# EMERALD ADVISERS, LLC
"ON DA BLOCK"

WEEKLY RECAP OF THE HAPPENINGS IN DEFI, DIGITAL ASSETS AND BLOCKCHAIN

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The Market

1. Blockchain analysis shows that bitcoin has fallen below a price level consistent with past historical episodes of deep bear markets, Coindesk reports.

2. Crypto market capitalization increased some 4.5% as of June 16, after sliding under $1 trillion earlier this week and touching levels previously seen in early 2021. On June 16, Bitcoin rebounded to the $21,000 level after a dip to just over $20,000. (The largest cryptocurrency rose on Wednesday, snapping an eight-day losing streak that was the longest since 2016; another price decline would have extended the streak to nine days and set a new record going back to the early 2010s.)

3. Bitcoin hash rate, a measure of the network's total computational power to process and secure transactions on the blockchain, reached a new all-time high (ATH) of 231.4 exahash per second (EH/s).

4. The liquidity for staked ether (stETH) swaps continues to shrink amid larger selloffs by major token holders. The price of stETH is now trading at almost a 7% discount as of June 16 on the price of ether (ETH). Lido, a liquid staking platform, gives users stETH in exchange for ETH staked on its platform. Thus, each stETH is backed 1:1 by ether staked on the Ethereum Beacon chain. This, however, does not mean that stETH will always trade at the same price as ETH. Secondary market forces can create a slight disparity in the price of staked ether relative to ETH.
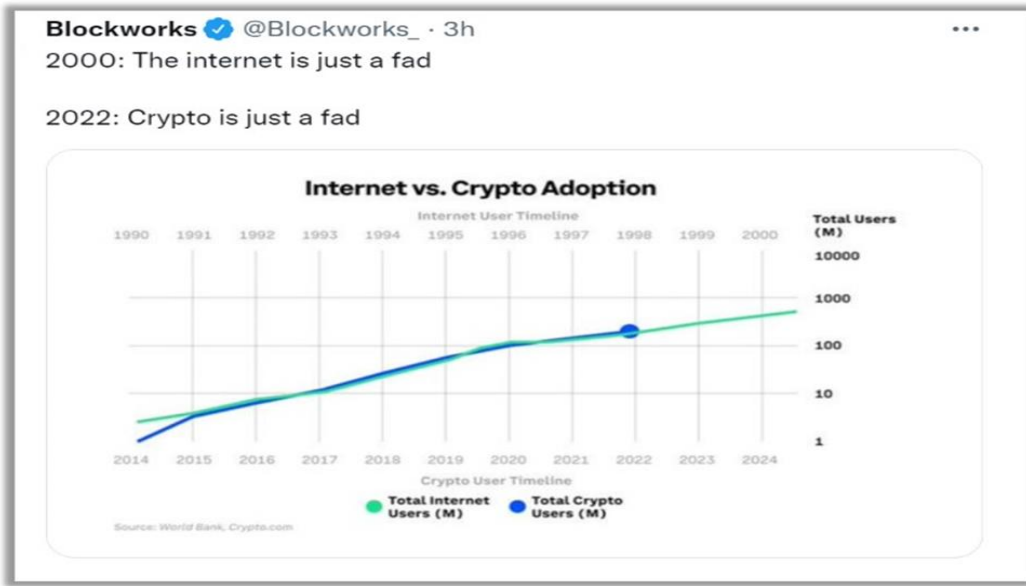
Network and/or Platform Upgrades

5. A common criticism of Ethereum is the network's high gas fees; however, Layer-2 scaling solutions, such as Boba Network, aim to address this issue. Boba Network leverages Optimistic rollup technology to reduce transaction costs and increase transaction throughput without sacrificing the security of Ethereum.

6. Ethereum network developers decided to delay the difficulty bomb, designed to reduce mining profitability to disincentivize miners ahead of the long-awaited network transition from proof-of-work (PoW) to proof-of-stake (PoS). Core developer Tim Beiko tweeted on Sunday that they are "aiming for a ~2 month delay."

7. Leading non-fungible token (NFT) marketplace OpenSea is revamping its back end and moving from the Wyvern protocol to its self-developed Seaport protocol, the company announced in a Tuesday blog post. OpenSea says the switch could significantly reduce transaction costs on the platform, lowering "gas" costs by "about 35% based on last year's data," according to the blog post. The company estimates the switch will save users $460 million in the next year.

8. Dogechain launches its testnet, dramatically evolving the utility of Dogecoin and bringing dApps and DeFi to the community.

9. TBD, a Bitcoin (BTC)-focused subsidiary of Jack Dorsey-led payments company Block, will start building infrastructure for the Lightning Network, Nick Slaney, Product Design Engineer at Block, said. "Our goal is to not only build the tools and infrastructure we need for our products, but also to be additive to the Lightning Network ecosystem on the whole," he noted, adding that they plan to develop and share this project with the community, and they'll be posting jobs for this initiative in the near future.

Stablecoins

10. The total supply of stablecoins saw its sharpest drop in history during Q2 2022, with stablecoin redemptions spiking as a result of "short-term liquidity and concerns about insolvency that were not present during the panic of 2020," according to data analytics firm Coinmetrics.
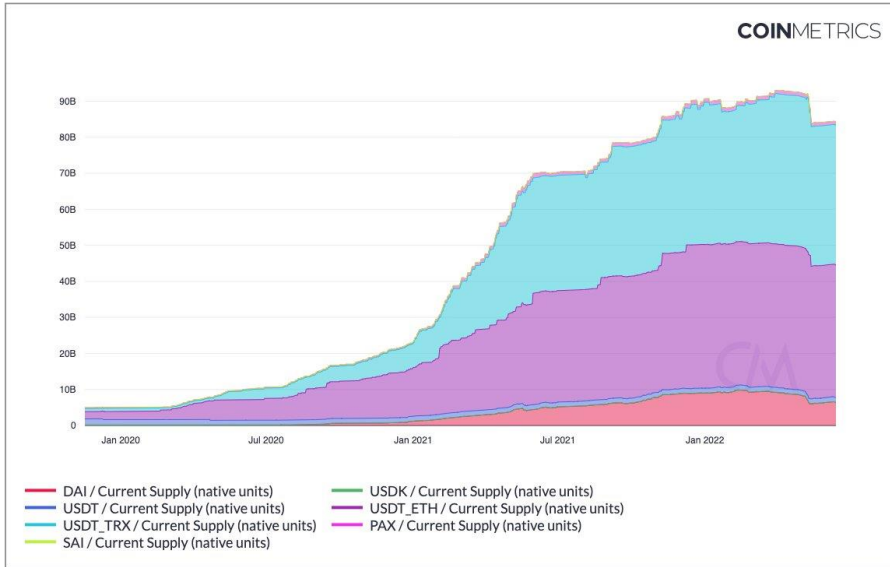
11. Stablecoin operator Tether today announced it is expanding the list of blockchain networks supporting its flagship stablecoin USDT to Tezos, a proof-of-stake (Pos) platform for creating smart contracts and decentralized applications (dApps).

12. USD Coin (USDC) issuer Circle Internet Financial is expanding with a new euro-centric stablecoin. Euro Coin (EUROC), according to Thursday morning's announcement, will be made available starting June 30.

13. Amid Monday's crypto market crash, Tron's recently launched algorithmic stablecoin USDD lost its dollar peg, slipping to a low of $0.9764 according to data from CoinMarketCap.

14. Tron DAO Reserve, which manages algorithmic stablecoin USDD, said that it had bought $50 million worth of Bitcoin (BTC) and Tron (TRX). Following the collapse of Terra's algorithmic stablecoin in May, Tron earlier this month said it would significantly increase the amount of capital backing USDD, The Block reported at the time.

15. TronDAO, a decentralized autonomous organization (DAO) that oversees development on Tron, said in a Wednesday tweet that it sent over $120 million worth of USD Coin (USDC) to Binance to "purchase TRX," creating buying pressure among traders. The DAO later sent another $100 million for the TRX purchase, it said in a separate tweet.

General News

16. A top executive from Ripple Labs says that the company has been performing better than ever before over the last 18 months. Sendi Young, Ripple's managing director of Europe, says that despite the company's legal battle with the U.S. Securities and Exchange Commission (SEC), its payments network has doubled and business remains strong.

17. Digital Currency Group (DCG), a cryptocurrency investment firm founded by Barry Silbert in 2015, has officially launched its long-heralded wealth management subsidiary. Named HQ Digital, it will offer private investments, estate planning, risk mitigation and insurance, among other services, according to its website. It will complement DCG's existing slate of businesses, which includes asset manager Grayscale, trading business Genesis Global and news site CoinDesk.

18. A New York City office building went on sale for $29 million two weeks ago, but with a Web-3 twist: The rights to purchase the property are being sold as a non-fungible token (NFT) on OpenSea. The listing's price, however, was set in ether (ETH), which has plummeted over 40% since the start of June, taking the list price of the building with it. The dollar value of the NFT has dropped from $29 million to $16.8 million, though its owner, Chris Okada, says the price will soon be adjusted.

19. Abra, a digital asset financial services company, on Friday introduced the first credit card on the American Express network that will transact in US dollars and offer crypto rewards back on purchases.

20. Farfetch, an online luxury fashion marketplace, said it will begin accepting cryptocurrency payments later this year, following Gucci and other upmarket companies that have embraced crypto to expand their businesses. Farfetch will initially accept seven cryptocurrencies including Bitcoin (BTC), Ethereum (ETH) and Binance Coin (BNB), among others, it said in a post on its website.

21. Goldman Sachs started trading a type of derivative tied to ether (ETH). The global investment banking firm executed its first Ethereum non-deliverable forward, a derivative that pays out based on the price of ether and offers institutional investors indirect exposure.

22. On-demand services network Splyt announced a partnership with crypto exchange Binance to offer ride-hailing services and experiences within the Binance app and pay for them in crypto.

23. Blockchain startup SIMBA Chain announced its seventh Small Business Innovation Research (SBIR) contract with the US Air Force (USAF). The latest one involves tokenizing the USAF supply chain budget so it can track the movement of funds between departments and suppliers, as well as keeping tabs on key potential supply risks.

24. Circle, a peer-to-peer financial services firm, has agreed to acquire Cybavo, a digital asset infrastructure platform. The deal will allow Circle to provide "infrastructure as a service" for firms wanting to develop on Web3.

25. Watchmaker TAG Heuer has partnered with the well-known nonfungible token (NFT) community surrounding Bored Ape Yacht Club and CLONE-X to create a smartwatch that displays NFTs, and connects to crypto wallets such as MetaMask and Ledger Live.

26. The French Government's Olympics envoy has recommended the widespread deployment of blockchain ticketing and other enhanced security protocols in the aftermath of last month's UEFA Champions League final in Paris, according to Ticketing Business News. The tickets would be based on blockchain technology in order to prevent ticket fraud, in that they would be active only within a virtual perimeter and corresponding to the security perimeter of the site, per the report.

27. Romania's National Institute for Research and Development in Informatics Bucharest (ICI) announced that work is underway for building an institutional NFT marketplace and a decentralized Domain Name System (DNS/TLD) based on the Elrond Network (EGLD) blockchain.

28. DeFi Safety, an independent DeFi rating organization, has ranked Solana as the second-worst according to the firm's technical criteria. Axie Infinity's, the popular play-to-earn gaming platform, Ronin blockchain has been ranked as the worst, according to DeFi Safety. Ronin was hacked for $600 million in March 2022.

29. Litecoin will be delisted on Bithumb and Upbit, two South Korean Crypto exchanges, over modifications made to the coin that enable greater privacy when conducting transactions. In their notices regarding Litecoin, Bithumb and Upbit stated they were shutting down market support for the 20th-largest cryptocurrency by market capitalization because its newly activated Mimblewimble Extension Blocks (MWEB) network upgrade conflicts with South Korean anti-money laundering (AML) regulation.

Regulation

30. The U.S. Treasury Department is moving toward addressing the anonymity of unhosted crypto wallets as part of U.S. President Joe Biden's strategy to address illicit finance involving digital assets. These proposed rules enforce transaction reporting on unhosted wallet transactions exceeding $10,000 and compel banks to collect data on customers and their counterparties for any transaction over $3,000 involving an unhosted wallet.

31. The U.S. Securities and Exchange Commission (SEC) has begun an investigation into whether crypto exchanges have sufficient protections against insider trading, according to Fox Business, which reported the SEC has written to one unnamed "major crypto exchange" requesting information about how the platform protects users from insider trading facilitated through its network.

32. While federal agencies consider market protection measures, FINRA expects to play a role in policing digital asset markets, Reuters reported CEO Robert Cook saying at an industry conference on Tuesday. Cook said FINRA — which regulates registered brokers and broker-dealers in the US — will need to engage with the industry and requires resources to do so.

33. Eric Adams, the mayor of New York City, USA, is planning to ask Kathy Hochul, the current governor of New York to veto a bill passed by the state legislature that would put a two-year moratorium on crypto mining that uses carbon-based fuel in the state, Crain's New York Business reported.

34. Crypto think tank Coin Center filed a lawsuit against the U.S. Treasury Department and Internal Revenue Service on Friday, claiming a crypto tax reporting requirement enshrined in last year's infrastructure law is "unconstitutional."

Legal

35. Elon Musk and two of his companies, Tesla and SpaceX, are facing a $258 billion lawsuit, according to Thursday reports. Bloomberg reported Thursday that an American citizen is suing the world's richest man for allegedly pumping Dogecoin. The lawsuit alleges that Musk was part of a racketeering scheme to back the cryptocurrency.

Hacks/Exploits

36. Ethereum-based decentralized finance (DeFi) tool Inverse Finance was exploited for more than $1.2 million worth of cryptocurrency on Thursday morning, on-chain data appears to show. Exploiters seemed to use a flash loan attack to trick the protocol and steal more than 53 bitcoin, worth $1.1 million, and 10,000 tether (USDT), a stablecoin backed on a 1-1 basis with U.S. dollars. The exploit comes just over two months after attackers stole $15 million worth of cryptocurrencies from Inverse Finance in a similar attack, as previously reported.

37. Popular crypto wallets, including MetaMask and Phantom, suffered for months from a critical vulnerability in their browser extension software, according to a report on Wednesday from cybersecurity firm Halborn. The vulnerability, dating back to September 2021 and now fixed, put users' funds at risk as it made it possible for hackers to extract wallet recovery seed phrases stored on computer disks. However, no exploits have yet been reported that could be tied to the vulnerability.

Crypto Mining

38. With the recent price fall in Bitcoin, some mining rigs produced in 2019 are working in the red as the amount they mine does not compensate for the energy they spend.

39. For the first time since 2020, Ethereum mining has become unprofitable for many miners connected to a traditional energy grid. The price of Ethereum has dropped below $1,250 as of June 14, while energy prices are skyrocketing.

Central Bank Digital Currencies (CBDCs)

40. In the National Budget Speech last Thursday, Bangladesh's Minister of Finance Mustafa Kamal announced that the Bangladesh Bank will be conducting a feasibility study for introducing Central Bank Digital Currency (CBDC) in the country.

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