



HYPERION DECIMUS

CRYPTO NEWSLETTER

POWERED BY WEEKLY CRYPTO BRIEF

29th September 2024

BITCOIN-RELATED



NYDIG: Bitcoin rallied 2.3% this week on the heels of last Wednesday's interest rate cut by the FOMC. The US, however, wasn't the only country adding fuel to the monetary fire. This week, the PBOC unveiled a massive slate of monetary measures aimed at reviving China's slowing economic growth, including interest rate cuts, bank reserve requirement reductions, mortgage rate deductions, capital injections in major banks, and lending facilities for financial firms to buy securities and corporations to conduct stock buybacks, with more stimulus expected to come on the fiscal side.

Bloomberg (Sept. 27): Bitcoin is on course for one of its biggest September gains as a global wave of interest-rate cuts, headlined by the US Federal Reserve, helps the largest digital asset to buck a seasonal jinx. The token is up over 10% this month, contrasting with an average 5.9% decline in September during the past decade.

Even though Bitcoin has been highly correlated as of late with the price moves of US equities, BlackRock's head of digital assets, Robbie Mitchnick, said it's a likely misnomer to call the cryptocurrency a "risk-on" asset. He stated: "Gold shows a lot of the same patterns. Where you have these temporary periods, but long term [correlation is] close to zero." Mitchnick added: No single country or government controls Bitcoin, and it's scarce and decentralized. When we think about Bitcoin, we think about primarily as an emerging global monetary alternative. Scarce, global, decentralized, non-sovereign asset. And it's an asset that has no country-specific risk, that has no counterparty risk."

The number of Bitcoin wallets containing large amounts (1,000+ BTC) has grown by 3.5%, and very small amounts (0.0001 BTC or less) by ~75% over the last year. Meanwhile, wallets with medium amounts of BTC (1-10 BTC) have decreased, indicating a redistribution of holdings across both extremes of the wealth spectrum.

One lucky GameStop customer won an entire Bitcoin worth just over \$63,000 at recent prices after opening up a pack of \$30 crypto-themed collectible trading cards. The winning card was hidden inside a first-edition pack of Cardsmiths' Currency Trading Cards, which he had purchased at the games retailer.

Non-profit organization, Brink published its annual report, detailing over \$1 million in donations to Bitcoin developers in 2023.

Maelstrom, the family office of former BitMEX CEO Arthur Hayes, awarded Jon Atack a one-year Bitcoin developer grant. He is the second recipient of Maelstrom's grant program supporting open-source Bitcoin developers.

Bitcoin zero-knowledge rollup Citrea deployed its BitVM-based bridge Clementine to the Bitcoin testnet. Citrea aims to use Bitcoin as a settlement layer to make it “the foundation for the world's finance.”

Coinbase announced its plan to launch cbBTC, its Wrapped Bitcoin token, on Solana, enhancing interoperability and liquidity for DeFi protocols within the Solana ecosystem.

Alby announced the release of Alby Go, a mobile app that serves as an open-source Bitcoin wallet available for iOS and Android – allowing users to make self-custodial payments via their Lightning node.

Boltz announced the launch of the Boltz BTCPay Plugin, the first feature of its kind, in open beta. The plugin lets merchants who use BTCPay Server easily accept Bitcoin over Lightning before having it automatically swapped and stored non-custodially on the Liquid Network.

INDUSTRY ADVANCES



The SEC approved BNY Mellon's crypto custody plan, allowing for potential expansion of digital asset services beyond Bitcoin and Ethereum ETFs, while emphasizing client asset protection and drawing both praise for innovation and criticism for perceived preferential treatment. BNY is identified as the first bank to receive an exemption from the SEC's Staff Accounting Bulletin (SAB) 121.

Singapore's DBS Bank launched crypto-structured products, including structured notes and options with underlying Bitcoin and Ethereum reserves, after an initial announcement on September 17.

Binance launched a pre-market spot trading service allowing users to take early positions before a token's official market listing. Unlike competitors such as Bybit and Coinbase, Binance's pre-market service offers trading of “actual tokens,” not derivatives.

Guggenheim Treasury Services issued \$20 million in tokenized commercial paper on the Ethereum blockchain.

Wintermute reported a 19x rise in crypto CFD volumes and became the first OTC desk to offer GMCI index trading (indices for trailblazers in the fast-growing digital asset space).

Visa is expanding its blockchain services, enabling banks to issue fiat-backed tokens on Ethereum through its new Tokenized Asset Platform, with Spanish bank BBVA set to pilot the initiative in 2025, pushing real-world asset digitization into mainstream finance.

PayPal expanded its crypto services to US business accounts, allowing them to buy, hold, and sell cryptocurrencies directly, although New York state businesses are initially excluded due to regulatory limitations.

A recent report by CF Benchmarks noted that while tokenized money market funds eliminate intermediaries and boost accessibility via asset fractionalization, these benefits are only scratching the surface. The report said investors across a broad range of financial instruments will be given better liquidity, transparency, and efficiency thanks to tokenization. And that tokenized assets can integrate with DeFi, enabling stocks, bonds and real estate to be used as collateral or traded on decentralized exchanges. CF Benchmarks projects tokenized assets will breach the \$20 billion mark over the next 12 months.

Moody's, the Wall Street ratings agency, released its first-ever report about DePIN (decentralized physical infrastructure). The reports said the sector could help existing networks scale and innovate, but unclear regulations could stifle widespread adoption of the technology. Moody's noted Helium (HNT) as an example that has shown promising developments within the sector. (Read more about the report, [here](#).)

Travala expanded its platform by adding Solana-based assets for travel bookings, enhancing payment options and rewarding customers with SOL for their purchases.

Blockchain solutions provider Digital Asset and the Depository Trust & Clearing Corporation (DTCC) completed their US Treasury Collateral Network pilot project on the Canton Network. The project brought together 26 market participants to carry out 100 transactions. The project used tokenized "digital twins" of Treasury bond in four use cases using the Canton Network and DTCC LedgerScan to demonstrate transaction flows and a case of default.

Polymarket launched an election app on the App Store.

Plume Network announced plans to tokenize over \$1 billion in real-world assets, including solar farms, private credit, Medicaid claims, and mineral rights. It already has commitments from credit funds and solar farms to make this tokenization accessible to investors in Q4.

Circle announced a new product suite called the Circle Compliance Engine, which offers tools like Transaction Screening, Monitoring, and a Travel Rule service to help companies build financial applications on-chain, while maintaining more strict compliance standards. The service also leverages Circle Programmable Wallets, with the goal of streamlining compliance for developers working across multiple blockchain networks.

Worldcoin announced it began scanning eyeballs in Poland, Malaysia, and Guatemala, despite a backlash in some countries that have shut down Worldcoin's operations.

A new report from blockchain solution provider SettleMint revealed that 86% of IT executives believe that blockchain technology offers a competitive advantage in supply chain management. (The State of Blockchain Transformation in Supply Chain surveyed 200 executives to determine current strategies and challenges in blockchain transformation.)

Chiliz Group, the blockchain company behind the Socios rewards platform and fan token-focused L1 Chiliz Chain is launching Chiliz Sports, an independent division to bridge the world of sports and blockchain.

EasyA, a blockchain education platform, announced the launch of its EasyA x Polkadot University. This will be the world's first university focused on educating the next generation of blockchain developers.

The EasyA x Polkadot University will bring the next wave of these founders into the Polkadot ecosystem and get them launching their projects on Polkadot.

MINING



Bitcoin mining company Bitdeer, along with semiconductor giant TSMC, is set to launch a new high-efficiency mining chip, SEAL02, after successfully testing its power-saving capabilities.

Core Scientific is on the cusp of becoming a major force in artificial intelligence hosting, broker Canaccord said in a Sept. 23 report initiating coverage of the Bitcoin miner. Canaccord started coverage of the crypto mining company with a buy rating and a \$16 price target.

Bitfarms and Riot Platforms reached an agreement on Sept. 23, potentially bringing an end to a takeover saga between the two Bitcoin mining firms. Riot attempted to acquire Bitfarms in April for ~\$950 million. Since that deal was thwarted, Riot has steadily bought stock in the firm to become its largest shareholder, currently owning ~19.9% of the company. Under the terms of the agreement, Bitfarms co-founder Andres Finkielstein stepped down from the board, with Riot's proposed independent director, Amy Freedman, taking his place. Riot agreed to accept customary standstill provisions until Bitfarms' 2026 annual meeting, prohibiting the company from acquiring more than 20% of Bitfarms without prior board approval.

A Utah judge ruled that the SEC's case against Green United, accused of running a fraudulent crypto mining scam, will proceed to trial, after claims that the company misled investors with phony mining equipment and returns.

ETPS (EXCHANGE-TRADED PRODUCTS), FUNDS & INDEXES



US spot Bitcoin ETFs registered \$365.7 million worth of net inflows on Sept. 26 – the largest since late July. It marked the sixth consecutive day of positive flows into the funds totaling \$862.4 million, contributing to cumulative net inflows of \$18.3 billion since they began trading in January.

ARK Invest offloaded 44,609 of its own ARKB spot Bitcoin ETF shares on Sept. 23, worth \$2.8 million, as the investment firm rebalanced the weightings of its Next Generation Internet (ARKW) ETF. The firm has now sold \$17.5 million worth of the spot Bitcoin ETF, having also offloaded \$6.9 million of ARKB in August and \$7.8 million in July. However, ARKB remains the firm's second-largest holding within its ARKW fund, with a weighting of 9.93%, worth \$139.7 million – equivalent to ~5% of the spot Bitcoin ETF's total \$2.9 billion AUM.

With SEC approval of BTC ETF options (other agencies, like the CFTC and OCC, still have to give the go-ahead)... Bitwise's Jeffrey Park said: These options mark "the first time the financial world will see regulated leverage on a perpetual commodity that is truly supply-constrained." And The ETF Store's Nate Geraci said: "Once they're officially introduced, investors can expect a 'flurry' of ETF filings. These

include Bitcoin defined-outcome ETFs; premium income or covered call funds; Bitcoin tail risk ETFs; and convexity funds.”

Ether ETFs recorded their largest net outflows since July, with over \$79 million exiting on Sept. 23 in a sign of waning institutional demand for the world’s second-largest token. Those figures are the highest since July 29, when ETH ETHs recorded a cumulative \$98 million, and the four-highest since they first went live on July 23.

The SEC delayed its decision on allowing options trading for BlackRock’s Ethereum ETF until November.

FTSE Russell announced the launch of the FTSE Digital Asset Staking Index Series, which is designed to provide market participants with a mechanism to evaluate digital assets that incorporate a proof-of-stake consensus mechanism and pay staking rewards to network participants. The index series incorporates both price returns and staking rewards to calculate a total return. (Learn more, [here.](#))

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

Celestia Foundation raised \$100 million in a funding round – led by Bain Capital Crypto. The team plans to use the capital for their new roadmap to scale blockspace to the fiber optic era.

Crypto-based prediction platform Polymarket, which has seen its user base swell in the lead-up to this year’s US election, is looking to raise \$50 million in fresh funding and could launch its own cryptocurrency, according to a report in The Information.

Avalanche is launching a \$40 million “Retro9000” grant program to incentivize developers to build on the network ahead of its major upgrade, Avalanche9000, aiming to strengthen the blockchain ecosystem through a prolonged testnet phase.

Huddle01, a blockchain project to provide decentralized audio and video conferencing – aiming to provide lower-latency virtual meetings than Zoom and Google Meet – plans to raise as much as \$37 million in a sale of network nodes.

Hemi Labs secured \$15 million to launch its modular blockchain network, Hemi Network, which integrates Bitcoin and Ethereum for building smart contracts and Bitcoin-native applications.

Initia raised \$14 million ahead of its mainnet and token launch. The Series A round was structured as a simple agreement for future equity with token warrants – led by Theory Ventures, with participation from Delphi Ventures and Hack VC.

Mawari Network, a Solana-based DePIN project focused on spatial computing, raised \$10.8 million in strategic funding, with plans to scale its decentralized infrastructure for augmented and virtual reality applications.

AminoChain raised \$7 million in pre-seed and seed funding, with Andreessen Horowitz leading the seed round, marking the venture firm’s first investment in decentralized science (DeSci).

CUDIS, a Web3 AI wellness company, raised \$5 million in funding, led by Draper Associates.

IPOS, M&A, PARTNERSHIPS & DEALS



Decentralized exchange aggregator Jupiter acquired SolanaFM, a blockchain explorer, and Coinhall, a trading terminal for Solana and Cosmos blockchains, to enhance its data and infrastructure capabilities.

The DLT exchange 21X partnered with fund administrator Apex Group to list the tokenized securities of Apex's clients. The exchange is awaiting its DLT Pilot Regime go ahead from the European Securities Market Authority. Once approved, 21X will be both a DLT trading and settlement system.

Securitize, a leader in tokenizing RWAs, partnered with Wormhole to improve multichain interoperability for all its tokenized assets. This collaboration enables seamless movement of assets across different blockchain ecosystems, improving liquidity, and broadening access to compliant digital asset ecosystems for asset issuers and holders.

DEFI



EigenLayer plans to lift transfer restrictions on its EIGEN token by Sept. 30, allowing stakeholders to trade and transfer their tokens following a seven-day unstaking period.

DeFi aggregator and portfolio management tool Zapper added support for Moonbeam Network as it seeks to expand its offerings within the Polkadot ecosystem.

CBDCS & STABLECOINS



Top Democrat of the House Financial Services Committee Maxine Waters said she wants to reach a “grand bargain on stablecoins” by the end of 2024, hoping to conclude two years of legislative negotiations. (Waters and Republican Rep. Patrick McHenry have been working on a bill to create a stablecoin regulatory framework since 2022, though it has struggled to gain traction.)

The International Monetary Fund staff have proposed a four-part REDI framework covering Regulation, Education, Design, and Incentives to facilitate the global adoption of CBDCs.

The Hong Kong Monetary Authority (HKMA) launched the second phase of the digital Hong Kong dollar pilot study, renamed Project e-HKD+, with 21 financial institutions working on 11 use cases for the CBDC and tokenized deposits.

Robinhood is reportedly exploring the possibility of launching its own stablecoin, although the company has stated there are no immediate plans to release one.

Ethena is set to introduce a new stablecoin, UStb, which will be backed by BlackRock's tokenized US Treasuries fund, BUIDL.

The TON Foundation teamed up with Curve Finance to launch a stable swap project on the TON blockchain, aiming to enhance stablecoin trading with low-slippage and low-fee transactions.

Curve Finance is considering removing TrueUSD as collateral for its crvUSD stablecoin due to concerns over TUSD's regulatory issues and stability, while also proposing to reduce the minting capacity of crvUSD backed by PayPal's PYUSD.

Audius, a decentralized, community-owned, and artist-controlled music-sharing and streaming service, announced the successful completion of its private beta phase, which began in November 2023. This update now grants artists on the platform full control over their pricing and enables them to receive payments in USD Coin.

NFTS, BLOCKCHAIN GAMING & METaverse



NFT Evening analysts released a report on the state of the NFT market and its problems in 2024. The findings: 96% of 5,000+ existing NFT collections are “dead.” This means that they have zero trading volume, no sales for more than seven days, and no activity on the X social network.

Farcaster’s Warpcast client introduced a new “mini apps” feature, allowing developers to create interactive applications, such as NFT minting and games, directly within the decentralized social media platform.

Telegram game Hamster Kombat banned 2.3 million cheaters and will distribute half their earnings among “honest players” while burning the rest. The tap-to-earn game teased its roadmap on Sept. 25 ahead of its highly-anticipated token airdrop on TON blockchain, including using advertising revenue to buy back tokens from the market for redistribution and regular token burns and introducing NFTs as in-game assets and launch a progressive web app for desktops, Apple, and Android devices by November. The HMSTR token went live for trading on major exchanges on Sept. 26, including Binance, OKX, Bitfinex, and Bitget.

Treasure DAO voted to migrate from Arbitrum to ZKsync, aiming to launch its decentralized gaming ecosystem on ZKsync’s Elastic Chain within the next two months.

Iggy Azalea is set to launch Motherland, an online casino using her MOTHER token.

JOB MOVEMENT



Natasha Powell will join Kraken as head of UK compliance in November. Powell joins from BCB Group, where she was employed as chief compliance officer.

REGULATIONS, RULINGS & COMMENTARY



When asked about the future of crypto recently, Donald Trump responded that he thinks “crypto has got a great future” and floated using it to pay off the \$35 trillion US national debt.

At a Wall Street fundraiser, VP and presidential candidate Kamala Harris expressed her support for fostering innovation in AI and digital assets, while emphasizing the importance of consumer protection in the crypto space. (But insiders do not expect her to make serious crypto policy before the election.)

In an interview with CNBC, Sen. Cynthia Lummis said a flip to a Republican-controlled Senate following this year's elections would bode well for digital assets. In that scenario, crypto-friendly Republican Sen. Tim Scott would likely chair the influential Senate Banking Committee, replacing the more crypto-critical Democrat Sen. Sherrod Brown. The senator also criticized the SEC for regulating crypto through enforcement actions rather than clear guidelines, contributing to ongoing court cases with firms like Binance and Coinbase. Lummis argued that Congress, not the SEC, should take the lead in regulating the crypto industry by passing legislation with clear rules.

The colossal campaign spending from the cryptocurrency industry is showing up in dominant fashion in Ohio's US Senate race, where its political action committees have devoted \$40 million to support Republican Bernie Moreno's opposition of Sen. Sherrod Brown (D-Ohio), the crypto-skeptical chairman of the Senate Banking Committee. It's the largest single outlay of campaign spending from the digital assets sector.

On CNBC's Squawk Box, SEC Chair Gary Gensler warned that the crypto industry will not survive without investor protections, pointing to the collapse of firms like FTX and Celsius as examples of market turmoil. Additionally, he reaffirmed his view that while most cryptocurrencies are securities, Bitcoin was an exception.

The MiCA Crypto Alliance launched with Hedera, Ripple, and Aptos Foundation as founding members.

Australian regulators are reportedly drafting new legislation that will require cryptocurrency exchanges to obtain financial services licenses. This will expand the current licensing requirements, which apply primarily to digital currency exchanges.

Turkey shelved its proposed tax on stock and crypto profits, with the country's Vice President Cevdet Yilmaz confirming that the plan has been dropped for now, following earlier concerns that the tax could harm the country's financial markets.

Cambodia aims to enhance its digital landscape through a partnership between the Ministry of Industry, Science, Technology & Innovation (MISTI) and the DFINITY Foundation, a Swiss non-profit focused on blockchain and AI. This collaboration seeks to establish Cambodia as a leader in Southeast Asia's technology sectors, particularly in blockchain, AI, and sovereign cloud technologies.

In its continued effort to force the SEC to make new rules for the cryptocurrency industry, Coinbase faced off with the regulator in an appeals court on Sept 23. Coinbase's team told a three-judge panel that the SEC has failed to provide a path for actors in the digital asset space.

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

The US Department of Justice seized domains tied to three crypto exchanges allegedly involved in laundering \$800 million in illicit transactions, targeting Russian nationals linked to cybercriminal networks.

WazirX was granted a four-month moratorium by the Singapore High Court to restructure its liabilities, following a \$230 million hack, as the platform works to recover user funds and implement transparency measures.

BingX reopened some services following a significant hack (~\$43 million), refuting cover-up allegations and committing to transparent communication as it works to fully restore operations.

A federal judge ordered William Koo Ichioka to pay over \$36 million in fines and restitution for his involvement in a fraudulent crypto and forex scheme. Ichioka pleaded guilty to criminal charges, including wire fraud and securities fraud, and also received a four-year jail sentence.

The CFTC won a legal case against a crypto and forex scam, securing \$31 million in repayments for defrauded investors, highlighting increased efforts against fraudulent schemes.

The SEC sued Blockchain Cybersecurity, alleging they deceived investors and fraudulently raised more than \$5 million by falsely claiming that the company has secured contracts and that it expected to generate millions in revenue.

Truflation was hacked for over \$5 million, effecting multiple wallets across different blockchains, as the project faces a malware attack and collaborates with law enforcement for recovery.

Banana Gun promised to refund users affected by last week's \$3 million exploit of 11 wallets associated with the Telegram bot that operates on Ethereum Virtual Machine and Solana networks.

South Korea's Personal Information Protection Commission fined the Worldcoin Foundation and developer Tools For Humanity a combined 1.1 billion Korean won (\$830,000) for privacy law violations.

Mango DAO is voting on whether to agree to a \$500,000 settlement with the CFTC, after the regulator apparently alleged it failed to register as a commodities exchange, run know-your-customer processes and offered illegal services to US customers.

The SEC announced a settlement with TrustToken and TrueCoin for defrauding investors regarding TrueUSD. As part of the settlement, the two will pay \$163,000 each, with TrueCoin paying a disgorgement of \$340,000. Neither confirmed nor denied the SEC's findings.

According to blockchain security platform TenArmor, a hacker attacked the decentralized finance protocol Bankroll Network on Sept. 22, draining \$230,000 from it.

A US federal judge has denied two court motions from Roman Storm, a co-founder of Tornado Cash, ruling that the US government's case against him will continue.

Swan Bitcoin, a Bitcoin-only crypto app, filed a lawsuit against several former employees who worked on its failed attempt to launch a Bitcoin mining business, accusing them of stealing its software code to create their own business and “stealing the crown jewels.”

MISCELLANEOUS



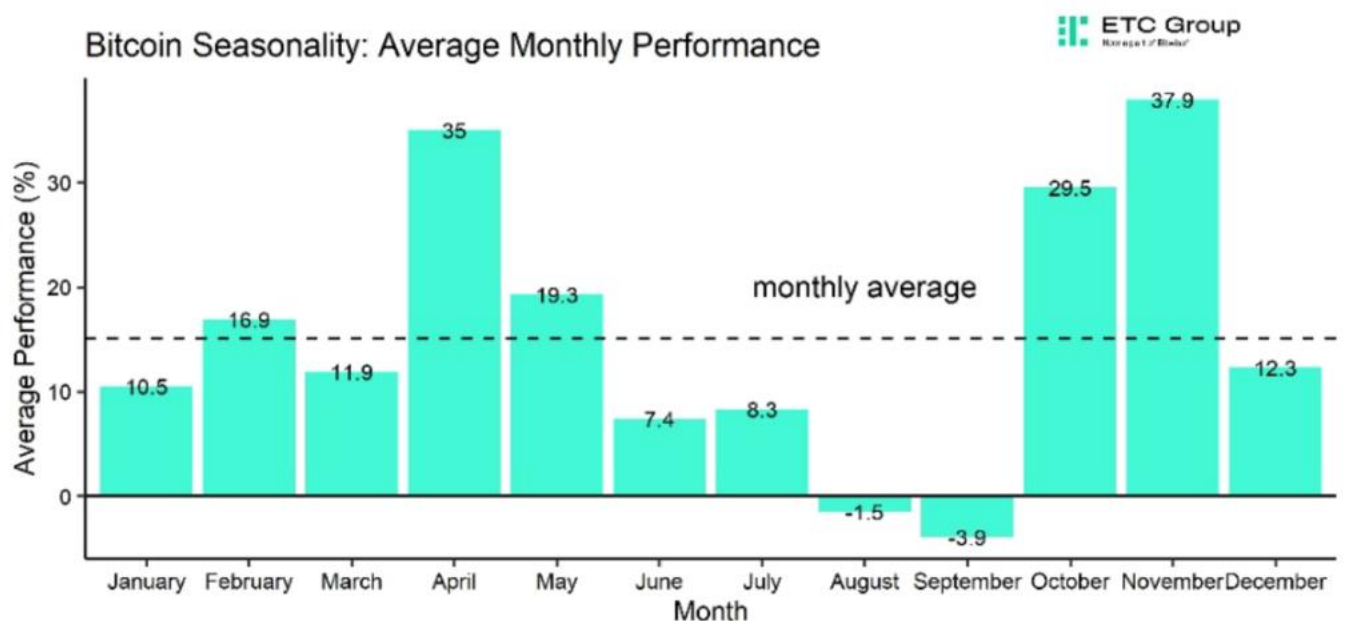
Solana developers are considering a proposal to modify the “compute budget” system, aiming to make the blockchain's use of resources more efficient, though some in the community believe the proposed changes don't go far enough in addressing broader technical challenges.

Base hit a new milestone with over \$2 billion in total value locked driven largely by the decentralized exchange Aerodrome, which contributed significantly to the network's rapid growth.

GreenX, a leading Shariah Compliant ESG Digital Asset Exchange, approved the listing of KS Digital's KSGEMS Token on its platform. The token is 100% backed by investment-grade precious gemstones.

CHARTS, TABLES, QUOTES, COMMENTARY & OTHER IMAGES

Andre Dragosh (Head of Research Europe – Bitwise Investments): Q4 tends to be the best month for Bitcoin from a pure performance seasonality perspective and we also expect Bitcoin to break out of this ‘chopsolidation’ in Q4.



Sample: Aug 2010 - Sep 2024; Source: Glassnode, ETC Group - now a part of Bitwise

NYDIG: Ross Stevens (Founder and Executive Chairman) sent an email with the headline: “Bitcoin's Protection under the First Amendment.”

In recent years, Bitcoin has faced growing resistance from the very governmental authorities that Bitcoin advocates seek to deprive of their monetary monopolies.

In taking such steps, regulators do not appear to have considered the First Amendment implications of targeting Bitcoin. They should.

This paper argues through extensive legal precedent that Bitcoin is speech and therefore protected by the First Amendment. Any regulations attempting to curtail Bitcoin therefore have clear constitutional implications. (Read the 18-page paper, [here](#).)

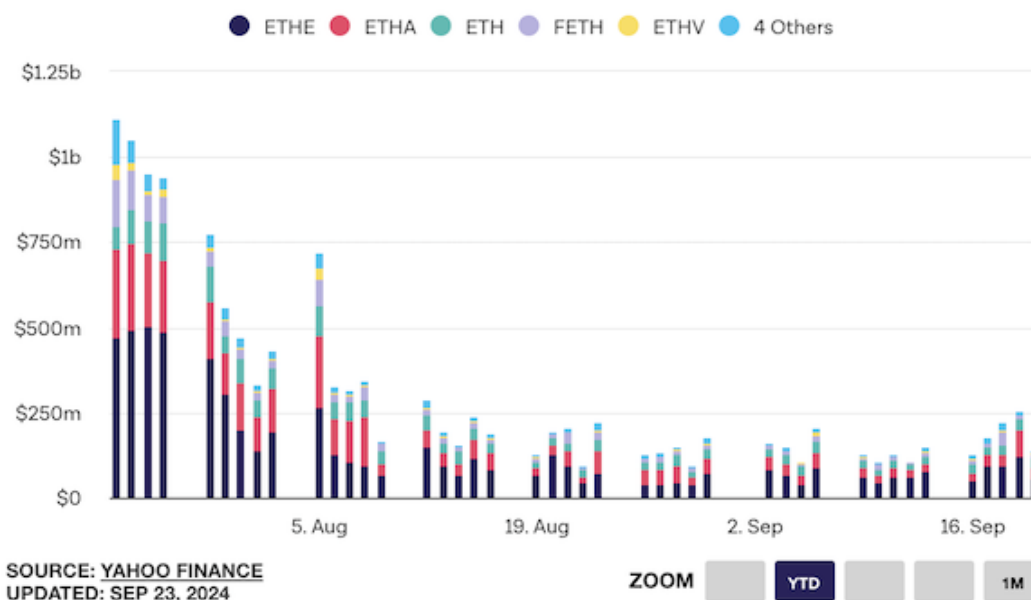
Eric Balchunas (Sept. 25): US Bitcoin ETFs had good day yesterday pushing YTD flows to new high-water mark of \$17.8 billion. They're now 92% of the way to owning 1 million Bitcoin and 83% of way to passing Satoshi as top holder. Tick tock...



The Block: We've just passed two months since the launch of the Ethereum ETFs in the US. Since their launch on July 23, 2024, Ethereum ETFs have been chugging along, accumulating \$13 billion in cumulative spot volume across nine funds. For context, the BTC ETFs surpassed \$13B in cumulative volume in the first seven days. While the ETH ETF performance might appear weak, trading volume in the initial days was in line with analyst predictions.



Spot Ethereum ETF Volumes

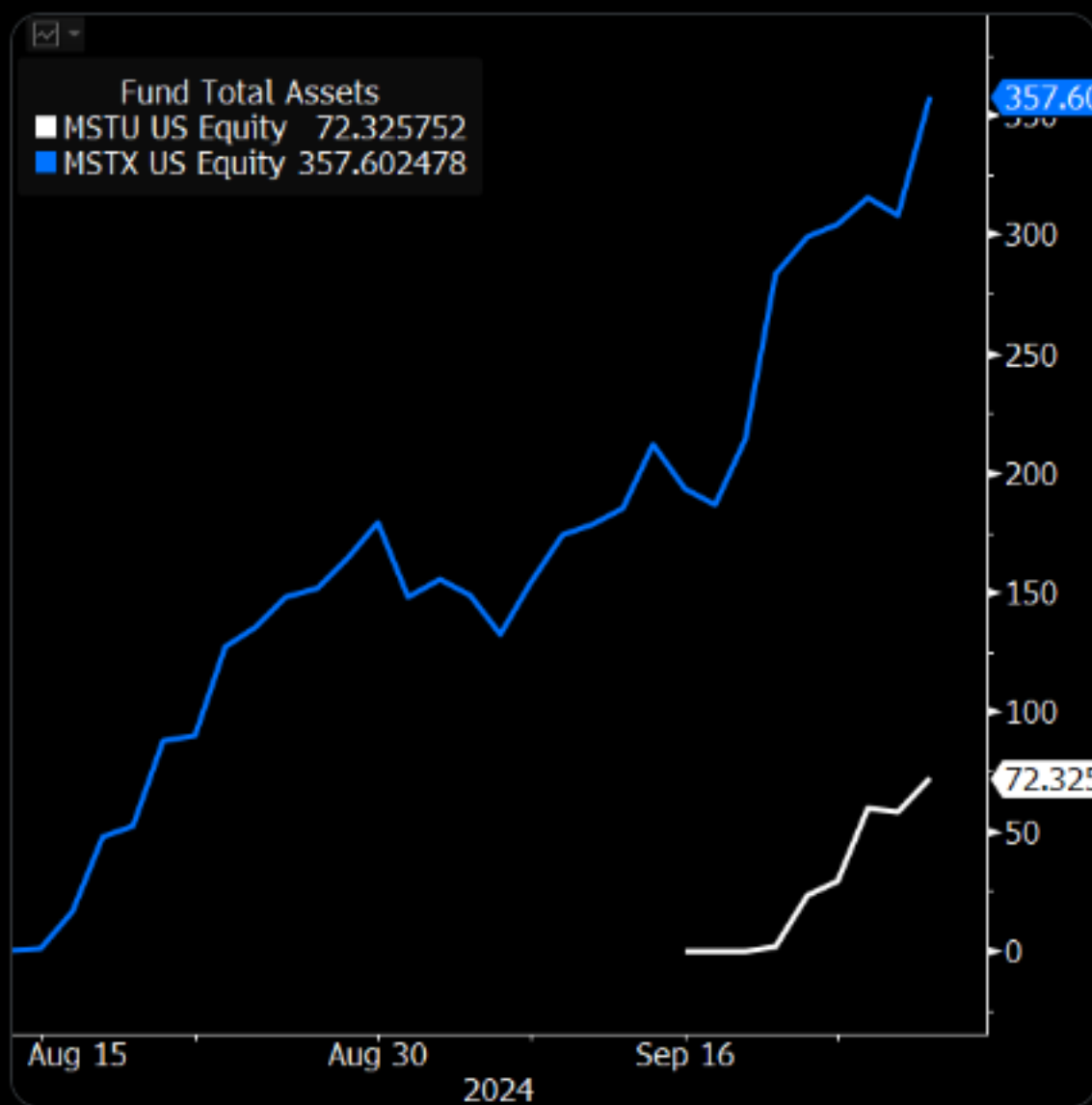


Decrypt: Leveraged MicroStrategy ETFs Are a 'Ghost Pepper' Bet on Bitcoin – And They're Booming...



Eric Balchunas ✓
@EricBalchunas

This is wild, the 2x **\$MSTR** ETF was launched a week ago and already has \$72m in aum (for context that puts in top 20% of the 515 ETFs launched this year) despite the 1.75x **\$MSTR** ETF having head start and \$357m (top 8% of new launches). Both have robust liquidity too. I didn't think there was room for both (esp so quickly), it just how much 'need for speed' there is out there. What a country..



8:27 AM · Sep 27, 2024 · **242.3K** Views

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

BTC - We are so back: It's been a great week for the bulls – at the time of writing Bitcoin is at ~\$66,200, up 22% in the past three weeks. The two key short-term indicators we've been eyeing: 200-day moving average and short-term holder cost-basis... have both been surpassed. So not only does the broader macro regime – rising liquidity and declining interest rates – paint a bullish picture, but so do the technical indicators.

Bitcoin Halving Effect: The impact of the 2024 halving is close to being fully normalized by the market. Changes in monetary policy have a lagged impact Just like Fed rate cuts don't immediately create a noticeable change in USD liquidity, changes in BTC supply issuance take ~6 months to create a real impact on supply dynamics. Soon the market will adjust to an inflation rate that is half of what it was for the past four years. The last two times this happened, the Bitcoin price moved up a few orders of magnitude very quickly

Total Short Liquidations: More evidence for the “this time is different” bucket is that the recent rally is not being accompanied by an excess of short liquidations in the futures market. BTC hitting \$60,000 in early 2021 brought with it hundreds of millions in short liquidations every single day – very indicative of a “blow off top.” Until we see similar behavior it is unlikely that the bull market is anywhere near over.

Energy Gravity: At a typical hosting rate today, new-gen Bitcoin ASICs require ~\$64,700 worth of energy to produce 1 BTC.

Summary and conclusion from Glassnode's “The Week On-Chain” from 9/25/24. (Read the full report, [here](#).)

The Bitcoin market has remained within a lengthy consolidation phase, which is very reminiscent of the period from late 2019 and into early 2020. The capital inflow into the Bitcoin network has slowed down since the March ATH, which has challenged Short-Term Holder profitability.

However, despite experiencing a local period of net capital outflow, the confidence of new investors in the market has been remarkably robust. In recent weeks, there has also been a very modest uptick in long-side bias in perpetual futures markets.

Overall, this paints a picture of a market which has cooled down from the excesses seen in March, whilst not breaking the sentiment of many new Bitcoin investors.

Conclusion from Coin Metrics’ “State of The Network” weekly report from 9/24/24. (Read the full report, [here](#).)

Real-world asset (RWA) tokenization represents a significant step forward in the evolution of financial markets, bridging the gap between traditional finance and the world of digital assets. While blockchains and cryptocurrencies have garnered significant attention for their potential to revolutionize various aspects of the financial system, skeptics have often pointed out that many digital assets lack intrinsic value or connection to real-world economic activities. Tokenization of RWAs addresses this concern by creating a tangible link between on-chain infrastructure and off-chain assets, unlocking new efficiencies and opportunities in how we manage and trade these valuable assets. While still in its early stages, we’ve seen an acceleration in interest, with major financial institutions and crypto-native protocols entering the space in tandem.

Blockworks updated key metrics...

Total Crypto Market Cap	\$2.40 T
Bitcoin Market Cap	\$1.29 T
Ethereum Market Cap	\$319.29 B
ETH/BTC Ratio	0.04
Ethereum Gas Price	5.74 gwei
DeFi TVL	\$155.22 B
Fear and Greed Index	63 (Greed)

Matt Hougan's (Bitwise) Weekly CIO Memo: "Almost Every Hand Went Up – Something remarkable happened during my talk at the Barron's Advisor 100 Summit, a gathering of the top financial advisors in the US."

Last Friday, I had the great pleasure of delivering a keynote address to the Barron's Advisor 100 Summit, a gathering of the top financial advisors in the US. It was the third consecutive year I'd spoken to this group, but my first time on the main stage – thanks in part to the launch of Bitcoin ETFs this year.

Whenever I give talks, I like to first gauge the room – to know if my listeners are crypto experts or crypto newbies, supporters or skeptics. So I usually ask the following question: "By a show of hands, how many people in this room own Bitcoin or another crypto asset in their personal portfolio?"

When I asked this question to the same crowd two years ago, only a few people raised their hands – maybe 10 or 20%. Last year, it was much the same.

This year, nearly every hand in the room went up. I don't have an exact count, but I'd estimate at least 70% of the advisors in the room raised their hands.

There's a very sophisticated technical word that economists use for this kind of year-over-year phenomenon: whoa.

To be clear: When I asked the same room how many of them had allocations to Bitcoin in client accounts, very few kept their hands raised. Many of these advisors work for broker-dealers that do not even allow them to buy Bitcoin ETFs yet. But that will come. One thing I've learned from working at Bitwise for seven years is that advisors virtually always allocate first in their personal accounts. Client allocations typically follow 6 to 12 months later.

There are a lot of bullish signals one could point to today – the Fed's first rate cut in four years, Bitcoin ETFs recently being approved by one of the nation's largest wirehouses, or the SEC's recent approval of options on Bitcoin ETFs – but to me the show of hands in Palm Beach was one of the most powerful signs of the times. Those of us who live and breathe crypto 24/7/365 might forget, but buying a little bit of Bitcoin is incredibly powerful for people. A personal connection breeds familiarity. When you hold and track Bitcoin in your own portfolio, fear and dismissal tend to give way to curiosity and, eventually, comfort.

More than anything, what I took from the event is that a wave of the most powerful people in finance are finally allocating to crypto. When it spreads from them to their clients, things could get interesting quickly.

Arca: Can We Believe in “Alt Season?”

An FOMC Rally

Towards the end of August, we talked about the green shoots we were seeing in the market and how it was inevitable that crypto would catch up to the persistent rally in Gold, Treasuries, and global equities. Instead, crypto tanked -20% over the following week. Many, including ourselves, were thrown aback by the late August / early September price action. But the FOMC came to the rescue. While the world debated 25 bps vs 50 bps, ultimately, it did not matter. The play was long either way. The rate cuts have finally begun, and Powell was firm in his press conference that the Fed wanted to be ahead of the curve instead of behind.

Treasury yields have anticipated this cut for a few months. The 2-year Treasury yield has fallen by over 150 basis points since May.



Source: TradingView

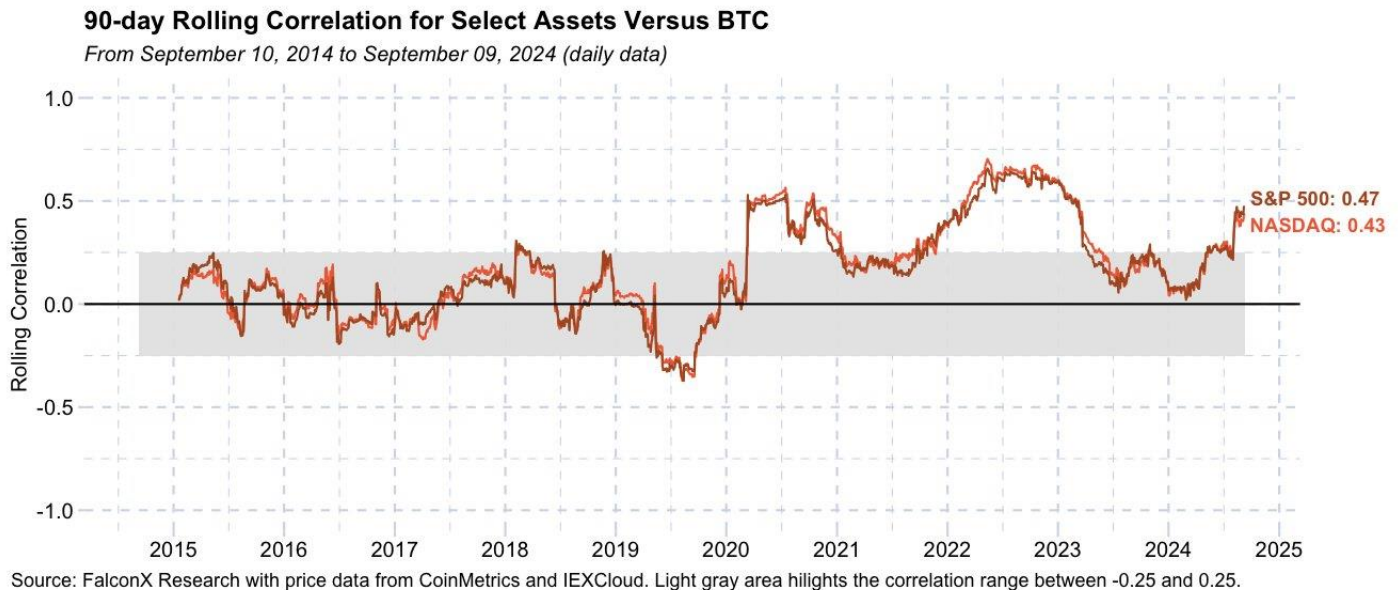
While Treasuries, gold, and equities simply needed confirmation of what they already knew, crypto needed an actual catalyst. And while it's not the most exciting reason for digital assets to rally, it was the spark the market needed.

But interestingly, in a year led by Bitcoin, Solana, and a handful of memecoins and newly issued tokens, the market took the Fed's cue to buy beaten-up “altcoins”. Now, I hate the term “altcoins” because it fails to differentiate between sectors, themes, and individual tokens adequately. But alas, this past week it is probably an accurate description of last week's rally. There really was no theme, sector, or rationale for the sharp moves higher in many non-major tokens. If it was beaten up, it was probably higher last week.

Given the many head fakes we've seen this year, it's natural to question whether or not this rally has legs or not. So, let's look at some of the factors that should help determine the answer:

Macro – Extremely Bullish

The correlation between digital assets and equities is at a 2-year high, so there is no doubt that macro is driving the bus right now.



Source: FalconX

And it's a pretty clean sweep of positive macro factors currently...

- The VIX has once again fallen back into the mid-teens after a few upward scares
- Equities and gold are at all-time highs
- Treasury yields are once again falling, with the 10-year now comfortably below 4%
- The U.S. Dollar continues to trend lower
- Corporate credit spreads are back close to the tights
- Geopolitical risk is fairly muted, relatively
- The Fed left no doubt in the market's mind that it was going to cut rates to stay ahead of a recession aggressively.

All of these factors are pretty bullish, without much doubt. Obviously, the next few quarters will tell us whether or not the Fed really did execute a soft landing or not, but for now, it's pretty clear sailing, at least, until the election. Of all of these factors, I believe the high crypto/equity correlation is probably the least bullish, as it means the digital assets industry doesn't have a lot of crypto-specific catalysts at the moment.

Crypto-Specific: Mildly Bearish

While the macro paints a bullish picture, the crypto-specific factors are much harder to get excited about. On the positive side:

- ETF inflows have been a mixed bag. While they have been positive lately, they have ebbed and flowed and cannot be relied upon.
- Supply overhangs from crypto bankruptcies like Mt. Gox and Celsius and selling pressure from the U.S. and German governments have largely dissipated. The lack of continued sell pressure can be considered a modest positive.
- Dispersion has increased. We're starting to see a mini "alt rally", led by a seemingly random collection of tokens. For example, in DeFi, Aave (AAVE) is now +37% MTD, but other DeFi tokens really haven't followed suit. Bittensor (TAO) leads all AI coins, now +97% MTD. Sui (SUI) has become the layer 0, 1 or 2 VC token du jour, now +106% MTD. Immutable X (IMX) is really the only gaming token rallying, +37% MTD. Aerodrome Finance (AERO) is +65% MTD, as it is the only way to gain exposure to the rapid rise in activity on Base. Drift Protocol (DRIFT) is +58% MTD, partially due to Multicoi announcing an investment and partially because there is no way to invest in Polymarket, and Drift is the next best thing in prediction markets. The fact that there is some real separation between tokens is definitely a modest positive.

But that's really where the crypto-specific positive factors end. The biggest problem with this rally is that there has been no real news other than the Fed...

- The Token 2049 conference in Singapore and the Solana Breakpoint conference failed to reveal any major initiatives. Given the high attendance, these takeaways from the event are about as mundane as possible. Arca's own boots on the ground, Katie Talati, barely checked in with the mothership, because there was nothing newsworthy to report.
- Exchange volumes, while off the lows, remain nowhere close to the levels we normally see during more long-lasting, significant rallies.
- And much of the buy interest has been futures-based rather than spot-based. This means there really isn't new money entering the asset class. Instead, most of the buy pressure is speculation using leverage. Open interest in futures and funding rates are elevated.

While the market can certainly go a lot higher simply buoyed by relative underperformance versus other asset classes and a bullish macro background, we need to see some real money enter the system, coupled with some crypto-specific positive events. The election in November could be that spark, as so many good crypto ideas are currently non-starters due to regulatory pressure.

Grayscale Research published “Crypto Sectors in Q4 2024.” (See highlights below. Download the full piece, [here](#).)

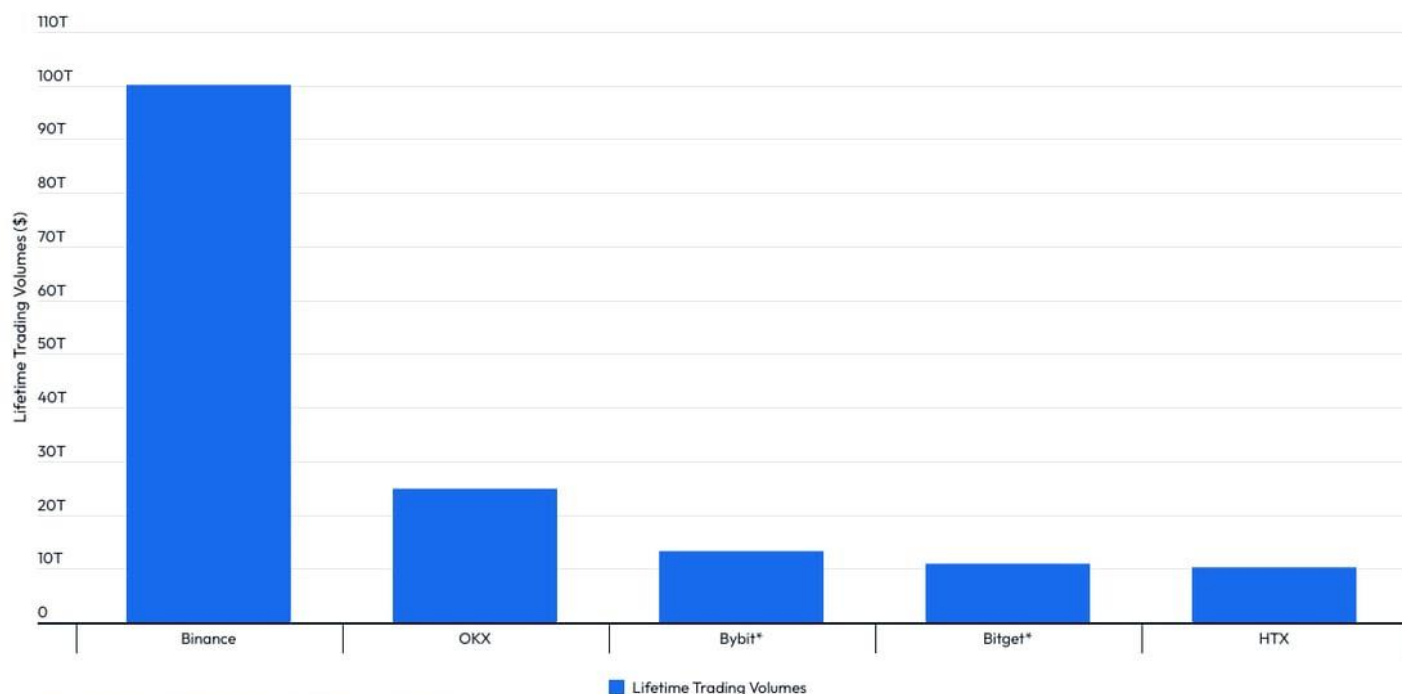
- Crypto markets moved sideways in Q3 2024, as measured by the FTSE/Grayscale Crypto Sectors family of indexes.
- Changes to the FTSE/Grayscale family of indexes this year highlight emergent themes for the digital assets industry, including the rise of decentralized artificial intelligence (AI) platforms, efforts to tokenize traditional assets, and the popularity of memecoins.
- Although Ethereum has underperformed Bitcoin year to date, it has outperformed the Smart Contract Platforms Crypto Sectors index. Grayscale Research sees several reasons why Ethereum should hold its own despite stiff competition in the smart contracts segment.
- We have updated the Grayscale Research Top 20. The Top 20 represents a diversified set of assets across Crypto Sectors that, in our view, have high potential over the coming quarter. The new assets this quarter are SUI, TAO, OP, HNT, CELO, and UMA.
- All of the assets in our Top 20 list have high price volatility and should be considered high risk; the U.S. election may also be a significant risk event for crypto markets.

CCData: Binance has achieved a historic milestone, becoming the first CEX to surpass \$100 trillion in combined spot and derivatives volume this month. OKX follows with a lifetime trading volume of \$25 trillion. Bybit, Bitget, and HTX rank next among the largest exchanges. Notably, FTX still holds the sixth-largest all-time volume, despite ceasing operations in November 2022.

September 26th, 2024 Chart of the Week

Top 5 CEXs By Lifetime Trading Volumes

CCData



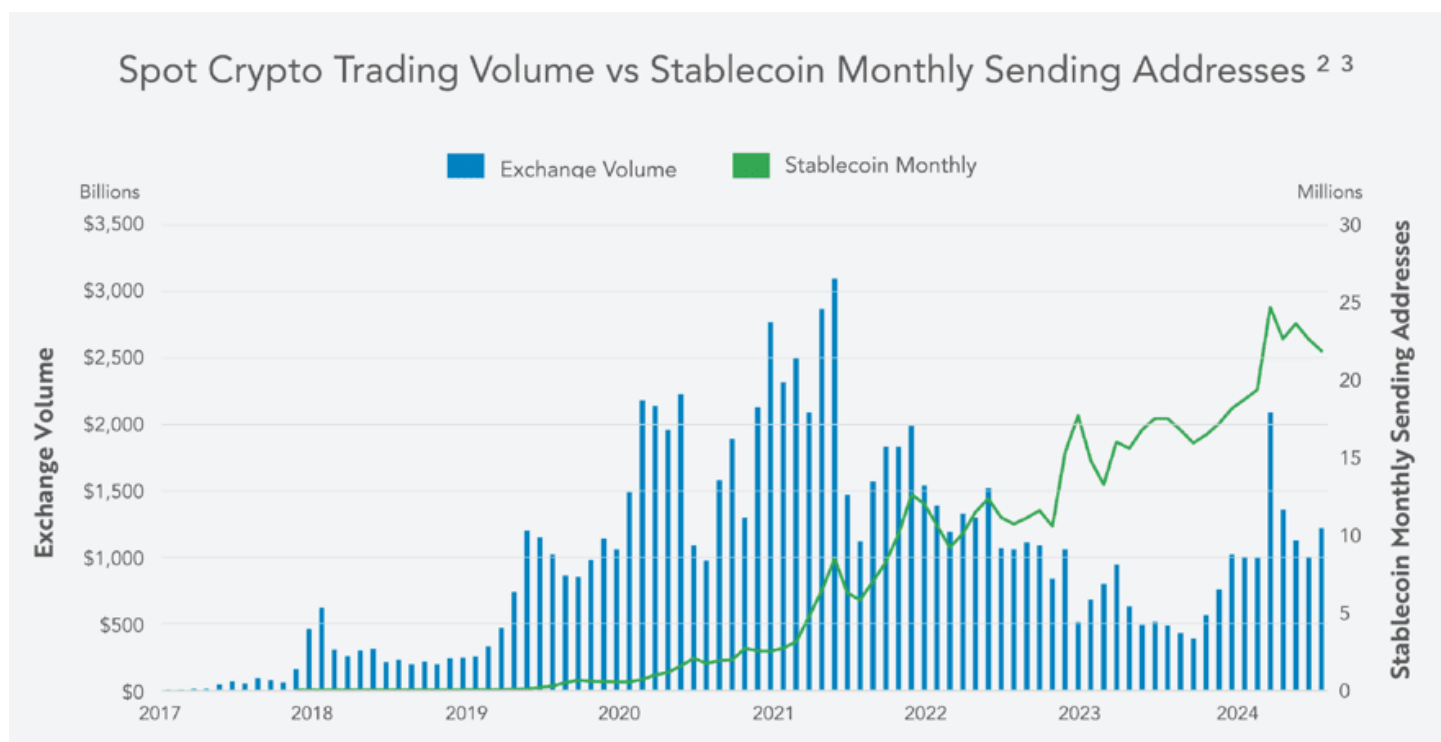
*Missing non-substantial volumes because of delay in integration with CCData API

ARK Invest: The Popularity of Stablecoins Is Surging...

Last week, private fintech company Revolut announced plans to launch its own stablecoin in the first quarter of 2025, joining other players like Ripple, PayPal, and BitGo who have made recent announcements. With more than 45 million customers and £18 billion in customer deposits, Revolut will take a compliance-first approach that aligns with MICA (Markets in Crypto Assets), the relatively transparent regulatory framework in Europe.

Revolut and others hope to carve out a niche in an increasingly competitive market. The number of stablecoins in circulation is 200, but two companies, Tether and Circle, dominate 90%+ market share.

Stablecoins are one of the fastest-growing digital assets, and based on several metrics, they are beginning to rival payment giants like Visa and Mastercard. Thanks to adoption in emerging markets, where use cases extend far beyond trading and speculation, stablecoins have been insulated from the volatility of crypto market cycles. While spot crypto trading volumes have been cut in half since peaking in 2021, the number of stablecoin sending addresses has quadrupled, as shown below.



Note: The Left-side y-axis refers to Exchange Volume. The right-side y-axis refers to Stablecoin monthly sending addresses. Source: Castle Island Ventures and Brevan Howard Digital

In countries with weak fiat currencies, such as Nigeria, Indonesia, India, Argentina, and Brazil, demand for stablecoins has soared as their populations search not only for ways to escape the collapse in purchasing power and wealth associated with currency devaluations, but also to access low-cost, cross-border payment services and dollarized yields.

The stablecoin sector is burgeoning into a financial force, at \$173 billion in supply outstanding, 22 million monthly active addresses, and a projected adjusted annual volume of \$6 trillion, roughly half of Visa's volume – this year.

The financial industry is taking this movement seriously. Even at the risk of disintermediating traditional services, fintechs, banks, payment processors, and custodians are hoping to capitalize on this opportunity. In its first half report, Tether – the largest stablecoin issuer – reported \$5.2 billion in

profits with fewer than 100 employees, underscoring the profitability and scale of stablecoins. Despite the first US interest rate cut in more than two years, the yield from Tether's collateral – typically invested in repurchase agreements and short-term US Treasuries – remains highly lucrative, especially for potential neo-banks and fintechs like Revolut with large user bases and significant dollar-denominated deposits.

Although stablecoins currently account for only 0.82% of the US M2 money supply, their potential is global and enormous. We believe the combination of auditability, instant settlement, low transfer costs, and programmability could propel stablecoins into a multi-trillion-dollar market. As financial systems continue to digitize, stablecoins could transform a significant part of the global financial infrastructure, paving the way for widespread adoption and usage across sectors.

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

- **Fed Interest Rate Cuts Could Potentially Impact Stablecoin Revenues:** With the top five centralised stablecoins holding combined US Treasury Bills of nearly \$125bn, accounting for nearly 80.2% of their reserves, the recent Federal Reserve decision to cut interest rates for the first time since March 2020 is set to result in \$625mn in lost annual interest income for each 50bps cut.
- **Digital Yuan Transaction Volume Crosses 7tn RMB:** The cumulative transaction volume of digital yuan reached 7tn RMB (\$988bn) by the end of June, as per the latest report from the People’s Bank of China. This represents a growth of 6.10% from the previous month and a surge of nearly 300% from the reported transaction volume as of June 2023.
- **MakerDAO Completes Rebrand to Sky, Introduces New Stablecoin:** Maker DAO has completed its rebrand to Sky, launching the Sky Dollar (USDS) stablecoin and Sky governance token. Since its launch on 20th September, USDS has reached a circulating supply of \$458mn (as of 24th September), with users voluntarily converting their DAI for USDS. USDS holders can earn a 6.25% yield through the Sky Savings Rate module, an upgraded version of the DAI Savings Module.
- **Stablecoin Market Cap Continues to Rise, USDT Reaches New ATH:** In September, the total market capitalisation of stablecoins rose by 1.50% to \$172bn, the highest since April 2022. Tether (USDT) reached a new all-time high of \$119bn, maintaining its dominance at 69.2%, while USD Coin (USDC) increased by 3.18% to \$35.6bn. MakerDAO’s DAI saw a 2.83% decline to \$5.10bn due to conversions to Sky Dollar (USDS), which is now the tenth largest stablecoin with a \$458mn market cap.
- **Stablecoin Trading On Track to Record Lower Monthly Trading Volume:** Trading volume for stablecoin pairs on centralised exchanges fell 39.4% to \$683bn (as of the 23rd) in September. Trading volumes are on trend to record a lower trading volume this month as markets recover from the early sell-off with the Federal Reserve cutting interest rates for the first time since March 2020.

CCData: In September, the total market capitalization of stablecoins rose 1.50% to \$172 billion, recording the twelfth consecutive monthly increase in market capitalization. This is the highest market capitalization for stablecoins since April 2022. Stablecoin market dominance is currently at 7.55%, falling from 8.04% in August - the first decline in four months for stablecoin dominance.



Unchained: Women in Crypto Are Underpaid and Undervalued: 10 Ways to Change That (Rebecca Liao – Founder/CEOs of a Layer-1 protocol)...

What Women Can Do

What can you do to assert your personhood in the face of such a powerful industry culture? I wanted to share with you some of the things that have helped me:

1. Know your power. By this, I mean your unique talents, capabilities, and the agency you have to make an impact in this industry. Wield it to the best of your ability. Some of us like to lie in wait for the right opportunity to strike. Some go in guns blazing at the very first opportunity. The particular style doesn't matter nearly as much as always being aware of your power – don't get scared and hide from it. Don't inflate it. Just know it and be eminently comfortable with it.
2. Turn your outsider status into an advantage. Most obstacles won't magically disappear in the near term, so you must find a way to beat your path forward. Not accepted? Be grateful for the freedom to think independently. Not invited? Throw your own event. Excluded from the conversation? Let the men finish their monologues and then hit them with a perspective everyone else missed. Again, know your power.
3. Find your allies. There are wonderful men in crypto who won't simply be kind – they will advocate for you and have your back. I ought to know: almost the entire Saga team, including my three co-founders, are men. Most of our investors and advisors are also men, some of whom have become dear friends I chat with daily. No one's career happens alone, and you will need a broad coalition to fight alongside you.
4. Recognize and reject toxicity. Do not let off-base comments exhaust you emotionally. Notice the behavior because you don't want to lose perceptiveness, but find a way to protect yourself from feeling angry or hurt.
5. Support other women. Biological evolution encourages women to feel jealous and competitive with one another because of perceived scarcity of resources and male attention. We live in a different world now. Senior women have to lead the way here and avoid gatekeeping.
6. Don't settle for the supporting role. Far too many people still believe that a woman cannot lead a project in crypto. They can serve as highly effective operators, but to be the face, voice, heart and soul of a project – only a man can do it. Let me demystify this: if you have a vision and can move a community to execute on it, you have what it takes to be a founder/CEO. Know your power.

What the Crypto Industry Can and Should Do

None of the above is easy, and the onus should not be completely on a woman to fight for herself. The industry does have a responsibility to change. Here's what we all can do:

7. Track performance. As long as crypto remains a speculation game largely controlled by men with little to no accountability for actual results, talent and performance will not nearly matter as much as belonging. Particularly in this crypto cycle, we're already starting to see that money is not so easy anymore, and projects need to deliver for long-term growth. Projects should start tracking and rewarding performance accordingly, and a meritocracy can more easily develop.

8. Recruit fresh talent. The entry-level is where we really start to see change. Once again, the broken rung is the culprit for lack of female advancement, not thinness in senior leadership. Just as importantly, we need new blood and fresh ideas in crypto. Continuing to recirculate talent between crypto projects is unhealthy and boring.
9. Protect your team. Anyone on your team, man or woman, comes first. An attack on one of you is an attack on all and needs to be addressed as such. For as long as you work in this space, this is the tribe that matters.
10. Build products for women. Here I take a cue from the broader market for consumer goods, including Saga's core focus of gaming, another heavily male-dominated industry. Women become more highly valued and rise to leadership positions in these markets because we have become a stronger customer base with the lion's share of spending power. So far, crypto has not tapped into that market with a runaway hit among a female demographic.

Blockworks: House members demand answers from SEC at historic hearing...

US House Financial Services Committee members grilled SEC leaders Tuesday [Sept. 24], demanding explanations about the agency's agenda and rulemaking practices – particularly when it comes to digital assets.

The hearing, entitled "Oversight of the Securities and Exchange Commission," marked the first time all five SEC commissioners appeared together before the committee since 2019. SEC Chair Gary Gensler appeared alongside Caroline Crenshaw, Jaime Lizárraga, Hester Peirce and Mark Uyeda.

Unsurprisingly, we didn't get answers to some of the more pressing questions raised by some as of late, such as:

- How do you define a digital asset security?
- Is Ether a security? And if not, why is Prometheus listing it on its securities-only custody platform?

Committee members largely toed their respective party lines, with a few bipartisan exceptions that we've seen before (looking at you, Rep. Ritchie Torres, D-NY)

"Chair Gensler's legacy will be defined by turning the once proud institution of the SEC into a rogue agency," Committee Chair Patrick McHenry, R-NC, said during his prepared remarks.

The commissioners, although appearing in person together, do not represent the opinions of the agency as a whole, Gensler clarified ahead of the hearing.

When asked specifically about crypto tokens and their status as securities, Gensler repeated a stance he has taken in the past – that the agency relies on the Howey test to determine "whether an asset class is being offered to the public."

Other committee members were less concerned with the agency's dealings with crypto, suggesting the common notion that commissioners need to "create" digital asset regulations is unfounded.

"We can provide clarity, although I don't think it's necessary; we could pass an additional statute to clarify that crypto is a security," Rep. Brad Sherman, D-CA., said.

Peirce and Uyeda have emerged as the SEC's pro-crypto minority, frequently issuing dissenting opinions on blockchain-related enforcement actions.

"It's a very bad approach to [try] to regulate an industry if you're trying to protect investors," Peirce said Tuesday, responding to a question about the effectiveness of the SEC's so-called "regulation by enforcement" strategy.

"It's very inefficient, and at the end of the day, it leaves everyone wondering where the lines of our authority are," Peirce added.

All in all, it was a somewhat spicy, albeit fairly predictable, hearing. We got some hot sound bites, but not much in the way of answers. Plus, things are likely to change after November – both in the House and potentially on the commission – particularly if Trump wins.

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

- Former Alameda CEO Caroline Ellison was sentenced to 24 months in prison for her role in the collapse of FTX. She will also serve three years of supervised release at the conclusion of her prison sentence.
- An examiner's report found that law firm Sullivan & Cromwell did not overlook any critical warning signs about FTX's misconduct during its advisory role in SBF's purchase of Robinhood shares, clearing the firm of potential conflicts during the crypto giant's collapse.
- Binance founder Changpeng "CZ" Zhao was released from prison ahead of his scheduled release date due to it falling on a weekend. Zhao served a four-month sentence for violating the Bank Secrecy Act and agreed to pay a \$50 million fine.
- A group of former government employees and compliance officials, now working in the crypto industry, rallied in front of the United Nations on Sept. 25 to show support for Tigran Gambaryan, Binance's head of financial crime compliance who's been detained in Nigeria since February.