WLF1.

In response to concerns over transparency, EigenLayer updated its documentation to clarify that early investors were staking locked tokens and receiving unlocked rewards, addressing confusion within the community. (Justin Sun received an \$8.75 million airdrop from EigenLayer following the lifting of transfer restrictions on its EIGEN token, now tradable on various exchanges.)

The Ethena community is considering a proposal to integrate Ethereum, a DEX, into Ethena's reserve management, aiming to enhance transparency and provide on-chain spot and derivatives trading while distributing 15% of governance tokens to Ethena holders.

DEX Aerodrome Finance exceeded \$1 billion in deposits, up from \$120 million since January, representing more than half of the total value locked on the Ethereum Layer-2 network Base.

SynFutures, a DeFi derivatives protocol, launched The SynFutures Vault on Base. The Vault enables third-party providers to deploy individual vaults for each supported margin token, bringing new automated yield-generating strategies to SynFutures' growing community.

CBDCS & STABLECOINS



PayPal completed its first business transaction using its PYUSD stablecoin, paying an invoice to Ernst & Young through SAP's digital currency platform.

Robinhood Crypto's vice president and general manager Johann Kerbrat confirmed there are no immediate plans to launch a stablecoin, despite recent rumors circulating in the market.

Circle signaled its plans to bring its stablecoin USDC to Australia and beyond with the unveiling of a partnership with venture capitalist Mark Carnegie's MHC Digital Group.

Coinbase said it will delist EU non-compliant stablecoins in December.

Visa is set to launch its global platform, VTAP, in 2025, allowing banks to mint, burn, and transfer stablecoins, with Spanish bank BBVA testing the system and a pilot expected on Ethereum next year. BBVA also plans to launch its own Visa-backed stablecoin by 2025.

NFTS, BLOCKCHAIN GAMING & METAVERSE



NFT sales have dropped to their lowest monthly volume since 2021, with a significant 32% decrease in transactions from August to September, while the total sales value fell 20% to \$296 million.

Despite fading NFT hype, CryptoPunk 1563 sold for a record \$56.3 million, perhaps signaling that even as memecoins take center stage, iconic NFTs can still attract significant investment.

Automobili Lamborghini and Animoca Brands are collaborating to bring the iconic Italian luxury vehicles into "Fast ForWorld," Automobili's upcoming metaverse platform. Players will be able to own and trade Lamborghini sport cars as interoperable digital assets across gaming platforms such as Torque Drift 2, REVV Racing, and the Motorverse Hub.

JOB MOVEMENT



CoinDesk found that well-known blockchain projects such as Cosmos Hub, Injective, ZeroLend, Fantom, Sushi, Truflation, and Yearn Finance inadvertently hired North Korean workers, violating UN sanctions and breaking the law in the US and several other countries.

Three senior executives, including the former chief operating officer, have left OpenSea in the past three months, adding to the platform's challenges amid falling NFT trading volumes and regulatory scrutiny.

Crypto think tank Coin Center is making changes to its senior leadership. Executive director Jerry Brito and senior policy counsel Robin Weisman will each step down from their respective positions at the end of the year. Both will remain on the board of directors.

State Street appointed Vanessa Fernandes as head of Digital Asset Solutions. Prior to joining State Street, Fernandes was Managing Director and Global Head of Digital Experience at BNY.

Base creator Jesse Pollak has been tapped to lead the team responsible for Coinbase Wallet.

REGULATIONS, RULINGS & COMMENTARY



Polymarket bettors have now put over \$1 billion on the question of whether Donald Trump or Kamala Harris will take the White House in November.

With a month to go before the US election, prediction market Kalshi got cleared to resume listing its contracts betting on which party will control each house of Congress. On Oct. 2, the US Court of Appeals for the District of Columbia denied a motion by the CFTC to halt the contracts pending the agency's appeal of the case it lost to Kalshi in a lower court last month.

A group of diverse crypto industry leaders are asking for a meeting this month with Vice President Kamala Harris and running mate Tim Walz's campaign policy team to discuss policy recommendations to push forward innovation and inclusion. In a letter sent to the campaign policy team, Nat'l Policy Network WOC Blockchain Founder Cleve Mesidor, Black Women Blockchain Council Founder Olayinka Odeniran, and a professor at Penn State Dickinson Law Tonya Evans, among others, called for a regulatory framework for web3 and DeFi that encourages innovation in the US. 20+ people signed the letter.

During remarks at the 10th Annual US Treasury Market Conference, SEC Chair Gary Gensler reinforced the importance of a rulemaking proposal to alter the definition of an exchange. He highlighted the modernization and 'electronification' of exchanges as why an amendment to the definition in what is known as 'Rule 3b-16' is necessary. Though, what he left unsaid was that this change would give the SEC purview over both centralized crypto exchanges as well as DeFi.

The IMF has, again, urged El Salvador to tighten its regulatory framework for Bitcoin – recommending that the country limit public sector exposure and improve oversight of its Bitcoin ecosystem.

The UK's new City minister, responsible for the British financial services sector, has revived plans for the country to start issuing blockchain-based, digital bonds, known in the UK as gilts, to modernize the country's financial markets. (However, the UK's Debt Management Office, which is responsible for issuing and managing the government's debt, has resisted previous attempts by ministers to issue blockchain-based debt.

According to the China's former minister of finance, Zhu Guangyao, its government should pay more attention to crypto. With former US president Donald Trump's embrace of Bitcoin and crypto, that means it can no longer be ignored. Guangyao added: [Crypto] "has negative impacts, and we must fully recognize its risks and the harm it poses to capital markets. However, we must also study the latest international changes and policy adjustments, as it is a crucial aspect of digital economy development."

Taiwan's Financial Supervisory Commission drafted new anti-money laundering regulations requiring crypto firms to register for compliance by September 2025 or face penalties, including jail time, with the rules set to take effect in January 2025.

Bataan Gov. Joet Garcia said that blockchain technology, which is fast becoming a global trend, is already integrated in the local government system – supporting the growing ecosystem, internet of things, air quality monitoring system, the transport system, and Metro Bataan Development Authority (MBDA).

The Algorand Foundation, a blockchain firm will be supporting the Plateau State government (in Nigeria) to achieve the digitalization efforts of Governor Caleb Mutfwang. The Algorand Foundation is committed to helping with Plateau State realize its ambitious digitalization goals and create a robust identity system using its blockchain technology.

The SEC is appealing a court ruling in the Ripple case, arguing that the decision contradicts long-standing Supreme Court precedents and securities laws. Ripple CEO Brad Garlinghouse responded that the crypto industry has already won on key issues despite the SEC's continued legal challenge.

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

Andre Cronje, a key developer behind major DeFi projects, accused a DeFi app of using his stolen code to build its \$1 billion platform without paying licensing fees.

A US District Judge sided with the SEC in a case where the regulator is alleging that the mobile crypto wallet Rivetz sold unregistered securities (an \$18 million ICO in 2017 for the Rivetz token). Judge Mark Mastroianni granted the SEC's motion for summary judgement, a decision based on evidence made without going to trial. The SEC shall confer with file a proposed judgment for injunctive and monetary relief on or before Oct. 22.

Tether joined forces with the US DOJ to freeze over \$6 million in crypto scam proceeds from a Southeast Asian fraud, marking another example of the stablecoin issuer's cooperation in fighting cybercrime, having reportedly frozen over \$1.8 billion in illicit funds to date.

After deciphering seed phrases from organized crime wallets, Australian Federal Police seized \$6.4 million in cryptocurrency following an investigation into the alleged mastermind behind the encrypted messaging platform Ghost as part of its “Operation Kraken” initiative.

Mango Markets settled its case with the SEC by agreeing to destroy its MNGO tokens and cease soliciting trading platforms, following allegations of unregistered offerings and broker activities, which also included a \$700,000 civil penalty.

Proton Management responded to Swan Bitcoin’s allegations that Proton and six ex-employees of Swan conspired to “steal” its mining business, by arguing in a court filing that Swan Bitcoin does not own any mining business of its own. Counsel for Proton wrote in a court filing that Swan’s mining business is really just the separate entity called 2040 Energy, which is fully funded by Tether.

MISCELLANEOUS



Gemini, a crypto exchange founded by the Winklevoss twins, announced it will close all Canadian customer accounts by December 31, giving users 90 days to withdraw their assets.

The Ethereum Foundation sold another 100 ETH on Sept. 30, taking the total Ether it has sold this year beyond the \$10 million mark, according to Lookonchain. Community members have recently criticized the foundation for its large Ether transfers, urging greater transparency from the organization over its financial activities.

Polymarket removed the 'Hezbollah' label in war betting markets. While Vitalik Buterin said he supports the existence of a Hezbollah betting section on the decentralized predictions platform Polymarket.

The niche online culture that birthed Dogecoin, Shiba Inu, etc. has a new entrant: Moo Deng Coin. This new memecoin – the Thai national treasure (a viral baby, pygmy hippo) whose name roughly translates as “bouncy pork” – is up ~1,400% since it was created a few weeks ago.

Founders of collapsed crypto hedge fund Three Arrows Capital launched a memecoin called Three Arrowz Capital. The token has crashed by over 70% from its all-time high, raising concerns about insider control and transparency.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

NYDIG: Q3 is usually Bitcoin's weakest, (using median return - averages are skewed by outliers) so the slight gain the asset put up this quarter isn't surprising. Bitcoin typically struggles throughout the summer months and this year was no exception.

Quarterly Bitcoin Returns

Year	Quarter				Year
	1Q	2Q	3Q	4Q	
2011	161.5%	1952.1%	-70.1%	-5.0%	1426.7%
2012	7.0%	34.9%	84.9%	8.3%	189.1%
2013	626.2%	-6.9%	41.0%	479.8%	5428.7%
2014	-37.9%	41.0%	-39.0%	-17.9%	-56.1%
2015	-23.9%	7.5%	-10.0%	82.4%	34.2%
2016	-3.8%	61.1%	61.1%	58.9%	124.3%
2017	10.8%	130.4%	75.5%	220.8%	1336.4%
2018	-50.1%	-7.8%	3.3%	-43.3%	-73.0%
2019	9.4%	174.4%	-26.3%	-13.7%	90.9%
2020	-9.4%	41.1%	17.2%	172.5%	308.5%
2021	100.8%	-40.7%	25.2%	5.4%	57.2%
2022	-0.6%	-58.6%	3.1%	-15.0%	-63.9%
2023	22.3%	12.5%	3.4%	12.7%	156.9%
2024	67.0%	-12.8%	2.5%		49.2%
Mean	62.8%	166.3%	12.3%	72.8%	643.5%
Median	8.2%	23.7%	3.3%	8.3%	107.6%
Win Rate	57.1%	64.3%	71.4%	61.5%	75.0%



Source: NYDIG

Sentiment: If you're awaiting Bitcoin's new all-time high, it may need to wait until the crowd slows down their own expectations. There are currently 1.8 bullish posts toward BTC for every 1 bearish post. Markets historically always move the opposite direction of crowd's expectations.



Dan Morehead (Pantera Capital) wrote about Bitcoin being a “Progressive’s Dream.”

If you asked a Progressive think tank to design a new product for financial inclusion they would ask for these features:

- Anyone on Earth can use it
- Cellphone-based
- Borderless
- Permissionless
- Instantaneous
- Migrants don’t have to pay a month’s wages for remittance any longer
- No bank/SWIFT money transfer fees
- Payments at a small fraction of Visa-Mastercard fees
- No cost to store your money or your savings
- Yields available
- Use of your funds 24x7x365
- No more bank bailouts
- Central banks can’t devalue it
- No inflation (actually appreciating 90% a year for eleven years)
- Totalitarians can’t repress it, steal it
- Discrimination eliminated by the use of an alphanumeric identifier
- Women can use it in repressive gender-based nations (2.3 billion women don’t have access to a bank account)
- Women anywhere can save their wages without the men in their lives drinking it away
- Banking the unbanked – including teenagers who are also unbanked
- Complete democratization of the world’s financial products
- Access even to the remotest corners of the world
- 4 billion people joining the financial system

All this given to the world for free – opensource, no patents.

The wonderful news is you don’t have to pay a think tank, Satoshi already got it done.

That ****is**** Bitcoin.

It’s all Alice In Wonderland – “up is down, down is up” – that the Democrats got this completely upside-down.

“I don’t really see why it’s partisan. Being against Bitcoin is like being against cell phones.” – Congressman Ro Khanna (D-CA)

While I agree with his line that Bitcoin should be as non-partisan as other technologies like the cellphone, if either party should have seized it it’s the Dems! Bitcoin is the Progressive’s dream product.

“I am not usually holding hands with the CEOs of multibillion-dollar banks. But this is a matter of national security.” – Senator Elizabeth Warren (D-MA), replying to Jamie Dimon’s comments, Congressional Hearing, December 6, 2023

What rabbit hole did I fall down to see Senator Warren holding hands with Jamie Dimon, the Progressive's antichrist? It boggles the mind that a Progressive can't see the sublime beauty of Bitcoin.

Senator Warren is right – it is an issue of national security.

The US government built the internet (ARPANET). The US government then empowered early internet companies with a myriad of Congressional advantages. In particular, the US gave them safe harbor against regulation and provided an 8.25% discount versus their brick-and-mortar competitors via no sales tax. The result is that all the largest internet companies in the free world are in the US.

The US's regulatory enforcement-only approach in the blockchain era has had the polar opposite effect. It scared 95% of blockchain trading to move offshore to places like the Bahamas and opaque firms like FTX instead of being in the US. Similarly, 93% of the market cap of blockchain protocols are domiciled outside our country.

The majority of Americans are under 40. They love blockchain.

They vote.

It's great to see the Democrats getting in front of this reality last week.

Vice President Harris Endorses Blockchain

The Vice President made a very important policy leap.

"Think of Alexander Hamilton having the foresight to build the manufacturing capabilities of our new nation. Think of Lincoln and the transcontinental railroad. Think of Eisenhower and the Interstate Highway System; Kennedy committing America to win the space race and spurring innovation across our society.

"From our earliest days, America's economic strength has been tied to our industrial strength, and the same is true today.

"So, I will recommit the nation to global leadership in the sectors that will define the next century.

"We will invest in biomanufacturing and aerospace; remain dominant in AI and quantum computing, blockchain, and other emerging technologies; [and] expand our lead in clean energy innovation and manufacturing so the next generation of breakthroughs from advanced batteries to geothermal to advanced nuclear are not just invented but built here in America by American workers." – Vice President Harris, The Pittsburgh Economic Club, September 25, 2024

A good start.

"A journey of a thousand miles begins with a single step." – Lao Tzu, ancient Chinese philosopher

In policy, that first step is just so hard. Once you've done it, it's easy to continue along that path.

Now I'm confident that whichever candidate wins, the US will have rational policy on blockchain.

Former President Uses Bitcoin

I got invited by the former President to go to a Bitcoin dive bar on the Lower East Side – called Pubkey – so he could be the first head of state in US history to use Bitcoin – buying a round of cheeseburgers.

The political pivot on blockchain is massive.

Matt Hougan's (Bitwise) Weekly CIO Memo: "Bitcoin, Gold, or Both? – With the Fed Cutting Rates and China Blasting Stimulus, Investors Are Looking to Hedge Currency Risk. Should They Buy Bitcoin or Gold?"

At a conference last week, a \$10 billion financial advisor asked me a simple question: Bitcoin or gold?

He was worried about the long-term outlook for the dollar and wanted a hedge. But which?

With the Fed aggressively cutting rates and China pumping out economic stimulus, it's a good question, and one many are asking right now.

I thought I'd address it head-on.

Bitcoin vs. Gold

Bitcoin and gold are similar in important ways. Principally, both are forms of money that are free from government interference. Jerome Powell can print all the dollars he wants, but he can't create more gold or change Bitcoin's supply cap of 21 million.

But the two assets have key differences, too. Bitcoin is less established and more volatile than gold, but it's also easier to send, store, and divide.

When you consider the role each asset can play in a portfolio, you see the same dynamic: Bitcoin and gold are similar but distinct. Both are liquid alternative assets that historically have demonstrated low correlations to stocks and bonds. Additionally, as the data below shows, adding either to a traditional portfolio has enhanced risk-adjusted returns over the past decade. (Of course, past performance is no guarantee of future results.)

The differences, however, are just as large and perhaps even more important. Understanding those differences is the key to know which to choose for your portfolio.

What Do You Want: More Return or Less Risk?

The best way to understand how Bitcoin and gold differ in a portfolio is to look at what happens as you add more and more of each asset to the mix.

The table below shows the impact of adding 1.0%, 2.5%, and 5.0% Bitcoin to a traditional 60/40 stock/bonds portfolio. To generate this table, I used the Bitwise Portfolio Simulator, available to financial professionals on our Expert Portal. The simulation considers all available data, starting January 1, 2014 and running through September 26, 2024.

PORTFOLIO	1YR	3YR	SINCE INCEPTION	STANDARD DEVIATION	SHARPE RATIO	MAXIMUM DRAWDOWN
Traditional 60/40 Portfolio	22.66%	11.71%	98.02%	10.25%	0.44	(22.20%)
Traditional Portfolio + 1.0% BTC	23.78%	12.77%	117.14%	10.33%	0.52	(22.84%)
Traditional Portfolio + 2.5% BTC	25.47%	14.34%	148.49%	10.58%	0.63	(23.82%)
Traditional Portfolio + 5.0% BTC	28.30%	16.94%	208.42%	11.34%	0.77	(25.44%)

Source: Bitwise Asset Management with data from IEX Cloud. Data from January 1, 2014 to September 26, 2024.

Look at the “Since Inception” column. Historically speaking, as you add more and more Bitcoin, the portfolio’s total return rises dramatically. The same is true for trailing one-year and three-year returns.

Now look at the Standard Deviation column: It barely moves! According to the simulation, a 2.5% allocation to Bitcoin would have boosted the portfolio’s return 50 percentage points, from 98% to 148%, while the standard deviation would have risen just 33 bps.

Contrast that with what happens when you replace Bitcoin with gold. As the table below shows, there is almost no effect on return: Over the full 10+ years of the study, a 2.5% allocation to gold would have boosted the portfolio returns by just 1%! Where gold does have an impact, however, is on the volatility side (check the Standard Deviation column again), which falls as you add more and more gold to the mix.

PORTFOLIO	1YR	3YR	SINCE INCEPTION	STANDARD DEVIATION	SHARPE RATIO	MAXIMUM DRAWDOWN
Traditional 60/40 Portfolio	22.66%	11.71%	98.02%	10.25%	0.44	(22.20%)
Traditional Portfolio + 1.0% GLD	22.84%	12.09%	98.48%	10.18%	0.44	(22.09%)
Traditional Portfolio + 2.5% GLD	23.10%	12.67%	99.16%	10.08%	0.45	(21.93%)
Traditional Portfolio + 5.0% GLD	23.53%	13.63%	100.28%	9.92%	0.46	(21.68%)

Source: Bitwise Asset Management with data from IEX Cloud. Data from January 1, 2014 to September 26, 2024.

Each asset tells a story of trade-offs. More returns for essentially the same risk? Look to Bitcoin. Basically, the same returns for less risk? Look to gold.

Both are great outcomes, but they are critically different. Which you choose depends on your personal circumstances.

What Happens If You Do Both?

Faced with these results, a natural question to ask is: Why not invest in both? Can you get the best of both worlds?

Sadly, no. There is no free lunch here.

The table below compares three possibilities: A portfolio enhanced with 5% gold, 5% Bitcoin, and a 5% split between the two (2.5% gold, 2.5% Bitcoin). The split portfolio is about what you'd expect: When it comes to risk/return metrics, it basically splits the difference between the 5% gold and 5% BTC portfolios.

Probably the biggest thing this table makes clear is just how much bigger an impact Bitcoin has than gold at equal allocation sizes. Look at the swing in the Sharpe ratio between the 5% GLD and 5% BTC portfolios – gold barely moves the needle, while Bitcoin smashes it.

PORTFOLIO	1YR	3YR	SINCE INCEPTION	STANDARD DEVIATION	SHARPE RATIO	MAXIMUM DRAWDOWN
Traditional 60/40 Portfolio	22.66%	11.71%	98.02%	10.25%	0.44	(22.20%)
Traditional Portfolio + 5.0% GLD	23.53%	13.63%	100.28%	9.92%	0.46	(21.68%)
Traditional Portfolio + 2.5% BTC, 2.5% GLD	25.88%	15.28%	149.25%	10.42%	0.64	(23.54%)
Traditional Portfolio + 5.0% BTC	28.30%	16.94%	208.42%	11.34%	0.77	(25.44%)

Source: Bitwise Asset Management with data from IEX Cloud. Data from January 1, 2014 to September 26, 2024.

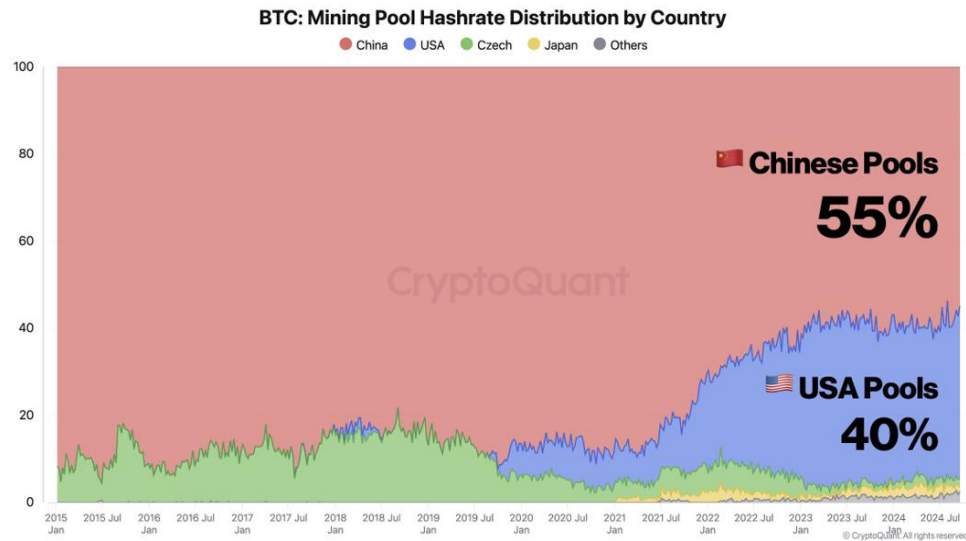
Conclusion

Given all that, what's the answer to the advisor's "Bitcoin or gold" question?

One answer might be, "It depends on your risk tolerance, and whether or not you prefer a similar return at lower volatility or a much higher return with similar volatility." That would be accurate and supported by the data.

But there's a different, far simpler answer I'd give if I were speaking for myself and looking at those Sharpe ratios: "Bitcoin."

Over 55% of the Bitcoin mining network is still controlled by Chinese mining pools (despite the country's ban on cryptocurrencies), according to Ki Young Ju, founder and CEO of CryptoQuant. However, Bitcoin mining dominance is slowly shifting to US mining firms, according to Ju, who said: "Chinese mining pools operate 55% of the network, while US pools manage 40%. US pools primarily cater to institutional miners in America, while Chinese pools support relatively smaller miners in Asia."



NYDIG: If \$12.6B worth of Bitcoin changed hands last quarter from large holders, the flip side was continued demand from the US spot ETFs, which gathered \$4.3B in total flows. The big winner continues to be BlackRock, whose iShares Bitcoin Trust out-gathered the next nearest competitor, Fidelity, by 4.6x.

Bitcoin ETF Q3 Scorecard

As of 9/30/24

In Millions of USD

Fund	Fund Flows		AUM
	Since Launch	Q3 2024	
iShares Bitcoin Trust	21,495.1	3,770.3	23,232.9
Grayscale Bitcoin Trust	-20,090.5	-1,575.7	14,029.7
Fidelity Wise Origin Bitcoin Fund	9,986.6	828.3	11,435.9
ARK 21Shares Bitcoin ETF	2,713.2	310.3	3,203.3
Bitwise Bitcoin ETF	2,139.3	118.5	2,500.2
Grayscale Bitcoin Mini Trust	422.3	422.3	2,140.9
VanEck Bitcoin Trust	648.4	128.7	742.0
Coinshares Valkyrie Bitcoin Fund	535.5	38.7	569.6
Invesco Galaxy Bitcoin ETF	370.6	77.3	516.6
Franklin Bitcoin ETF	421.9	76.6	450.4
WisdomTree Bitcoin Fund	214.6	143.9	229.2
Total US Spot ETFs	18,857.1	4,339.1	59,050.9
US Futures-Based ETFs	-195.9	286.9	1,867.9
US Leveraged Long Futures ETFs	2,447.8	591.4	2,031.4
US Inverse ETFs	73.9	7.9	96.6
Canadian Spot ETFs	-277.0	138.8	3,383.3
Hong Kong Spot ETFs	23.2	48.7	268.4

Blockware Intelligence summarized last week from a mostly on-chain perspective...

BTC Holds the line at \$60,000: Despite a slight drop this week, BTC is still holding strong above \$60,000. It has successfully achieved a higher high and is in the process of forming a higher low. With bullish macro tailwinds afoot and a healthy short-term technical structure, BTC is poised to make a move up in Q4.

Long-Term Holder Supply: While Bitcoin has traded sideways since March, long-term holders have been accumulating coins. The supply of BTC that has not moved in six months or longer is at near all-time highs with ~14.1 million coins not moving on-chain.

Energy Gravity: At a typical hosting rate today, new-gen Bitcoin ASICs require ~\$57,473 worth of energy to produce 1 BTC.

Summary and conclusion from Glassnode's "The Week On-Chain" from 10/2/24. (Read the full report, [here](#).)

The recent market rally has several initial signs that a change in market structure may be beginning to emerge, with Bitcoin printing its first technical higher high since the \$73k top.

The Long-Term Holder cohort is largely in a regime of dominant HODLing and accumulation, while Short-Term Holders have seen a notable resurgence in their profitability. Across several measures, the average Bitcoin investor is in a better and more profitable position compared to just a few weeks ago and is experiencing less financial stress across the board.

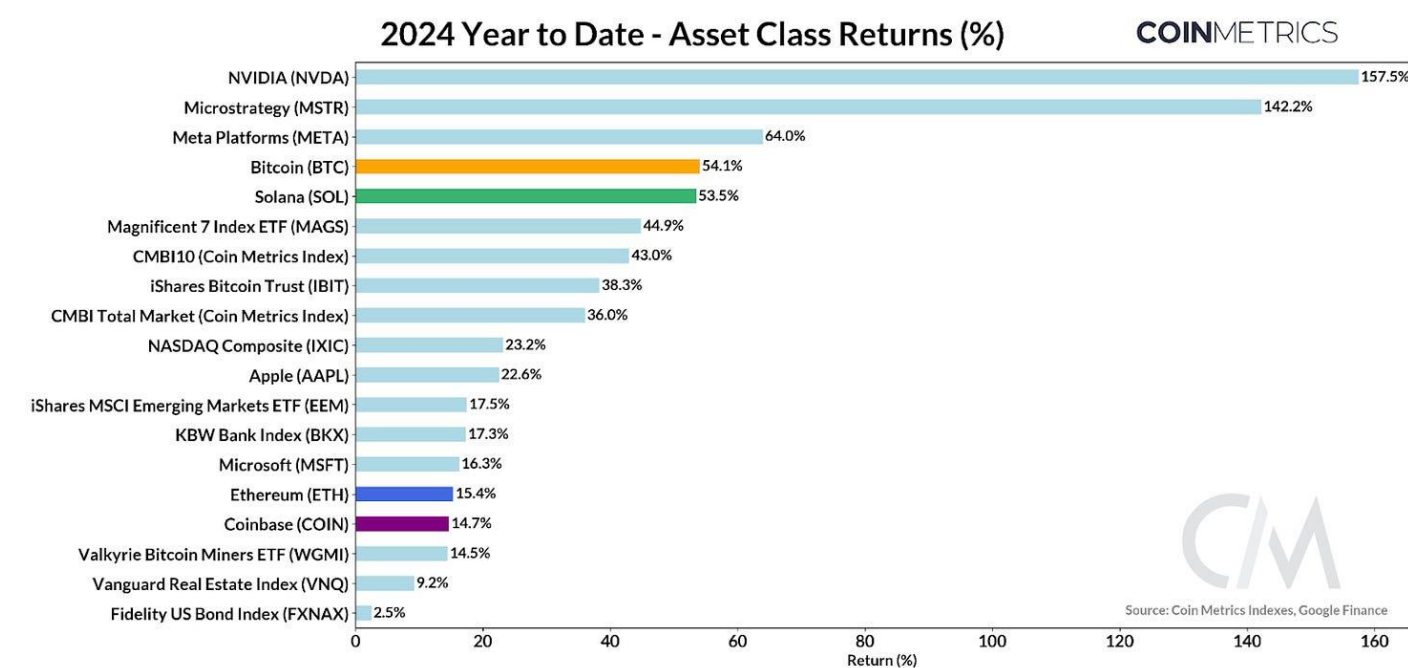
Conclusion from Coin Metrics' "State of The Network" weekly report from 10/1/24. (Read the full report, [here](#).)

Q3 2024 presented a dynamic landscape of catalysts and challenges, resulting in increased crypto market volatility. Despite this, several assets and market segments demonstrated resilience, with Bitcoin showcasing its stability. As we look towards Q4, the US elections and evolving digital asset policies stand out as pivotal factors shaping the market. Entering a low interest-rate environment for the first time in 4 years, following one of the Federal Reserve's most aggressive tightening cycles, the outlook for crypto-assets remains optimistic as stablecoins continue to march towards record highs while signs of a revival in both valuations and on-chain activity emerges.

Blockworks updated key metrics...

Total Crypto Market Cap	\$2.25 T
Bitcoin Market Cap	\$1.22 T
Ethereum Market Cap	\$291.38 B
ETH/BTC Ratio	0.04
Ethereum Gas Price	10.23 gwei
DeFi TVL	\$143.09 B
Fear and Greed Index	50 (Neutral)

Coin Metrics: Summary of Q3 Market Performance...



Crypto Asset Returns by Month, Q3 2024

Top 30 datonomy assets with market cap > \$1 Billion				
sui	-14%	18%	112%	116%
aave	8%	22%	27%	71%
xrp	32%	-9%	3%	24%
fet	-17%	3%	44%	21%
trx	7%	24%	-5%	20%
imx	-10%	1%	27%	19%
apt	-7%	5%	23%	16%
stx	4%	-10%	23%	15%
icp	8%	-15%	20%	14%
xlm	12%	-7%	4%	7%
sol	22%	-20%	9%	6%
near	-3%	-17%	27%	4%
btc	5%	-9%	7%	4%
bnb	1%	-7%	10%	3%
xmr	-6%	7%	-2%	-0%
ada	2%	-11%	10%	-1%
avax	-10%	-10%	20%	-2%
cro	-3%	-6%	4%	-6%
fil	-3%	-13%	10%	-9%
shib	-5%	-12%	10%	-10%
bch	10%	-22%	6%	-10%
link	-8%	-13%	10%	-10%
doge	1%	-17%	7%	-11%
ltc	-5%	-7%	2%	-11%
etc	-6%	-15%	5%	-17%
rndr	-22%	-9%	18%	-17%
uni	-20%	-18%	14%	-23%
dot	-11%	-21%	9%	-24%
eth	-5%	-22%	2%	-24%
pepe	-5%	-30%	11%	-25%
	Jul	Aug	Sep	Q3

Travis Kling (Ikigai Asset Management) published his monthly commentary. (See highlights below.)

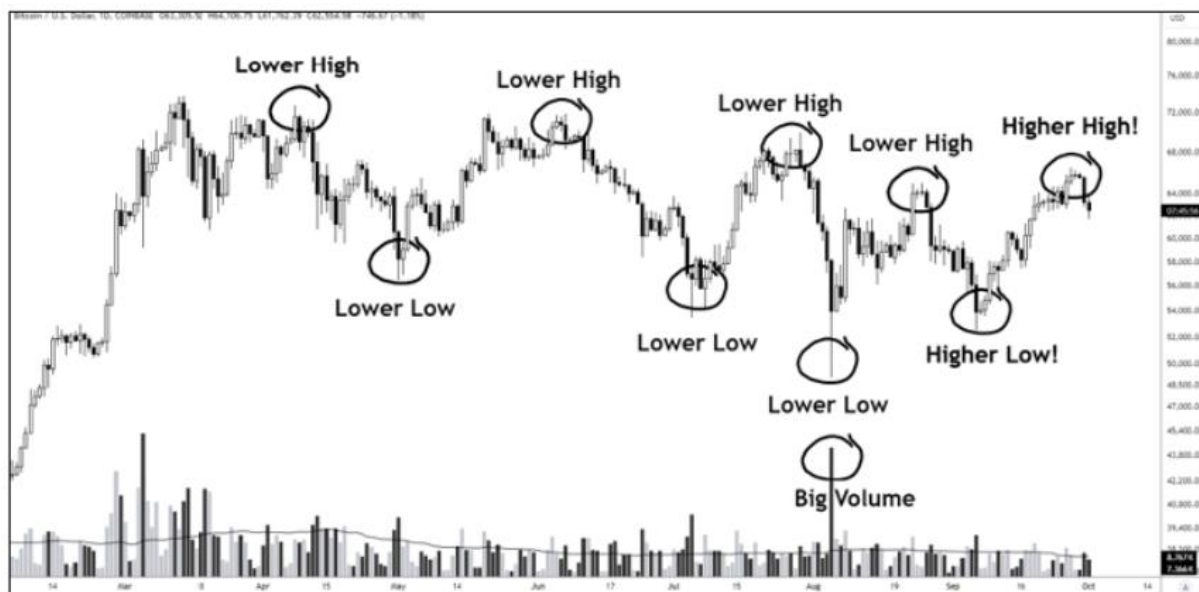
Market Update – Liquid Crypto Asset Investing

	Sep	Aug	Jul	Q3-24	Q2-24	Q1-24	YTD	Q4-23	Q3-23	Q2-23	Q1-23	2023	2022	2021
BTC	7%	-9%	3%	1%	-12%	69%	50%	57%	-12%	7%	72%	155%	-64%	60%
ETH	4%	-22%	-6%	-24%	-6%	60%	14%	37%	-14%	6%	52%	91%	-67%	399%
XRP	8%	-9%	31%	29%	-24%	2%	-1%	19%	9%	-12%	58%	81%	-59%	278%
BCH*	6%	-22%	6%	-12%	-44%	121%	9%	33%	-24%	117%	16%	157%	-75%	6%
EOS	7%	-18%	1%	-11%	-48%	30%	-39%	45%	-22%	-37%	38%	-2%	-72%	17%
BNB	6%	-8%	-1%	-3%	-4%	94%	81%	45%	-10%	-24%	29%	27%	-52%	1269%
XTZ	7%	-10%	-8%	-11%	-43%	40%	-29%	47%	-15%	-28%	56%	39%	-84%	116%
XLM	6%	-8%	10%	8%	-35%	9%	-24%	15%	1%	1%	55%	81%	-73%	108%
LTC	3%	-7%	-7%	-11%	-28%	44%	-8%	10%	-39%	21%	28%	4%	-52%	17%
TRX	-1%	22%	3%	25%	1%	14%	45%	21%	16%	27%	10%	98%	-28%	181%
Aggregate Mkt Cap	8%	-11%	0%	-4%	-14%	63%	34%	51%	-3%	1%	49%	119%	-64%	186%
Aggregate DeFi*	12%	-19%	-7%	-15%	-21%	47%	-1%	72%	-5%	-5%	50%	132%	-77%	581%
Aggr Alts Mkt Cap	7%	-12%	-7%	-13%	-15%	58%	17%	53%	-2%	-5%	33%	90%	-64%	479%

Source: CoinMarketCap and CoinGecko. As of 9/30/24. BCH includes SV.

BTC was +7% in September in only its fourth positive September ever and now stands at +50% YTD, outperforming the very large majority of Alts by a wide margin, including ETH which was +4% in Sept and +14% YTD.

Last month, we talked about the high-volume capitulatory puke in early August around the Yen carry trade unwind. We talked about how that had the potential to be high timeframe bottoming event. Fast forward a month, and it is now looking quite likely that early August was a major bottom. Shown below, September price action brought a high timeframe trend change-



Source: TradingView. As of October 1, 2024.

When I glance at the YTD performance for BTC vs macro assets (table at the beginning of this letter), BTC is about in-line. +50% vs SPX +21%, Gold +27% and DXY -1%. But zooming in specifically on Q3, BTC traded pretty crappy. BTC was +1% in Q3 vs SPX/Gold/DXY +6%/+13%/-5%. You give me those macro stats, and I would have expected BTC to be up 20% or more. What were the drivers of BTC's Q3 relative underperformance?

The first thing I'd point out is that BTC got overheated in Q4-23 and Q1-24. Shown below via weekly RSI-



Source: TradingView. As of October 1, 2024.

The good news there is, as you can see, we have now had a nice reset.

I think the primary reason BTC dragged in Q3 relative to macro was the supply overhang. GBTC redeemed \$1.6bn in Q3, albeit less than the \$3.7bn in Q2 and the \$14.8bn in Q1, but still a significant offset to the other ETF inflows, which totaled \$5.9bn in Q3 vs \$6.1bn in Q2 and \$26.9bn in Q1.

In addition to GBTC, the US government has been selling seized Silk Road BTC this year, including \$593mm in August. They have a lot left to sell, so it is noteworthy that Trump has pledged not to sell this BTC if he wins.



Source: Arkham Intelligence. As of October 1, 2024.

Probably the most impactful supply overhang was the German government hammering 50,000 BTC in less than a month, including 40k in a single week in early July.



Source: Arkham Intelligence. As of October 1, 2024.

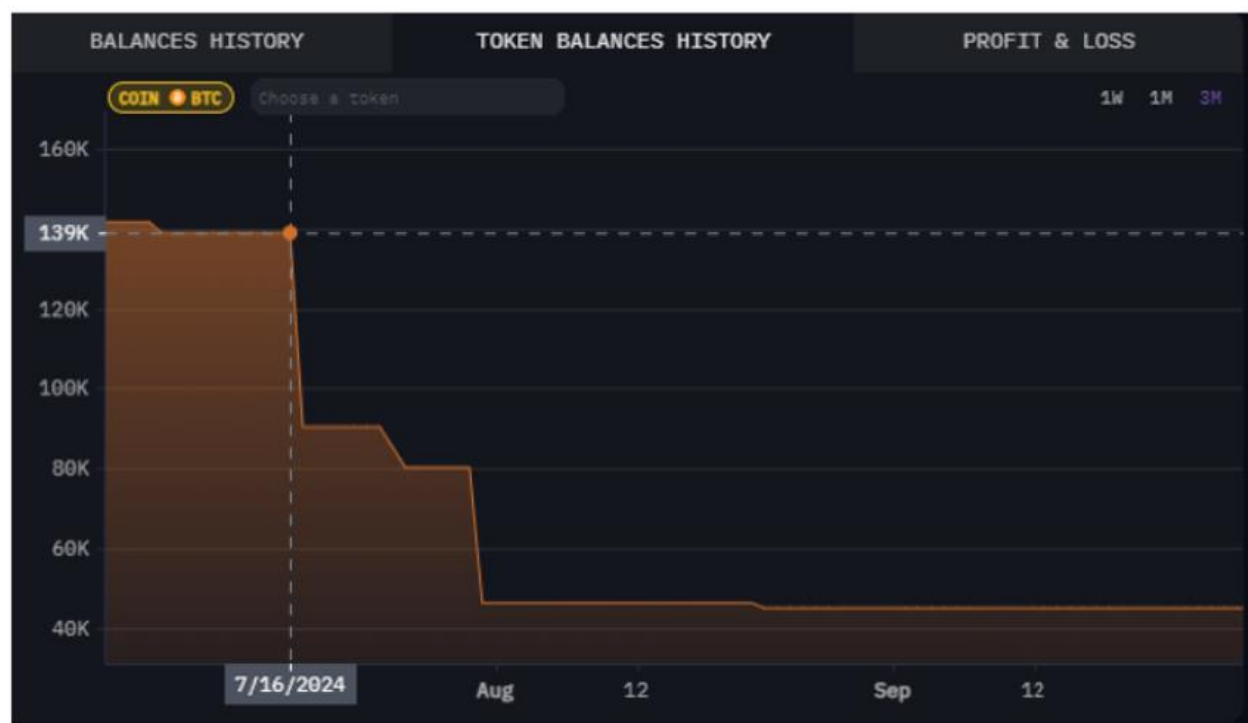
All things considering, the market actually ate that 50k pretty well, only down ~20% peak to trough and bouncing aggressively-



Source: TradingView. As of October 1, 2024.

It's worth contemplating who bought all that BTC – what “type” of buyer. You could imagine a meaningful amount of that demand coming from opportunistic “special situations” type of buyers rather than long-term HODLers. Those special situations buyers would likely be taking profit on those buys, which could be dampening BTC price action in the weeks and months that followed.

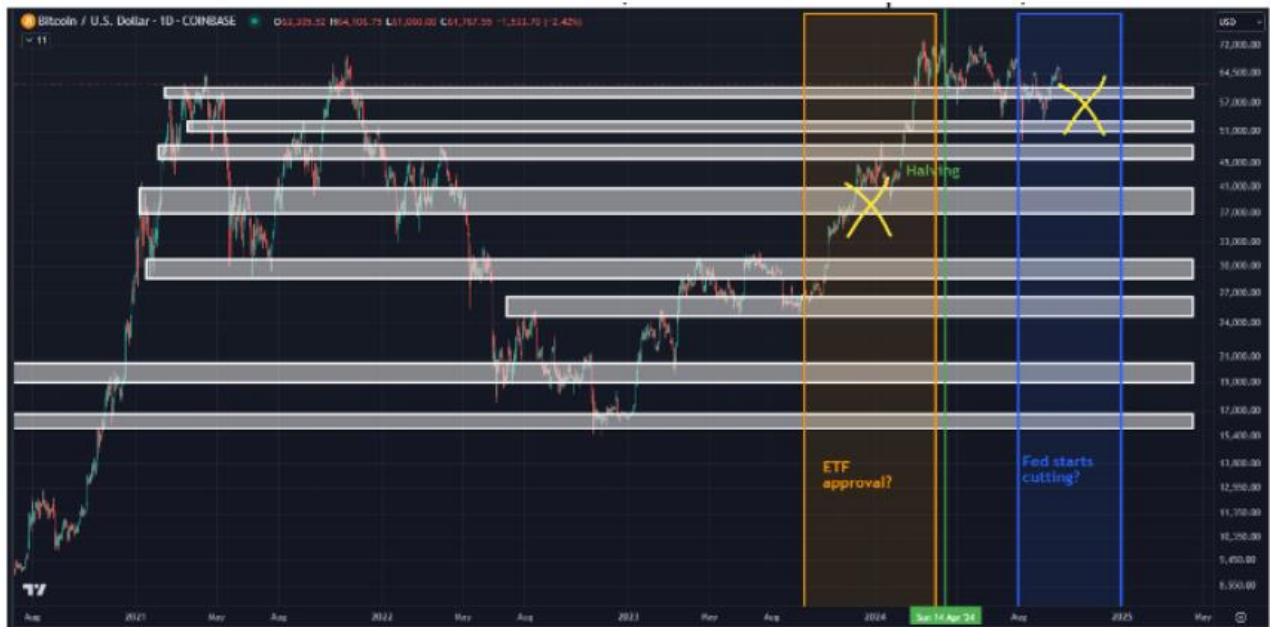
Lastly, Mt Gox distributions were likely a supply overhang and may continue to be so. This one we don't know exactly how much selling has occurred. We do know that the Mt Gox estate transferred nearly 100,000 BTC out of its custody wallets to major exchanges the back half of July-



Source: Arkham Intelligence. As of October 1, 2024.

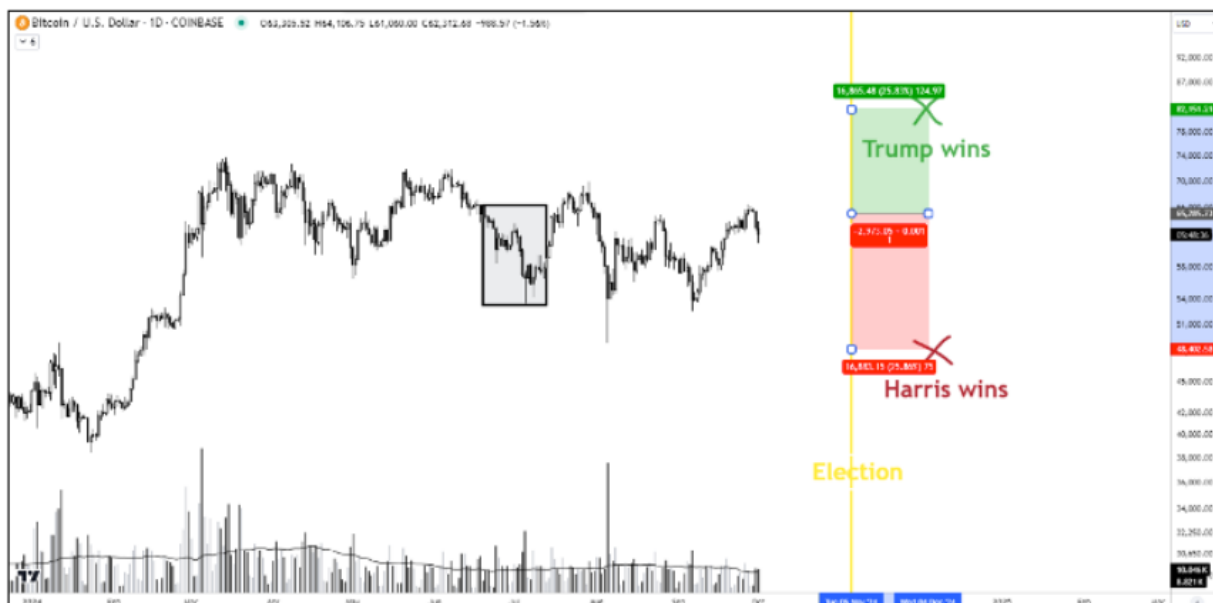
Those BTC were distributed to Gox creditors, but then we don't what happened next, once the BTC was in creditors hands. I think its safe to say that: 1) some amount of that was sold immediately; 2) some is continuing to be sold today; 3) some will be sold at a later date and price; and 4) some will never be sold or not anytime soon. I don't have a sense of how much goes in each of those four buckets, but I do think Mt Gox has been somewhat of an overhang. My guess is going forward, it will have little/no impact on price action (i.e., if you were going to aggressively sell, that probably already happened).

This will be the last time I show the chart below, first shown here September 1, 2023 –



Source: TradingView. As of October 1, 2024.

I don't have a strong view on where BTC will be trading a month from now, immediately prior to the election. Polls and Polymarket have the race as essentially a toss-up. I have no edge or unique insights there. You could estimate "fair value" if you assume a given price for a Trump win vs a Harris win. I'm not highly convicted of that, but I could assume a Trump win would get you low \$80's by Thanksgiving and a Harris win would get you a sweep of the lows by Thanksgiving. That would look like this-



Source: TradingView. As of October 1, 2024.

If the election is a toss-up and my price predictions were accurate, fair value would be \$65.3k, right around where we just topped out at the end of Sept. So that's kind of interesting.

Overall, on-chain metrics (NUPL, Reserve Risk, MVRV Z-Score, etc.), while far from perfect, provide some value in understanding BTC's current price relative to its history... and it looks bullish.

A repeat of the breathtaking run in Alts in early 2021 (purple box) is very unlikely in the near-term in my view. There simply isn't anywhere near the inflows into Alts required for that sort of move, even more so relative to the size of the token unlocks (a problem we've discussed here previously). A Trump win should drive a meaningful pop in Alts but I would be wary of how long that pop may last unless something really changes with Alts. Otherwise, we'll likely keep playing stupid games and winning stupid prizes – ridiculously overvalued infrastructure and nihilistic memes. Sigh.

Arca: A Recap of Token 2049 Recaps...

Why Aren't We Getting More Announcements?

The digital assets market continues to rally, posting a third straight week of nearly double-digit weekly returns. As such, sentiment continues to improve along with price. It's always challenging to determine if the price follows the narrative or if the narrative follows the price, but based on the lack of recent events other than the FOMC 50 bps rate cut, it appears that the latter is more accurate right now. The increased bullish narrative seems to be stemming purely from price gains.

For example, the recent Token 2049 conference in Singapore was hailed as a great success. High attendance, great side events, and a lot of "buzz." But I've read every recap of 2049, including the one from our own Arca attendee, and I can't decipher what everyone is excited about. Most of the themes, narratives, and announcements that emerged from the event are the same ones we've talked about for the entire year. Now, that's not to say that these aren't important. They most certainly are. But in an industry that has historically been marked by its speed in innovation and shortened product and business life cycles, it's a bit underwhelming.

For example, from StoneX and Messari's recap on themes (paraphrased):

- StoneX: "Three dominant themes emerged: Decentralized Physical Infrastructure Networks (DePIN), memes, and the growing role of AI in the crypto space. These represent different points along the spectrum of blockchain innovation – DePIN replicates traditional Web2 businesses with real revenue, memes focus on owning culture and community, and AI brings a new layer of computational power to the ecosystem."
- Messari: "The rising momentum of both DePIN and Crypto x AI over the last year and a half continued in Singapore. AI had over 119 related side events, and DePIN had at least 60 dedicated side events throughout the week. DePIN and Crypto x AI are tackling problems across the board in Traditional Physical Infrastructure (TradPi) and Web2."

This is all true, but the same thing could have been written in January.

From Coinbase's recap on announcements (paraphrased):

- Sui's (SUI) announcement of a partnership with MoviePass and the incorporation of USDC on the network. Sui is also now taking pre-sale orders for its SuiPlay0X1 handheld gaming console, previously teased in April.
- The Open Network (TON) continued to attract attention at the conference after unveiling its collaboration with the ride-hailing application Tada (prevalent in Southeast Asia) a few days before the event. This highlights the potential utility of Telegram Mini Apps and TON's expansion among L1s in the crypto ecosystem.
- Solana (SOL) Mobile introduced its second-generation smartphone Seeker, the successor to the Saga phone, which is scheduled for a 2025 release and is now open for pre-orders. Solana also seems to be courting more RWA projects for its platform, with Franklin Templeton announcing

plans to launch a money market mutual fund on the network akin to its offerings on Stellar, Arbitrum, and Polygon.

This also seems a bit underwhelming relative to past big announcements at conferences, which focused more on consumer-facing products and launches.

From Arca's own Director of Research, Katie Talati (paraphrased):

- Bitcoin Layer-2s and DeFi are heating up, and fractal side chains are doing quite well.
- DePin is still a favorite for attracting the next 1 million users, but people are becoming skeptical of Renders/Akash-type projects that just provide compute and are looking for more interesting use cases (e.g., Geodnet, Dima).
- Restaking isn't something many believe in as heavily anymore, and they tend to think that demand for AVSs just won't be as great to justify such a large valuation

While this is just a small snippet of Katie's internal recap, the lack of detail is surprising (for those who don't know Katie Talati, her recaps are usually incredibly in depth with a lot of nuance).

Given the strength of the recent rally and the 180-degree sentiment shift, I guess I'm just left scratching my head at what specifically sparked it. Then again, it was only a month ago that we were discussing how crypto was lagging other risk assets and that a rally was inevitable. So, if you're keeping score at home, I was surprised when crypto failed to rally a month ago and equally surprised when we actually did rally.

But that's just one of the best parts of being a crypto investor – the innovation and growth is constant, and we don't always know which parts of the industry will bloom at a certain point in time, nor do we always know when the market prices will match the growth. Nothing comes totally out of left field, but you still never really know when it is going to catch fire. So, while the recaps from Token 2049 are maybe a bit uninspiring in terms of what is in focus right now, inevitably, what we'll be talking about in 6 months was likely very present at Token 2049.

Hivemapper (HONEY) Is A Really Easy, Awesome DePin Project

I recently installed a Hivemapper device in my car. For those unfamiliar with Hivemapper, it is one of the most intuitive DePIN projects that have been created. Hivemapper is trying to recreate Google Maps, meaning it will be a great consumer-facing application, while also providing enterprise level data to other industries (Trucking, navigation, logistics, etc).

The DePIN aspect, in layman's terms, is simple. While Google had to pay its own employees and build its own technology to map the universe, Hivemapper is outsourcing the mapping by paying out HONEY tokens to everyday people who drive their cars. Said another way, if you drive (and most people do), you can become a quasi-equity holder of Hivemapper (via HONEY tokens) simply by installing the device. And if Hivemapper is successful, then the HONEY token will be worth more, and your equity will grow. And it's more likely to be successful if more people buy the devices, ensuring that the mapping data will be more robust than anything created by single companies and their own cars/drivers/maps.

After buying the device, it really took 3 minutes to start earning HONEY tokens:

- Step 1: Install the mapping device on my windshield (literally plug it in, and stick it to my windshield)
- Step 2: Download a Phantom (Solana) wallet on my phone, and link the wallet to the device
- Step 3: Drive my car (thank you 150 miles worth of California driving to/from baseball games this weekend for my 11-year old)

There are plenty of interesting DePIN projects, but this is probably the easiest and most intuitive to understand. If you drove for Uber, you didn't get equity. If you delivered food for DoorDash, you didn't get equity. You didn't get equity if you were an early Amazon Prime member. If you have millions of Sky miles on Delta, you didn't get equity. But if you help build the digital map of the world for Hivemapper, you basically get equity-like upside via their HONEY token. Now, every legal expert in crypto will argue that this is not equity, and every regulator will argue that this means that HONEY is a security. But intuitively, without getting into the political, regulatory or legal weeds, that is what is happening. The users and creators of a new company are the ones being rewarded if it succeeds.

That is why I love crypto and believe that tokens are the greatest capital formation and customer bootstrapping mechanism ever created. Turning customers and users into quasi-equity holders is just a better way to build networks and reward those responsible for their success.

Grayscale Research published “September 2024: Crypto Gets a Lift from Fed Rate Cuts.” (See highlights below. Read the full piece, [here](#).)

- Crypto markets performed well in September 2024 as the Federal Reserve delivered the first of several likely rate cuts.
- While Bitcoin outperformed broader crypto markets year to date, gains in September were led by other market segments, especially AI-related tokens in the Utilities & Services Crypto Sector.
- The regulatory and political backdrop appears to be improving: The SEC approved an application for the listing of options on spot Bitcoin ETPs and others are expected to follow, while Bank of New York looks set to offer crypto custody services. Meanwhile, former President Trump announced a new DeFi protocol and Vice President Harris made supportive comments about digital assets and blockchain technology.

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

- Binance Market Share Slides to The Lowest Level Since Sept 2020: Binance's spot trading volume dropped by 22.9% to \$344bn, marking the lowest monthly spot volume on the exchange since November 2023 and its lowest spot market share (27%) since January 2021. Derivatives trading volume also fell 21.0% to \$1.25tn, the lowest since October 2023. Binance’s overall market share now stands at 36.6%, also the lowest since September 2020.
- Trading Volumes Decline as Seasonality Period Nears End: In September, total spot trading volumes fell 17.2% to \$1.27tn, recording the first decline in three months for the monthly trading volumes on centralized exchanges. The decline in trading activity marks the end of the seasonality period with catalysts - including the Federal Reserve's first interest rate cut since March 2020 - likely to increase volatility and activity on centralized exchanges in the coming months.
- Open Interest Surges Following Federal Reserve’s Interest Rate Cut: Open interest on retail derivatives exchanges surged 32.1% in September to \$53.8bn, as traders ramped up speculation following the Federal Reserve's decision to cut interest rates by 50bps, expected to inject more capital into the markets. Binance remains the largest retail exchange by open interest, with a 27.5% increase, reaching \$18.0bn.
- Crypto.com Market Share Reaches New All-time High: Crypto.com continued its recent surge in trading activity with its spot and derivatives volumes rising 40.2% and 42.8% to \$134bn and \$149bn respectively, an all-time high for the exchange. The combined spot and derivatives market share for the exchange surged to 11.0% in September now making it the fourth largest centralized exchange by volume.
- Binance Hits \$100tn Lifetime Volume, FTX Still Ranks 6th Despite Closing in 2022: Earlier in the month, Binance became the first centralized exchange to surpass over \$100tn in lifetime volumes. OKX follows with a lifetime trading volume of \$25tn. Bybit, Bitget, and HTX rank next among the largest exchanges. FTX still holds the sixth-largest all-time volume, despite ceasing operations in November 2022.

Pat Toomey (US Sen. ret.): 1 in 8 crypto owners live in a battleground state, including 1.4 million crypto owners here in Pennsylvania. When you have a presidential race that'll be decided by razor-thin margins, this is a voting bloc that's set to tip the scales. (See a larger image, [here](#).)

Ten Things You Should Know → About the Crypto Voter		
1	Crypto owners are a key battleground state voting bloc	There are more than sixteen times the number of crypto owners in key battleground states than the vote differential in the 2020 Presidential election.
2	Crypto owners are surprisingly diverse	68% of crypto owners are Gen Z or Millennials, 48% are non-white and 70% have an income of less than \$100k. They are just as likely to vote for Kamala Harris as they are Donald Trump.
3	Crypto owners will vote for crypto friendly candidates in November	2 in 3 (67%) of crypto owners in five key swing states (AZ, MI, NV, PA, WI) are enthusiastic to vote for candidates who support the crypto industry.
4	Crypto owners are not just crypto bros	18% of crypto owners are moms with a child at home. 41% of crypto owners listen to country music.
5	Crypto owners think about crypto, a lot	59% of crypto owners think about crypto more or the same amount than they think about their next vacation.
6	Crypto owners embrace American values	71% of crypto owners say freedom is extremely important in their lives, and 76% say they own crypto because it offers them freedom.
7	Crypto owners believe the current financial system needs updating...	Nearly 9 in 10 (87%) of crypto owners want more control of their financial lives.
8	...and that crypto is a key tool to update it	3 in 4 (76%) crypto owners agree that cryptocurrency gives individuals more control over their financial lives.
9	Crypto owners want Congress to pass clearer crypto regulations	3 in 4 agree there should be clearer cryptocurrency regulations (74%) and that these would be good for the economy (75%).
10	Crypto owners expect politicians on both sides of the aisle to take action	73% of crypto owners believe that crypto-friendly legislation should be supported by both parties.

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

- Over 94% of the collapsed crypto exchange FTX's creditors in the “dot com customer entitlement claims” class – representing ~\$6.8 billion in value – voted in favor of its reorganization plan, restructuring firm Kroll disclosed. Nearly all classes of creditors voted to accept the plan, with ~89% of “US customer entitlement claims” who returned ballots and 96% of “dot com convenience claims” also voting in favor, representing ~\$61 million and \$224 million in value, respectively. Under the FTX bankruptcy plan, a ~98% of creditors are set to receive at least 118% of their claim value in cash. However, claims were evaluated based on their fiat value at the time of FTX's bankruptcy in November 2022, not at current prices.
- The FTX estate is set to auction all of its 22.3 million locked Worldcoin tokens valued at around \$37.7 million, offering them at a “significant discount.” The sale is part of the estate's ongoing effort to recover funds for creditors.
- After Binance founder Changpeng “CZ” Zhao was released from prison, he posted on X: “Let me chill for a bit. Then figure out the next steps. There are always more opportunities in the future than there were in the past.” CZ added that his nonprofit online education platform Giggle Academy “will be a big part of [his] life for the next few years,” and that he'll continue to investing in crypto, AI, and biotech.

- On-chain data revealed that bankrupt crypto lender BlockFi received a \$250 million deposit in USDC from Coinbase Prime. That brought on-chain holdings up to \$300 million – sparking hopes for creditor repayments.