



# EMERALD ADVISERS, LLC "ON DA BLOCK"

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

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### The Market

1. On Monday (August 1), Ethereum (\$ETH), the second-most valuable crypto asset by market cap, is trading around \$1,675, after excellent performance in July (despite the fact that we are still in a bear market). According to data by TradingView, on crypto exchange Coinbase, the \$ETH price went from \$1091.56 to \$1687.24, which is a gain of 54.57% vs USD.

### Mining

1. July was the worst month in 2022 for Bitcoin miner revenue as they generated about \$575M, down 13% from June.
2. Ethereum miners generated \$596M in revenue for July, up 8% from the month prior. The jump in revenue is attributed to ETH's rising price as participants anticipate the merge to complete successfully in September.
3. In July, Ethereum surpassed Bitcoin's miner revenue as miners earned \$596M and \$575M, respectively. Revenue remains at yearly lows for both Bitcoin and Ethereum.
4. Last week Chandler Guo, a prominent Chinese crypto miner, announced his intention to resist the Ethereum "merge" by forking the Ethereum blockchain and creating a spinoff proof-of-work version of the network. Crypto exchange Poloniex announced Thursday morning that it would support and list ETHW, Guo's forked proof-of-work version of Ethereum, beginning next week.

### Regulation

1. The Senate Agriculture Committee, which oversees the Commodity Futures Trading Commission, introduced a bipartisan bill Wednesday that would grant the CFTC "exclusive jurisdiction" over cryptocurrency trades that meet commodities law.

The Digital Commodities Consumer Protection Act of 2022, sponsored by Senators Debbie Stabenow (D-Mich.), John Boozman (R-Ark.), Cory Booker (D-N.J.) and John Thune (R-S.D.), would create a definition of "digital commodity" that would include cryptocurrencies like bitcoin and ether but not anything that may be a security, giving the CFTC the ability to oversee both digital commodity transactions and force registration of digital commodity platforms, according to a section-by-section breakdown of the bill.

2. Senator Elizabeth Warren of Massachusetts is garnering support among colleagues on Capitol Hill for a letter that would ask the Office of the Comptroller of the Currency (OCC) to withdraw crypto guidance banks have relied on.

3. The Federal Deposit Insurance Corporation (FDIC) issued a new advisory notice restating that the agency does not insure digital assets. The notice reiterated, "Deposit insurance does not apply upon the failure of a non-bank, such as a crypto company. In addition, deposit insurance does not protect consumers with non-deposit products such as stocks, bonds, mutual funds, securities, commodities, or crypto assets." The FDIC is concerned about consumer confusion arising from crypto assets connected to insured depository institutions, such as insured banks. According to the FDIC, consumer confusion increases when a non-bank entity offers crypto assets to the non-bank's customers while offering an insured bank's deposit products.

### **General News**

1. Tomorrow Crypto, a bitcoin (BTC) and ether (ETH) mining infrastructure company, is looking to go public through a proposed a merger with Nasdaq-listed blank cheque firm Globalink Investment (GLLI), a special purpose acquisition company.

2. Global coffee store franchise giant Starbucks is looking to launch a new Web3 rewards program to attract and retain customers, according to its interim CEO Howard Schultz. Speaking during the firm's fiscal Q3 earnings call on Tuesday, Schultz noted that Starbucks would soon reveal a new Web3 "digital initiative" that will expand upon the company's loyalty program.

3. Blockchain startup Dtravel, which wants to insert smart contracts into the short-term rental ecosystem, has just processed its first hospitality booking. The concept behind Dtravel is to enable property owners to directly transact with guests and renters without an intermediary, as is the case with Web2 booking platforms.

4. Ethereum Name Service domain ownership surpassed 1.8 million names, with 378,000 new .eth registrations in July alone, according to ENS Domains. The surge in registrations comes as the Ethereum community prepares for the upcoming merge next month, which will switch the top blockchain for dapps, DAOs, and NFTs from a proof-of-work consensus algorithm to proof-of-stake.

5. Centralized crypto exchange Binance and Mastercard are teaming up to offer a new prepaid crypto card in Argentina, with the aim of making crypto payments more accessible in the region.

6. Singapore-based crypto derivatives exchange Bitget said Sunday it has launched a new fund designed to safeguard against hacks and theft – a bid to lift the industry's image after crypto's recent downturn. The exchange's \$200 million-plus "Protection Fund," which consists of 6,000 BTC (\$140.2 million) and 80 million USDT, is an attempt to quell security concerns and boost investor confidence, Bitget said.
7. Italian fashion giant Gucci became the first luxury brand to accept in-store payments of Bored Ape Yacht Club-affiliated ApeCoin (APE) in the U.S.
8. In the newly released draft of the 2022 individual income tax return, Form 1040, the IRS has clarified that "receiving" cryptocurrency includes digital assets earned through "rewards, awards or compensation." The agency also wants to know if taxpayers sent or received crypto assets as gifts.
9. Several large banks in Portugal have reportedly begun closing the accounts of cryptocurrency exchanges due to "risk management" concerns, suggesting a shift in Portugal's pro-crypto position. The country's central bank appears to have given the financial institutions the green light to take action.
10. Galoy Inc., the team behind the wallet of El Salvador's Bitcoin circular economy Bitcoin Beach, is adding a new feature to that infrastructure: bitcoin-backed synthetic U.S. dollars. Often seen as a need among citizens of developing countries, a representation of the U.S. dollar backed by BTC promises to enable anyone to hedge against the daily volatility of bitcoin. While it can be argued that bitcoin is the better currency and could be used as such in daily transactions, some see value in saving in BTC and spending in USD – and Galoy's new product feature, Stablesats, allows users to do that all on Bitcoin.

## **NFTs**

1. Tiffany's reveals its first NFTs priced at \$51,000 each. The upcoming sale will feature 250 limited edition NFTs, each priced at 30 ETH.
2. Instagram has added support for Flow-based NFTs as it expands its NFT initiative into more than 100 total countries.
3. Google Cloud Neural Networks used its artificial intelligence (AI) software to transform all 10,000 Bored Ape Yacht Club (BAYC) non-fungible tokens (NFTs) into machine-made works of art.

## **Hacks/Exploits**

1. Chainalysis reported that 69% of all stolen crypto funds this year came from hacking protocols that bridge different blockchains.
2. Phantom and Slope wallet users report lost funds totaling more than \$6M. A spokesperson from Solana Labs said there is

"no evidence" that Solana's network is at fault for the exploit.

3. "White hat" actors who safeguarded funds on behalf of Nomad during Monday's \$190 million hack have returned the funds to a wallet address belonging to Nomad, according to a report. Nomad on Wednesday published a wallet address for the recovery of stolen funds. Data from Etherscan shows almost \$9 million in crypto tokens taken during the hack have been returned. The crypto tokens returned so far include \$3.75 million in usd coin (USDC), \$2 million in tether (USDT), \$1.4 million in covalent query token (CQT), and \$1.2 million in frax (FRAX), among others.

4 Following a statement from Solana NFT marketplace Magic Eden indicating that users were experiencing a "widespread SOL exploit at play that's draining wallets throughout the ecosystem." Solana Labs confirmed the exploit and shared details on the current state. On August 3, 2022, approximately 7,767 wallets have been affected by this exploit. The team stated via Twitter, "Engineers are currently working with multiple security researchers and ecosystem teams to identify the root cause of the exploit, which is unknown at this time." The exploit has affected several wallets, including Slope and Phantom. Users are strongly encouraged to use hardware wallets, and the wallets drained should be treated as compromised and abandoned.

5. Alchemy, a blockchain node infrastructure provider, announced a deal to provide its node infrastructure to Astar, a blockchain on the Polkadot network. Astar offers a smart contract service that supports dApps based on blockchain software stacks like Ethereum Virtual Machine and WebAssembly. It offers interoperability with other Polkadot's parachains. It hosts dApps like ArthSwap, Starlay Finance, AstridDAO, Algem, Sirius Finance and Zenlink.

## **CBDCs**

1. The Bank of Japan (BoJ) has announced it will be abandoning its planned host of central bank digital currency (CBDC) services due to a reported lack of public interest.

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