



EMERALD ADVISERS, LLC "ON DA BLOCK"

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

STEVEN E. RUSSELL, ESQ. | PORTFOLIO MANAGER

The Market

1. Bitcoin just finished its worst month in the 12 years that it has been available on exchanges, losing more than 38% of its value in June as of Thursday afternoon. Ether, the world's second-biggest cryptocurrency by market capitalization, ended the same period down by about 47%.
2. Data from Coinglass shows that the previous worst performing month was in November 2018, when bitcoin dropped by 37%.
3. Digital asset investment products saw a record of \$423 million outflows last week, which is the largest of all time, according to data from CoinShares.
4. Altcoins also took a large hit in June, with Ethereum (ETH) losing 47%. Avalanche's AVAX lost 40%, Polygon (MATIC) was down 35% and Solana took a 31% hit.
5. Data from CryptoCompare shows that since May, total assets under management (AUM) across all digital-asset investment products has fallen 36% to \$21.6 billion. (The data goes through June 23.)

Network and/or Platform Upgrades

1. Lightning Labs, a developer of Bitcoin Lightning Network (LN), released a beta version of a LN node that added support for upgrades, including Taproot and Musig2, and other improvements.
2. Ethereum completed the Gray Glacier upgrade to move the network's difficulty bomb by roughly 100 days. This upgrade pushes back the long-anticipated Merge to Q3 2022.



Stablecoins

1. The U.S. federal government is working on stablecoin legislation with Congress that could become law by the end of the year, an administration official told CoinDesk.

General News

1. Grayscale Investments' application to convert its \$13.5 billion Grayscale Bitcoin Trust (GBTC) into a spot-based bitcoin exchange-traded fund (ETF) was denied by the Securities and Exchange Commission on Wednesday despite the company's extensive efforts to win approval.

2. Grayscale Investments filed suit against the U.S. Securities and Exchange Commission (SEC) barely an hour after the regulatory agency rejected its application to convert its flagship Grayscale Bitcoin Trust product to an exchange-traded fund (ETF).

3. SEC Chairman Gary Gensler opined in an interview that bitcoin is a commodity, "Some [cryptoassets], like bitcoin, and that's the only one I'm going to say... are commodities." These statements align with previous comments Chairman of the Commodity Futures Trading Commission (CFTC) Rostin Behnam, who also said bitcoin is a commodity. Though Gensler only commented on bitcoin, Behnam further stated that ether (ETH) is also a commodity. Commenting on stablecoins, Gensler said, "There's work to be done there around stablecoins ... There's a lot of work to be done to really protect the investing public."

4. MicroStrategy has purchased an additional ₿480 for about \$10M at an average price of \$20,815 per bitcoin between May 3 and June 28. They now hold ₿129,699 acquired for \$3.98B, at an average cost of \$30,664 per bitcoin.

5. A new report from the US Treasury Department and Internal Revenue Service (IRS) plans to delay digital asset tax collection until January 2023. This move gives crypto firms more time to track their customers' capital gains and losses. The head of IRS Charles Rettig, told lawmakers last year that the tax gap - the difference between taxes owed and revenue collected - has grown substantially. The Treasury and IRS are working on a new crypto form called the 1099-DA for crypto firms to ensure reporting is standardized and more accessible.

6. Goldman Sachs is soliciting crypto funds and traditional financial institutions as part of the deal that could see it buy Celsius' crypto assets at a discount, it was first reported by Coindesk, with Blockworks adding the deal could happen even if the lender does not declare bankruptcy, citing anonymous sources.

7. Smartphone manufacturer HTC has launched its first "Viverse" phone, designed to be compatible with its metaverse platform and incorporating crypto and NFT functionality.

8. Solana Labs revealed the Solana Mobile Stack (SMS) software kit, which provides tools for developing native Android mobile apps, walls, and games, and also includes a decentralized app store. The company also revealed the Saga, a powerful Android smartphone that will be released in early 2023.

9. The European Union's new Transfer of Funds Regulation (TFR) requires KYC for wallets interacting with crypto asset service providers (CASPs). On-chain transactions (unhosted to unhosted) are not affected. This is good news for DeFi, following rumors that transactions at all levels would be regulated.

10. MakerDAO is voting on a proposal to convert reserves of 500M DAI into a combination of US treasuries and bonds. This proposal aims to diversify Maker's treasury to achieve greater stability.

Hacks/Exploits

1. XCarnival, a platform based on the Ethereum blockchain that acts as a lending aggregator for NFTs (non-fungible tokens), has recovered 50% of the \$3.8 million it lost in an exploit.

2. Horizon Bridge, which suffered a \$100M exploit last week, is offering the hacker a \$1M bounty to return the stolen funds. According to a tweet thread from Peckshield, the hacker sent a third of the stolen funds to a crypto mixing service, Tornado Cash.

Crypto Mining

1. Bitcoin's power consumption fell to a yearly low of 10.65 gigawatts (GW), down from 16.09 GW at its peak. This fall comes behind the significant -14% hash rate drop. Mining profitability has significantly fallen due to Bitcoin's price sliding in recent months, resulting in unprofitable miners shutting off their ASICs.

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CONTACT US

Phone: 1-800-722-4123
info@teamemerald.com

3175 Oregon Pike | Leola, PA 17540
King of Prussia, PA | Pittsburgh, PA | Cleveland, OH

WWW.TEAMEMERALD.COM