



DIGITAL ASSETS

**DECODED**

MARCH 2022 IN REVIEW



**GALAXY**

FUND MANAGEMENT



# MARKET COMMENTARY



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Digital assets recovered in March during a flurry of activity. Markets turned positive globally, bringing about a sentiment change towards the end of the quarter. After a rough start to the year, this positive trend brought BTC and ETH back towards \$48,000 and \$3,600, respectively.

In addition to price recovery, regulatory developments continue as the White House released its Executive Order reflecting positive sentiment toward digital assets, calling for further research and a broader framework. Additionally, FinCEN announced they concluded there is no widespread use of crypto to evade sanctions. U.S. intelligence confirmed it would be challenging and unlikely for Russia to undermine sanctions using digital assets.

On a related note, BlackRock CEO Larry Fink argued in his latest shareholder letter that the war in Ukraine could

accelerate the adoption of digital assets. He writes, “A global digital payment system, thoughtfully designed, can enhance the settlement of international transactions while reducing the risk of money laundering and corruption... Digital currencies can also help bring down costs of cross-border payments, for example, when expatriate workers send earnings back to their families.” Ukraine has received over \$10M in total digital asset donations, and Coinbase has blocked more than 250,000 Russian-based addresses.

On the infrastructure front, the digital asset trading unit at Goldman Sachs made its first-ever over-the-counter (OTC) crypto transaction in the form of a bitcoin non-deliverable option. This is the first OTC crypto transaction by a major bank in the U.S. and can be viewed as a sign of the asset class’s maturity in institutional players’ eyes. Further to its maturity, Florida announced they would be accepting bitcoin for tax payments.



## NOTABLE NEWS

- Apple is rumored to be partnering with Strike for Bitcoin Lightning Payments.
- Luna Foundation bought 28,000 BTC at a value of \$1.3B for its treasury and announced its intention to purchase an additional \$3B.
- MicroStrategy continues showing high conviction in BTC; it tapped Silvergate Bank for a \$205M loan collateralized in bitcoin to purchase more bitcoin.
- Famed investment firm Bain announced the launch of a \$560M digital asset venture investment fund.
- The EU included crypto in Russian sanctions.
- The EU voted to limit anonymous cryptocurrencies and enforce KYC on “unhosted wallets.”
- The world’s largest hedge fund, Bridgewater, announced it will be investing in a crypto fund.
- Instagram announced an NFT-related program would be coming in the near term, beginning with the ability to bring NFTs into Instagram and, in time, an ability to mint within Instagram.
- Citadel Securities announced they would begin digital asset market making.
- State Street announced a partnership with crypto custodian Copper.
- The U.K. declared bitcoin ATMs illegal because no companies offering cryptocurrency services have a license to operate a crypto ATM.
- Stripe announced a partnership with FTX to launch digital asset products supporting businesses implementing digital assets.
- Bored Ape creator Yuga Labs acquired CryptoPunks and Meebits from Larva Labs in major NFT M&A and has raised a \$450M funding round led by a16z.

## NOTABLE CAPITAL RAISES

- Former Facebook employees raised \$200M from a16z, Tiger, and MultiCoin to develop a project to further the original Libra vision.
- Consensys completed a \$450M Series D led by Temasek, Microsoft, Softbank, and ParaFi; the company is now valued at \$7B.
- Former a16z partner Katie Haun raised a \$1.5B crypto venture fund, Haun Ventures.
- Electric Capital raised a \$1B crypto venture fund.
- Spartan raised a \$200M metaverse venture fund and a \$100M Web3 Studio.



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