



DIGITAL ASSETS

DECODED

FEBRUARY 2022 IN REVIEW

GALAXY

FUND MANAGEMENT



MARKET COMMENTARY



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Digital assets held on quite well in February as global markets saw continued turbulence in 2022. In addition to existing concerns around rising inflation and uncertain Fed policy, new concerns around Russia's decision to invade Ukraine have arisen, sparking further uncertainty. Volatility remained as the tech sector continued its move lower, and investors shed risk assets in favor of flight to quality. The crypto market briefly surpassed \$2T with positive rebound momentum to close out the month, bringing bitcoin's market cap above that of the Russian Ruble.

From a macro perspective, Jerome Powell testified that the Fed is on track to raise interest rates this month and says they would be willing to raise rates more aggressively if inflation comes in higher. As he spoke, investors increased their bets on the pace of rate hikes this year, pricing in around 140 basis points of tightening starting this month.

In industry news, shares of merchant payments company Block Inc., formerly Square, rose more than 40% following a strong posting of fourth-quarter profits, partly bolstered by its crypto earnings. Block said its crypto peer-to-peer payment service Cash App generated a gross profit of around \$518 million, up 37% year over year, while Block's ecosystem generated a gross profit of \$657 million. In addition, the Chicago Mercantile Exchange announced plans to launch micro bitcoin and ether options, opening the crypto derivatives market to smaller investors. These micro options will launch on March 28, settling into bitcoin and Ethereum futures contracts rather than physical crypto.



NOTABLE NEWS

- State Street and BNY Mellon announced plans to provide digital asset custody.
- BlackRock plans to support digital asset trading via its proprietary system, Aladdin.
- The DOJ recovered \$3.6B in digital assets from the couple who orchestrated the 2016 Bitfinex Hack.
- MicroStrategy continues to add bitcoin to its balance sheet, announcing it has purchased an additional \$25M at the price of \$37,865.
- KPMG Canada has added both bitcoin and Ethereum to its balance sheet, making it the first Big Four auditor to announce digital asset ownership at the corporate level.
- Crypto exchange Binance announced a \$200M stake in Forbes.
- Circle will seek to go public via SPAC at a \$9B valuation.
- The IRS will not tax unsold, staked digital assets as income.
- Crypto Lender BlockFi will settle with the SEC and state regulators for \$100M.
- US Treasury notifies senators they will not include miners, stakers, developers, or hardware producers in the upcoming proposed Broker Reporting Rules.
- Congress rejects the Treasury's proposed Stablecoin Regulatory Regime.
- Apple announced bitcoin would be available for "Tap to Pay" transactions on iPhones.
- Twitter adds Ethereum to tipping capability.
- Oil and gas company ConocoPhillips disclosed it is operating a Bakken Shale Bitcoin Mining Project.
- Solana DeFi Bridge "Wormhole" suffered a \$320M hack covered entirely by Jump Trading in 24 hours.

NOTABLE CAPITAL RAISES

- Luna Foundation raised \$1B to create a reserve for UST Stablecoin.
- Polygon raised \$450M via a token sale from Sequoia, Softbank, and Tiger Global.
- Alchemy raised \$200M at a \$10.2B valuation from Lightspeed and Silverlake.
- Helium raised \$200M in a Series D round at a \$1.2B valuation from Tiger Global and FTX.



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