



EMERALD ADVISERS, LLC "ON DA BLOCK"

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

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The Market

1. Cardano development lab Input Output (IOG) announced that they scheduled Cardano blockchain's Vasil hard fork for Sept. 22. The network upgrade aims to increase Cardano's scaling capabilities and reduce transaction costs.
2. Pure proof-of-stake (PPoS) blockchain Algorand introduced cross-chain communication and transaction speed improvements with the latest upgrade to its protocol.

Mining

1. The White House Office of Science and Technology Policy called for the US to conduct further research on the energy impact of crypto mining to set standards for the industry.
2. Poolin, the fifth-largest bitcoin mining pool according to data from BTC.com, told its users that their funds are safe while acknowledging it is facing liquidity problems. According to messages on official Poolin Telegram support channels, users have complained about issues with withdrawals from their wallets since August.

Stablecoins

1. Binance, the world's largest cryptocurrency exchange, has shaken up the vital stablecoin market, announcing it will automatically move customers' funds to its Binance USD (BUSD) token from alternatives including the larger USD Coin (USDC). Binance said on Monday that it will convert all investments in USDC, Pax Dollar (USDP) and TrueUSD (TUSD) into BUSD on Sept. 29, and customers transferring those tokens to the exchange will see them automatically converted into Binance's stablecoin after that date. However,

they will be able to withdraw money denominated in USDC, USDP or TUSD when removing money from Binance.

2. Tether's lead over USDC hit \$16B as Binance moves to limit stablecoin competitors. The market cap gap between Tether and USDC had narrowed to \$10 billion earlier this year.

3. Russia wants to use stablecoins to get around western sanctions. Unable to access dollars or euros, the country is turning to stablecoins to make payments with "friendly countries," according to Russian state news agency Tass.

Regulation

1. Recent events have reinforced the Office of the Comptroller of the Currency (OCC) position that lenders must ask permission before participating in the cryptocurrency industry and must show that such activity would be totally safe, the acting head of the agency reportedly said Wednesday (Sept. 7) at a conference.

2. The crypto industry does not need any specific rulemaking for projects issuing tokens, U.S. Securities and Exchange Commission (SEC) Chairman Gary Gensler said in a speech Thursday. Framing the issue as one of investor protection, Gensler said the rules and regulations that crypto issuers and service providers must abide by have been clear for years.

3. In his first speech since occupying the Fed role, at a Wednesday Brookings Institution event in Washington, D.C., Barr said the U.S. central bank will work with other bank regulators to oversee any crypto activity that banks engage in. He also addressed stablecoin oversight, said crypto is not yet living up to its potential to expand financial access and also that he does not think issuing a digital dollar is an urgent need from the Fed.

4. Federal Reserve Vice Chair Lael Brainard said the cryptocurrency market bears similar risks to traditional finance but will need new regulations for situations not covered by existing laws.

5. The Treasury's Office of Financial Sanctions Implementation announced that crypto exchanges must report suspected sanctions breaches to UK authorities under new rules amid concerns that users are dodging restrictions imposed in response to Russia's invasion of Ukraine. The official guidance on Aug. 30 said companies must freeze cryptoassets, including stablecoins and non-fungible tokens (NFTs), if they suspect one of their customers is under sanctions or suspecting a breach of sanctions.

6. The Bank of Russia, the country's central bank, agreed with the finance ministry to legalize crypto for cross-border payments.

7. The Australian Financial Review (AFR) reported that the Australian Federal Police (AFP) formed a unit to tackle the use of crypto for money laundering and offshoring. The AFP started the unit after the force's criminal asset confiscation command, formed in 2020, beat its 2024 target of seizing \$600 million from the proceeds of crime by two years. AFP Commissioner Reece Kershaw said that while the amount of crypto seized was small relative to cash and property, a focus on crypto provided benefits through great intelligence insights into the business models of organized crime.

General News

1. FinTech Figure Technologies is launching a new banking and payment business called Figure Payments Corp., the company announced Wednesday (Sept. 7). According to the announcement, Figure Pay, a subsidiary of Figure Payments Corp., will deliver Banking-as-a-Service (BaaS) offerings through a highly scalable, quickly deployable application programming interface (API)-driven platform. Figure Pay will offer two platforms: one focused on banks, and another focused on FinTechs, non-banks and retailers.
2. Cryptocurrency exchange Binance announced Monday that it plans to halt all deposits and withdrawals of Ether (ETH) and Wrapped Ether (wETH) on selected networks starting Sept. 6 at 2:00 am UTC in anticipation of Ethereum's Merge event.
3. Coinbase is footing the bill for a lawsuit filed against the Treasury Department Thursday by users of the recently sanctioned crypto service, Tornado Cash. The six plaintiffs include Coinbase employees and other users of the mixing service that was blacklisted by the Treasury's Office of Foreign Assets Control (OFAC) in August.
4. US-based CME Group, a derivatives marketplace, has launched Bitcoin Euro and Ether Euro futures to provide institutional clients with more precise and regulated tools to trade crypto.
5. As cryptocurrency entered the mainstream, the price of graphics processing units (GPUs) for personal computers was often tied to the fate of the crypto market – since they became popular for cryptocurrency mining. Now, with an end to Ethereum proof-of-work mining on the horizon, thanks to the upcoming Merge and its shift to a proof-of-stake blockchain system, prices for GPUs are dropping like a rock.
6. Thailand's Securities and Exchange Commission, or SEC, has accused crypto exchange Zipmex and its co-founder Akalarp Yimwilai of non-compliance with local laws and referred the matter to the police.

NFTs

1. Korea-based LG is releasing a non-fungible token (NFT) marketplace called LG Art Lab that plugs into the Hedera Network, which LG supports. Television owners with sets updated to LG's most recent software will be able to buy, sell and showcase their Hedera NFTs from their screens.
2. FIFA, soccer's global governing body, has announced it will launch an Algorand-based NFT platform for soccer-themed digital collectibles. The FIFA+ Collect platform will launch later this month and feature "affordable, inclusive, and accessible" NFTs that depict notable soccer moments, art, and imagery.
3. Ethereum-based NFT marketplace Sudoswap announced the launch of a native governance token, SUDO, with the majority earmarked for an airdrop to XMON token holders.

4. The Chicago Bulls are releasing an NFT collection later this month featuring "1-of-1" artworks designed by several well-known artists tasked with reimagining the team's iconic logo.
5. The National Basketball Association (NBA) and its players' union, the National Basketball Players Association (NBPA), plan to develop an NFT-based fantasy basketball game.
6. Terra-based NFT marketplace OnePlanet plans to migrate away from the Terra blockchain to Polygon following the death spiral of the Terra ecosystem in May.

DeFi

1. Frax Finance, the largest fractional algorithmic stablecoin protocol, is launching Fraxlend. This permissionless lending market allows anyone to lend or borrow assets with any token that is a part of a Chainlink data feed.

Hacks/Exploits

1. Avalanche-based lending protocol Nereus Finance has been the victim of a crafty hack that saw a user net \$371,000 worth of USD Coin (USDC) using a smart contract exploit. Blockchain cybersecurity firm CertiK was one of the first to detect the exploit on Tuesday, indicating that the attack impacted liquidity pools on Nereus relating to decentralized exchange (DEX) Trader Joe and automated market maker Curve Finance.
2. Crypto analytics firm Chainalysis reportedly helped the US government recover about \$30 million stolen from the \$600 million Axie Infinity hack earlier this year.
3. Decentralized finance (DeFi) protocol New Free DAO faced several flash loan attacks today, resulting in a reported loss of \$1.25 million. The price of the native token dropped by -99% in the wake of the attack.

CBDCs

1. European Union (EU) officials said a retail digital euro would initially only enable payments initiated by people rather than allowing businesses to settle invoices, issue paychecks, or use it for DeFi.

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