



DIGITAL ASSETS

DECODED

NOVEMBER 2021 IN REVIEW



GALAXY

FUND MANAGEMENT



MARKET COMMENTARY



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Cryptocurrencies and traditional markets wavered in November largely due to concerns over the COVID-19 Omicron variant and Fed policy tapering bond purchases. Ethereum was resilient as scaling solutions saw record high usage, and net token issuance was the lowest since the introduction of EIP-1559. DeFi set new records in November, achieving all-time highs in Total Value Locked (\$276.92B) and borrowed volume on top lending platforms (+\$35B in November).

Bitcoin successfully completed the highly anticipated Taproot upgrade, its first upgrade in four years. The goal with Taproot is greater transaction privacy and efficiency and unlocking the potential for smart contracts. MicroStrategy purchased an additional 7,002 bitcoin as a treasury holding on their balance sheet, increasing their bitcoin position to 121,044 bitcoin. In addition, the newly elected mayor of New York City, Eric Adams, announced he is pro-digital assets and will take his first three paychecks in bitcoin.

From a regulatory perspective, the US Treasury released a stablecoin report assessing asset risks. The report was more controversial than expected, mainly because it did not automatically classify stablecoins as securities. The key takeaway from the report is that Congress should act, and the report lays out suggestions for what that action should be. This is mostly in line with expectations. From the report, there also seems to be some coalescence around the future of a digital dollar. This report could be telegraphing what a US central bank digital currency might look like: a privately issued, federally overseen digital dollar.

In addition, we saw the introduction of a bipartisan bill aiming to amend crypto tax provisions in the current infrastructure bill. The “Keep Innovation in America Act” amends the definition of a crypto broker included in the Infrastructure Investment and Jobs Act. The bill also seeks to modify a provision of the new law that amends section 6050I in the tax code and addresses transactions between brokers and non-brokers.



NOTABLE DEAL FLOW

- Consensys raised \$200M at a \$3.2B valuation.
- Gemini is now valued at \$7B+ after a \$400M funding round.
- Forte, a Blockchain-oriented gaming company, raised over \$700M for their Series B funding round.
- Mythical Games raised \$150M at a \$1.25B valuation.
- FTX invested in the African payment company, Chipper Cash, bringing its valuation to \$2B.
- Reddit cofounder and crypto proponent Alexis Ohanian invested \$100M in building a Solana social media platform.
- Susquehanna and Jump invested \$34M in a derivatives platform in development on Solana.
- NFT Platform Neon Labs raised \$40M.
- Alan Howard and the Winklevoss Twins invested \$100M in a metaverse-oriented fund.



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NOTABLE NEWS

- ARCA to launch a \$30M NFT Fund.
- Former Citigroup Alum Matt Zhang raised a \$1.5B fund for digital asset investing.
- ConstitutionDAO raised \$40M in an effort to purchase an original copy of the US Constitution, but lost to Ken Griffin of Citadel.
- Microsoft announced plans for metaverse apps and gaming in 2022.
- Coinbase announced users can now borrow up to \$1M using bitcoin as collateral.
- El Salvador announced it will fund a bitcoin dedicated city using newly issued bitcoin backed bonds.
- Crypto.com inked a 20-year deal to rename the iconic Staples Center in Los Angeles.



1) Source: news.bitcoin.com



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