

Web3 Biweekly

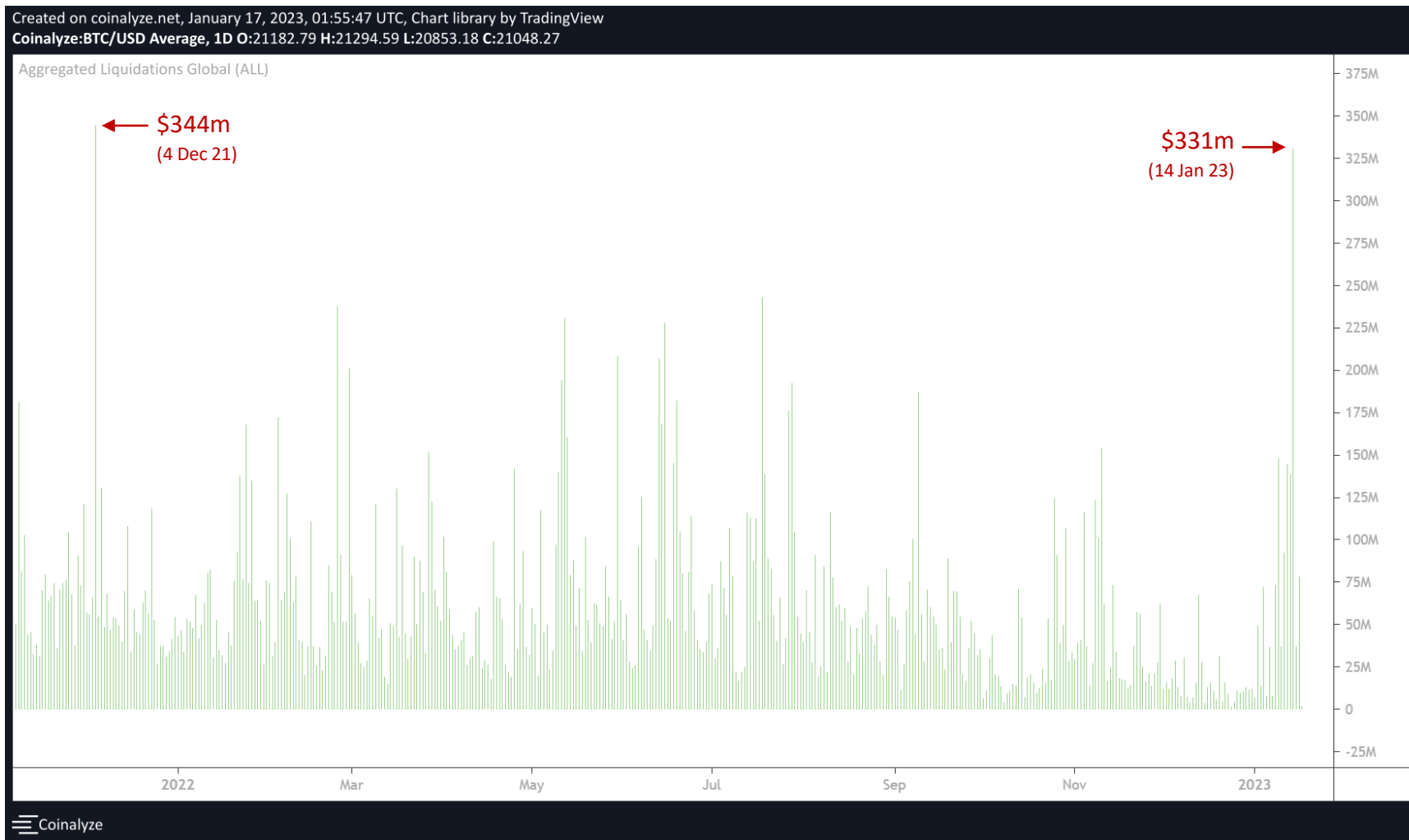
20 January 2023 | AMTD Research



Brian Li
brian.li@amtdgroup.com

Eugene Chin
eugene.chin@amtdgroup.com

Nearly US\$600m in shorts liquidated between Jan 13-16 as crypto prices rallied



Contents

1

Market Performance

Prices, Valuation, and Exchange Flows

2

Sector Updates

a

Layer-1 Blockchains — Institutional investors staying out, Polygon completes hard fork

b

Stablecoins — Binance confirms that Binance-peg BUSD was not always fully-backed

c

DeFi — TVL of all major chains/protocols grew amid crypto rally, Lido continued to outperform under LSD narrative

d

NFT & Metaverse — Floor prices dip during crypto price rally, Azuki reveals Hilumia world

e

Policy and Regulatory — U.S. House Financial Services Committee to set up crypto subcommittee, U.S. SEC charges Gemini and Genesis with unregistered offering of securities

f

Notable Tweets

Market Performance

Summary

1. Prices

- **One-Year Price Recap**
- **Layer 1 Price Recap** (5 January – 18 January 2023)
 - SOL outperforms significantly as it continued to ride on BONK activity and reports that activity and volume on the blockchain remains high
 - AVAX outperforms after it announced a partnership with AWS to increase adoption of blockchains
- **Protocol Price Recap** (5 January – 18 January 2023)
 - CRV and CVX outperforms with updates on Convex's staking system, as well as boosted by the LSD narrative through FRAX's higher ETH yields through sizable CRV/CVX holdings
 - LDO also continues to outperform as market trades on liquid staking derivatives (LSD) tokens

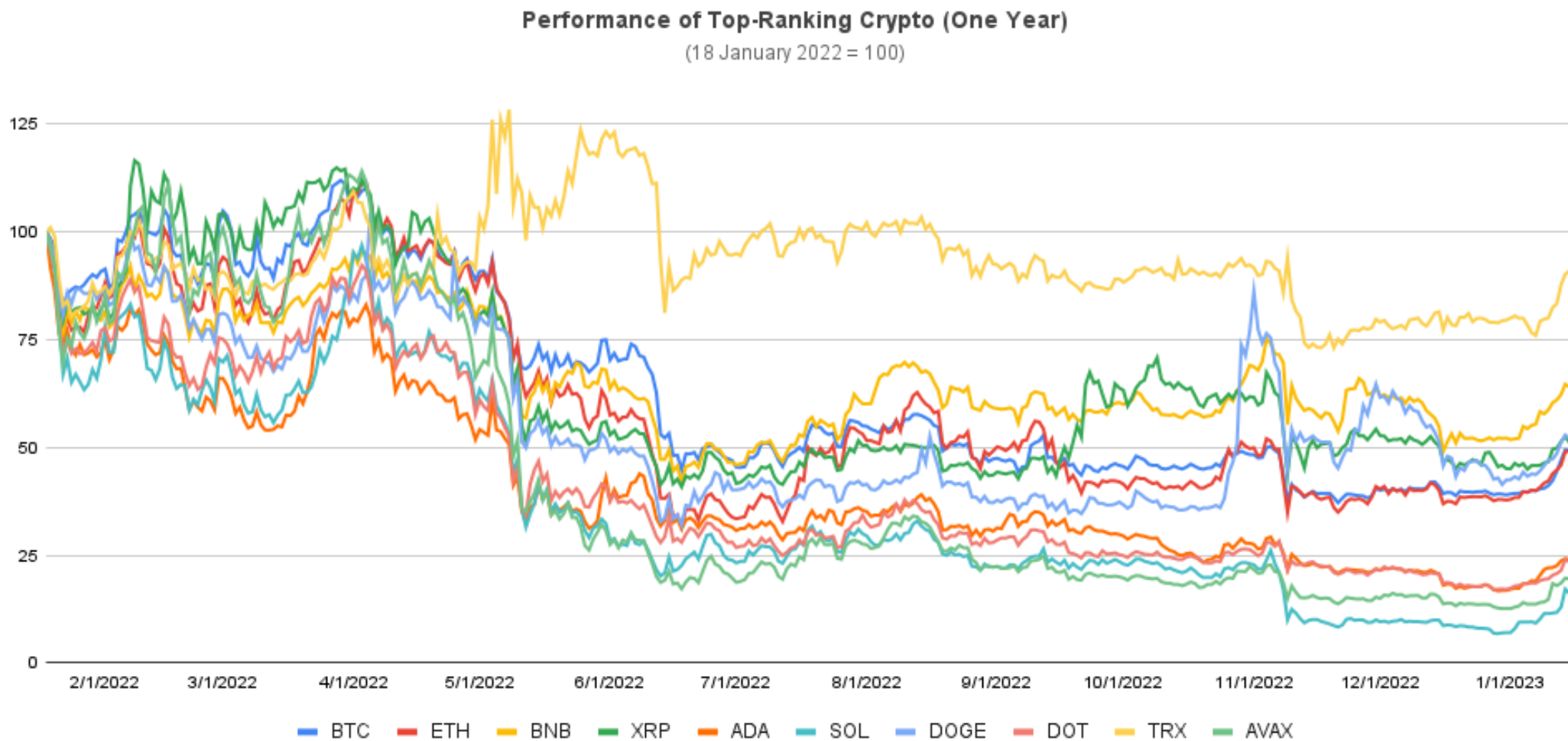
2. Valuation

- Market Cap to Active Addresses – ETH's price rally driven more by multiple expansion than network usage

3. Exchange Flows

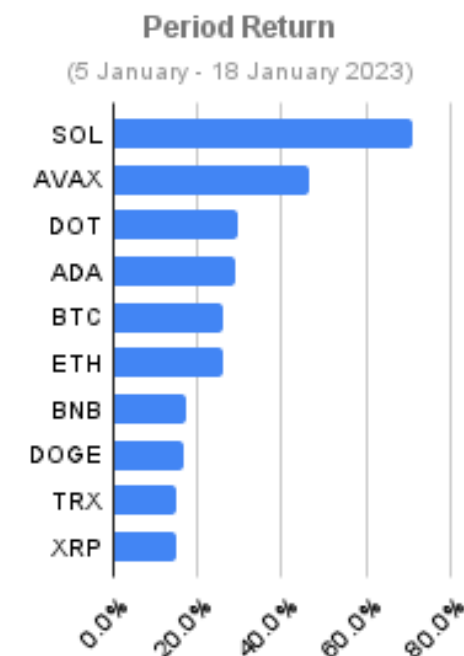
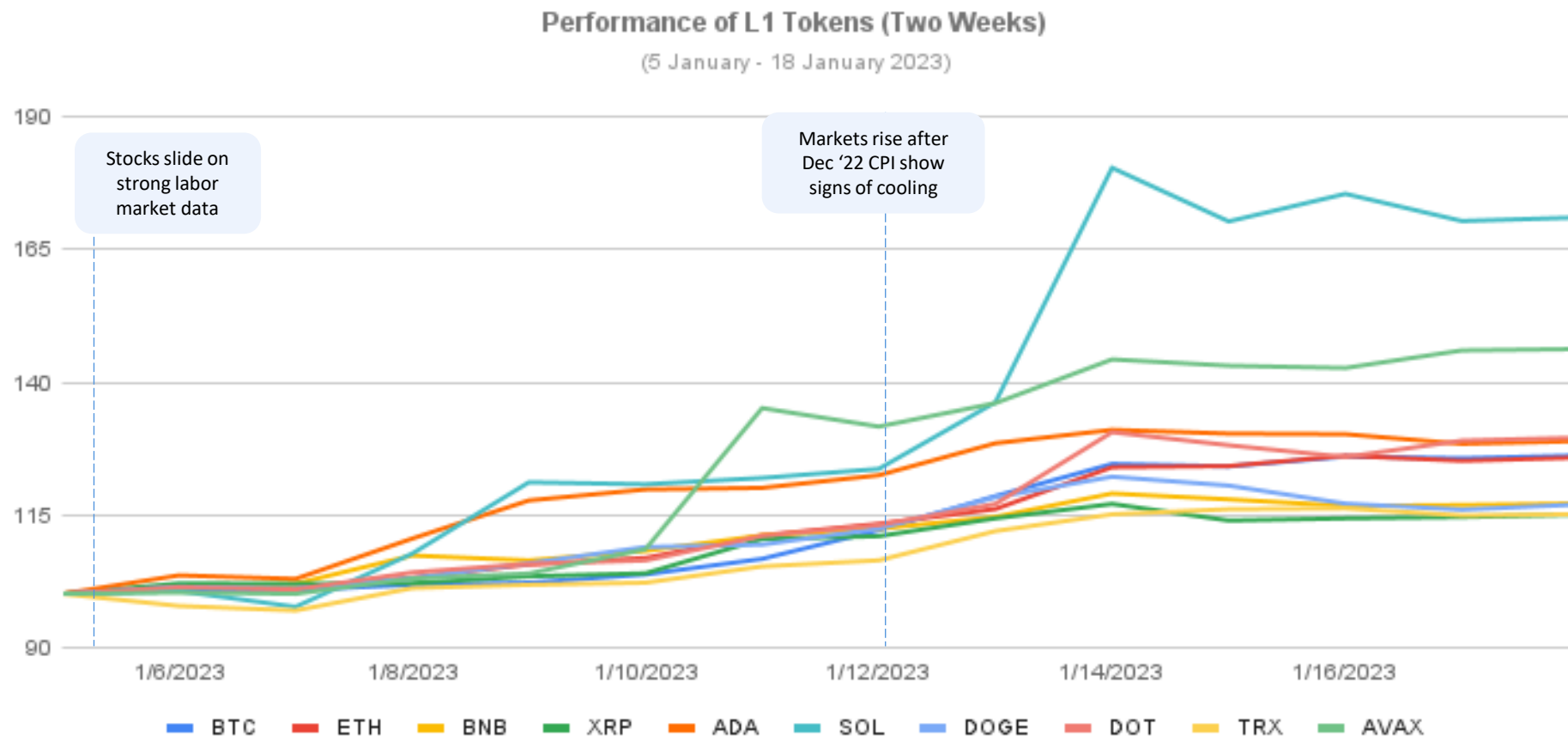
- Bitcoin - exchange outflows drastically decline amid price rally
- Ethereum - net exchange inflows as users move to exchanges to trade on the price rally

One-Year Layer-1 Price Recap



Layer-1 Price Recap (5 January – 18 January 2023)

- **SOL** outperforms significantly as it continued to ride on BONK activity and reports that activity and volume on the blockchain remains high
- **AVAX** outperforms after it announced a partnership with AWS to increase adoption of blockchains

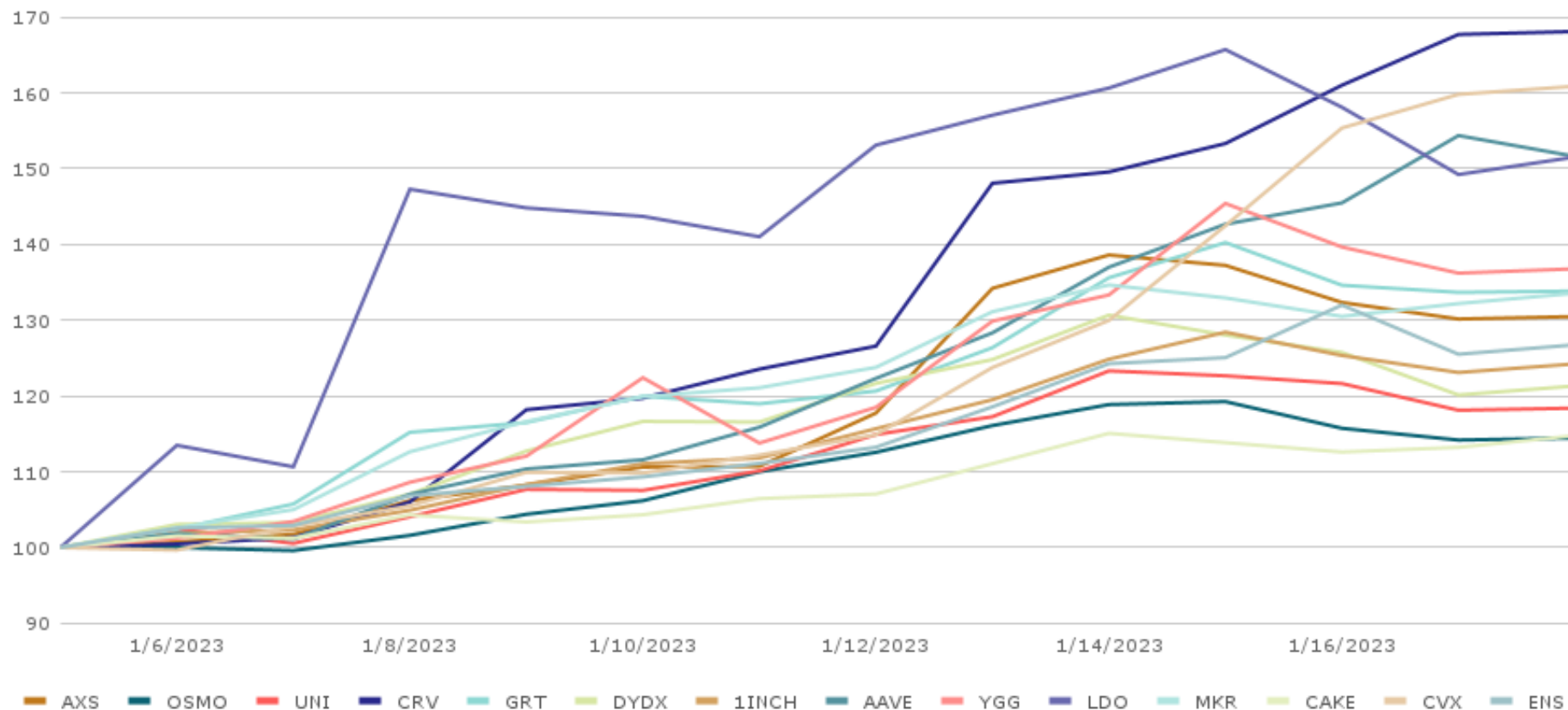


Protocol Price Recap (5 January – 18 January 2023)

- **CRV** and **CVX** outperforms with updates on Convex's staking system, as well as boosted by the LSD narrative through FRAX's higher ETH yields through sizable CRV/CVX holdings
- **LDO** also continues to outperform as market trades on liquid staking derivatives (LSD) tokens

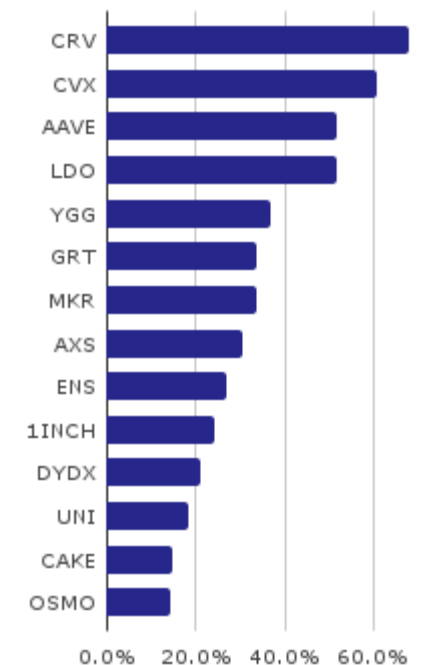
Performance of Protocol Coins (Two Weeks)

(5 January - 18 January 2023)



Period Return

(5 January - 18 January 2023)



Valuation – BTC and ETH Market Cap to Active Addresses

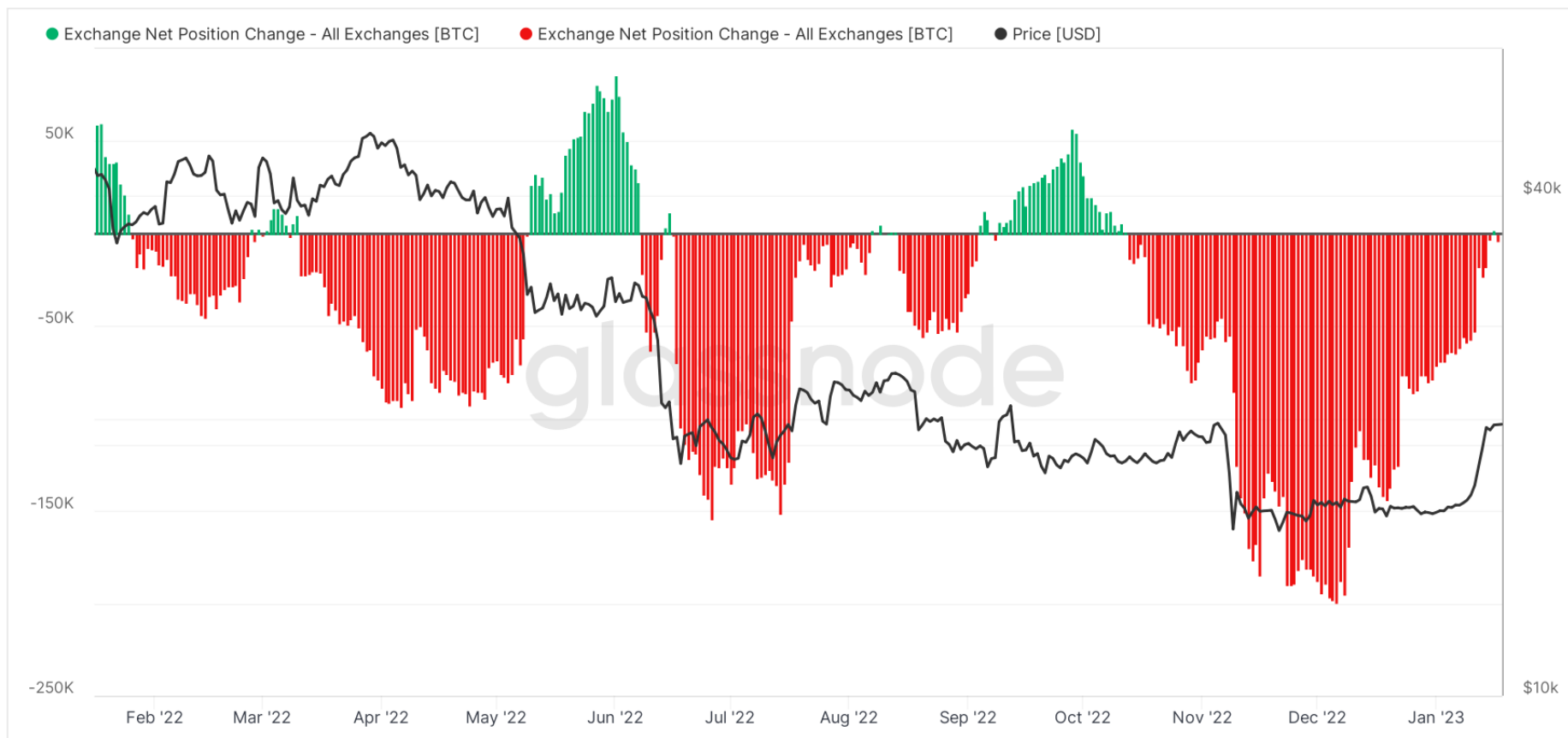


	BTC	ETH
Valuation Multiple		
2017-2018 Run	2.2x	7.1x
2020-2022 Run	5.6x	13.4x
Network Usage		
2017-2018 Run	1.3x	7.0x
2020-2022 Run	1.5x	2.8x

- Ethereum's price rally (30x+) in the 2020-2022 cycle was driven more by valuation multiple expansion (13x) than network activity increase (3x).
- The market cap to active address for ETH overtook BTC amid a brief active address spike for BTC and the recent price rally for the new year.

Bitcoin – exchange outflows drastically decline amid price rally

Bitcoin: Exchange Net Position Change [BTC] - All Exchanges



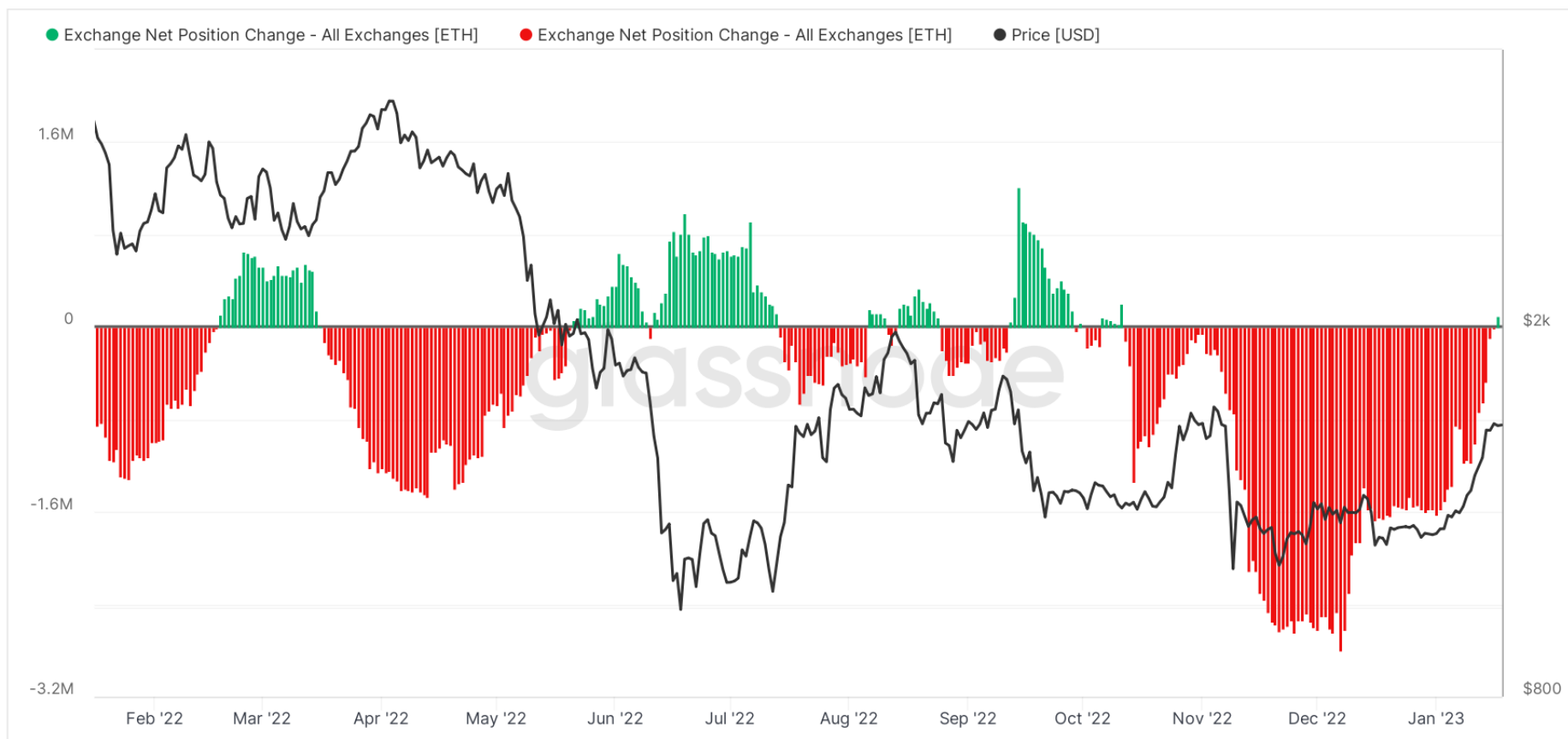
© 2023 Glassnode. All Rights Reserved.

glassnode



Ethereum – net exchange inflows as users move to exchanges to trade on the price rally

Ethereum: Exchange Net Position Change [ETH] - All Exchanges



© 2023 Glassnode. All Rights Reserved.

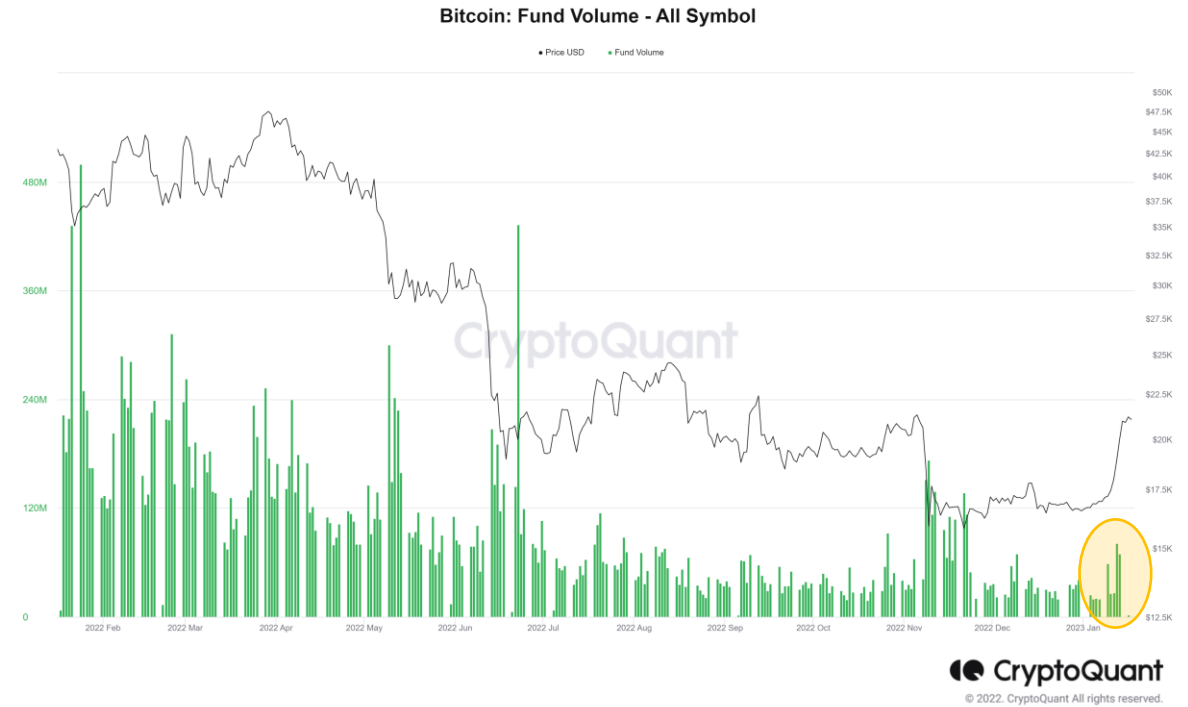
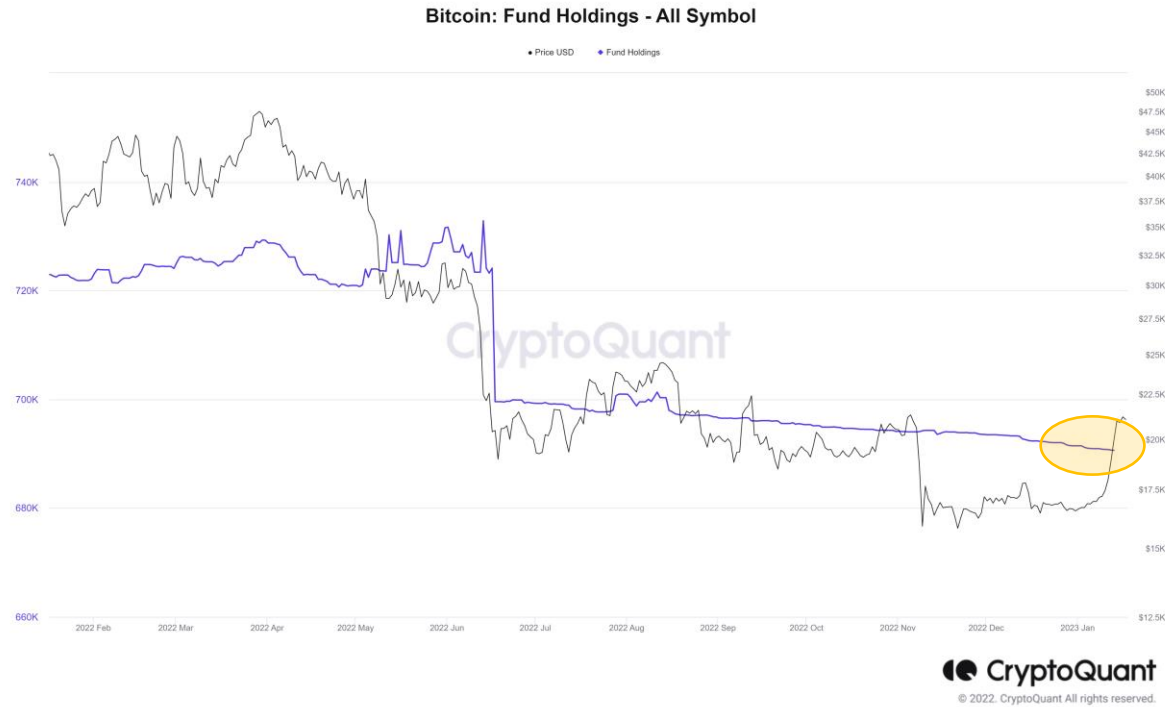
glassnode

Layer-1 Blockchains

Layer-1 Summary (5 January – 18 January 2023)

- 1. Bitcoin (2W: 26.1%)/(YTD: 27.7%)**
Institutional investors remain on sidelines during crypto rally
- 2. Ethereum (2W: 25.7%)/(YTD: 31.0%)**
Shanghai upgrade to focus solely on withdrawals
- 3. Polygon (2W: 23.5%)/(YTD: 31.6%)**
Hard fork complete to address gas spikes and reorgs
- 4. FTX**
Ex-FTX US president exposes inner dynamics months after stepping down
- 5. News and Headlines**

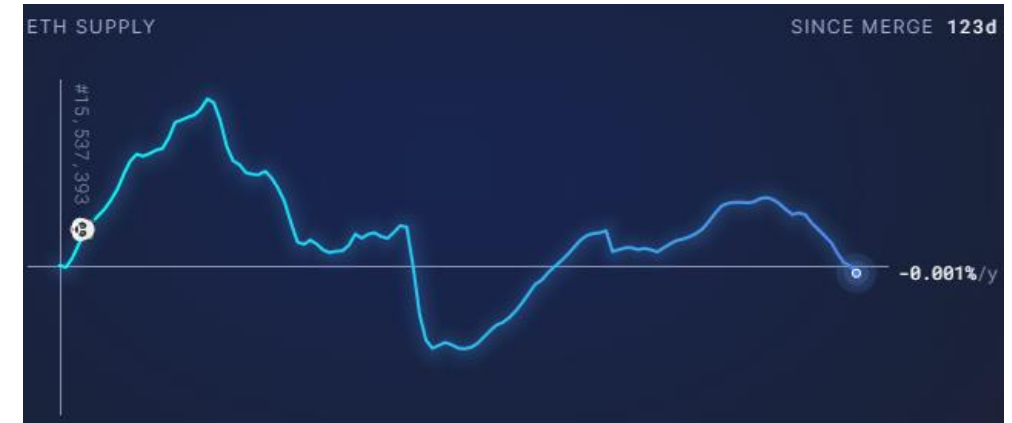
Bitcoin – Institutional investors remain on sidelines during crypto rally



- The recent crypto rally is likely not due to institutional investors buying in, since fund volume trend has been insignificant and funds' BTC holdings have decreased rather than increased.
- Meanwhile, BTC OTC transactions have also seen no meaningful increase.

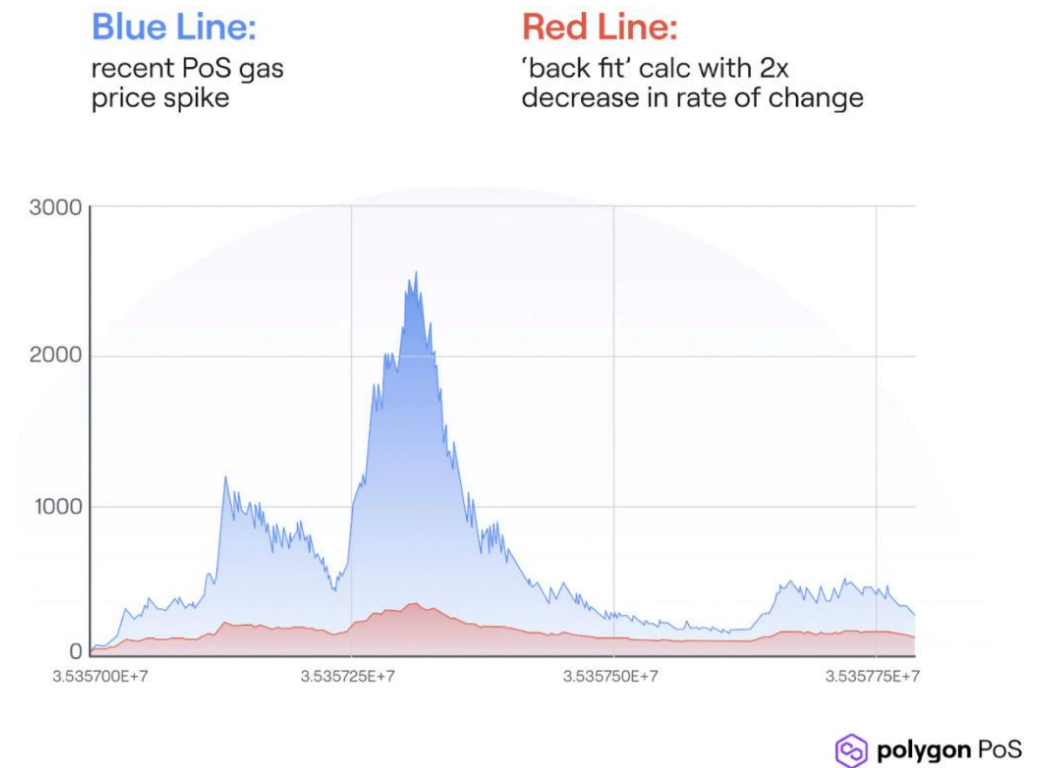
Ethereum – Shanghai upgrade to focus solely on withdrawals

- The upcoming Shanghai network upgrade will **focus exclusively on validator staking withdrawals**, according to the core developers call.
- Developers decided to prioritize enabling withdrawals, and agreed to not include other network improvements, like adding Ethereum Virtual Machine Object Format, as it might delay Shanghai.
- The upgrade to the mainnet is currently planned to be in March, and network developers will release a public test network for the Shanghai upgrade targeted by the end of February.
- Meanwhile, **ETH supply reverted below pre-Merge levels** amid the price increases. OpenSea topped the 7D burn leaderboard with ~1,480ETH burned.
- Ethereum also reached a validator milestone, **hitting 500,000 validators**.



Polygon – Hard fork to address gas spikes and reorgs a success

- Polygon successfully completed a hard fork, aimed at **reducing gas spikes and chain reorganizations**.
- The first change – adjusting how the network sets gas fees - will **bring Polygon's gas dynamics more in line to that of Ethereum's** in hopes of smoothing out gas spikes during peak network usage.
- The second change seeks to reduce frequent reorgs, which happens when a validator node receives outlier information that temporarily creates a new version of the blockchain, by **reducing the time it takes to finalize a block to verify successful transactions**. A block producer will produce blocks continuously from the current 128 seconds to the proposed 32 seconds.



FTX - Ex-FTX US president exposes inner dynamics months after stepping down



Brett Harrison ✓
@BrettHarrison88

...

15/49 Six months into my time at the company, pronounced cracks began to form in my own relationship with Sam. Around then I began advocating strongly for establishing separation and independence for the executive, legal, and developer teams of FTX US, and Sam disagreed.

5:18 AM · Jan 15, 2023 · 125.4K Views



Brett Harrison ✓
@BrettHarrison88

...

16/49 I saw in that early conflict his total insecurity and intransigence when his decisions were questioned, his spitefulness, and the volatility of his temperament. I realized he wasn't who I remembered.

5:18 AM · Jan 15, 2023 · 110.5K Views



Brett Harrison ✓
@BrettHarrison88

...

37/49 I understand now why they carefully concealed their criminal activity from us. We have extensive professional networks, our own lines of communication with US regulators, and our own authority to speak to US media.

5:28 AM · Jan 15, 2023 · 66.5K Views

- Ex-FTX US president Brett Harrison, in a first since stepping down in September 2022, shared in a 49-thread long Twitter post about his time at FTX and departure at the company.
- Harrison's departure has been brewing since his **"relationship with Sam Bankman-Fried and his deputies had reached a point of total deterioration, after months of disputes over management practices at FTX."**
- SBF seemed rarely engaged with FTX US but would **have decisions impacting the US arm come from the Bahamas**, according to Harrison. While he **advocated for more separation and independence, SBF disagreed.**
- Harrison noted that **SBF was uncomfortable with conflict and would respond with gaslighting and manipulation**, though at the end began to **isolate Harrison from key decision-making.**
- Towards the end, Harrison filed a **formal complaint about FTX's organizational issues**, and was then **threatened with being fired and that SBF would destroy his professional reputation** unless an apology was made. After this, Harrison gradually wound down and left the company.

News & Headlines

Shiba Inu Reveals Layer 2 Blockchain

Developers of Shiba Inu has introduced Shibarium, a Layer 2 scaling solution atop Ethereum which will seek to bring benefits of scalability, faster transaction times, and lower fees. Shibarium will have a focus on metaverse, gaming, and NFTs. SHIB, LEASH, and BONE tokens would all play certain roles in this ecosystem, and an upcoming TREAT token will be used to incentivize liquidity pools on ShibaSwap. [[CoinDesk](#)]

3AC Founders Pitch New Crypto Exchange “GTX”

A leaked pitch deck has revealed that Su Zhu and Kyle Davies, the founders of collapsed hedge fund 3AC, are seeking US\$25 million in funding to start a new crypto exchange. Zhu and Davies are partnering with the founders of CoinFlex, a crypto exchange under restructuring. The name was supposed to be called GTX, aptly named as such since “G comes after F,” in reference to FTX, though quickly retraced after backlash from the Twitter community. [[The Block](#)]

Blockchain.com Lays Off 28% of Employees

Crypto brokerage Blockchain.com is laying off 28% of its workforce, or about 110 employees, as it faces significant headwinds amid crypto winter and a US\$270 million hit on the loans it made to bankrupt hedge fund 3AC. The layoffs come after its first round of layoffs back in July. [[CoinDesk](#)]

Avalanche Partners with AWS to Scale Blockchain Adoption

Amazon Web Services has partnered up with Ava Labs to help scale blockchain adoption across enterprises, institutions, and governments. The partnership will make it easier for users to launch/manage nodes on Avalanche, while AWS will support Avalanche’s infrastructure and dApp ecosystem, and also making it easier for businesses to create their own subnets. [[TechCrunch](#)]

FTX Discovers US\$5 Billion in Cash and Liquid Crypto

FTX’s new management has located US\$5 billion in cash, liquid crypto, and liquid investment securities, according to an attorney for the bankrupt firm during a bankruptcy hearing. The firm is also contemplating a sale of its core exchange, while it is prioritizing the sale of four relatively independent entities including LedgerX, Embed, FTX Japan, and FTX Europe. [[The Block](#)]

Gemini Terminates Earn Program Amid Fight with DCG/Genesis

Gemini announced that it would terminate the Earn program in order to force Genesis to pay back the US\$900 million it owed to Gemini. In a letter to its users, Gemini said it has terminated, on behalf of its users, the Master Loan Agreement with Genesis, effectively requiring Genesis to return all outstanding assets to the program. [[Decrypt](#)]

Huobi Launches High-Yield PrimeEarn Product

Advertised as a Lunar New Year celebration and a way to help users survive crypto winter, Huobi launched a PrimeEarn investment product. Similar to a regular time deposit, users could earn up to 20% by depositing USDT/USDD into the exchange. A 7-day fixed deposit of USDT could earn 12% APY. [[Yahoo Finance](#)]

News & Headlines

Coinbase Halting Japan Operations

Coinbase announced that it would be halting operations in Japan due to market conditions, following the footsteps of Kraken which exited in the end of 2022. Coinbase will pause fiat deposits to the exchange, and users will have approximately a month to withdraw all fiat and crypto assets from the exchange. [[Coinbase](#)]

DCG Halts Dividend Payments to Preserve Liquidity

In a letter to shareholders, crypto conglomerate Digital Currency Group said that it would suspend its quarterly dividends due to the market environment. Its priority is to strengthen its balance sheet by reducing expenses and preserving liquidity, and will suspend dividend distribution until further notice. [[The Block](#)]

HashKey Capital Raises US\$500 million

HashKey Capital closed its third fund by raising US\$500 million, closing ahead of its target US\$600 million because “timing matters more than the size,” according to HashKey Capital CEO Deng Chao. Chao believes that the market is at the bottom of the next cycle, and thus launched the fund officially. HashKey’s current assets under management exceeds US\$1 billion. [[The Block](#)]

Genesis Creditors Negotiating Bankruptcy Plan

According to reports, Genesis Global Capital and its creditors are negotiating a prepackaged bankruptcy plan ahead of its planned filing of a Chapter 11 bankruptcy. The prepackaged plan involves creditors agreeing to a forbearance period for most payments in exchange for cash payments and equity in parent company DCG, according to source. The plan has not yet been made public. [[The Block](#)]

Coinbase Further Cuts 20% Staff

Coinbase is laying off 950 staff to significantly reduce its operational expenses to increase its chances of doing well in 2023, according to CEO Brian Armstrong. The layoff comes around nine months after it laid off over 1,100 staff in anticipation of a recession in the US. [[Blockworks](#)]

Huobi Lays Off 20% Employees

Following earlier denials by Justin Sun, Huobi has confirmed that it would lay off 20% of its employees. The company said that it would maintain a leaner team as the company weathers the bear market. Earlier, reports showed that Huobi disabled staff internal discussion chat groups. [[CoinDesk](#)]

Binance.US Receives Initial Approval for Voyager Deal

The bankruptcy court overseeing Voyager Digital’s bankruptcy has given initial approval to Binance.US to acquire Voyager’s assets for US\$1 billion. Should creditors agree to the deal, customers could receive around 51% of the value of their deposits. However, the deal is also subject to roadblocks from the U.S. SEC and U.S. CFIUS. [[The Defiant](#)]

Stablecoins

Stablecoins Summary

1. **Centralized Stablecoins**

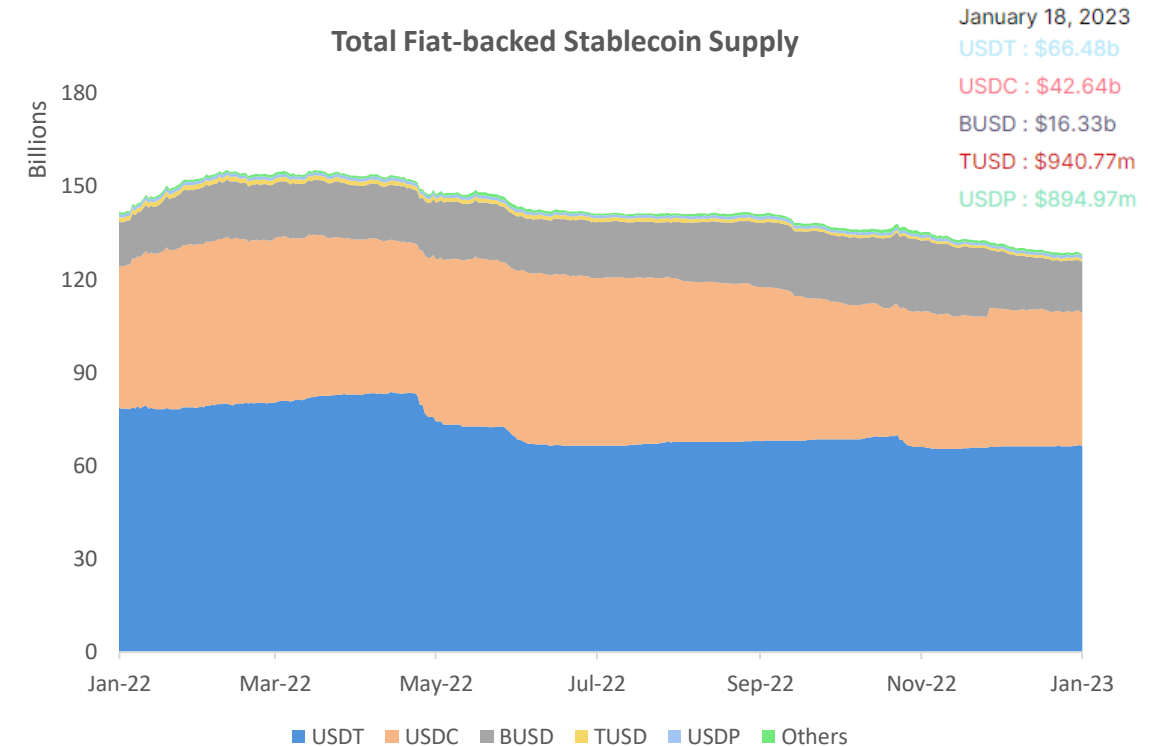
BUSD was not always fully backed?

2. **Decentralized Stablecoins**

Centralized Stablecoin Updates

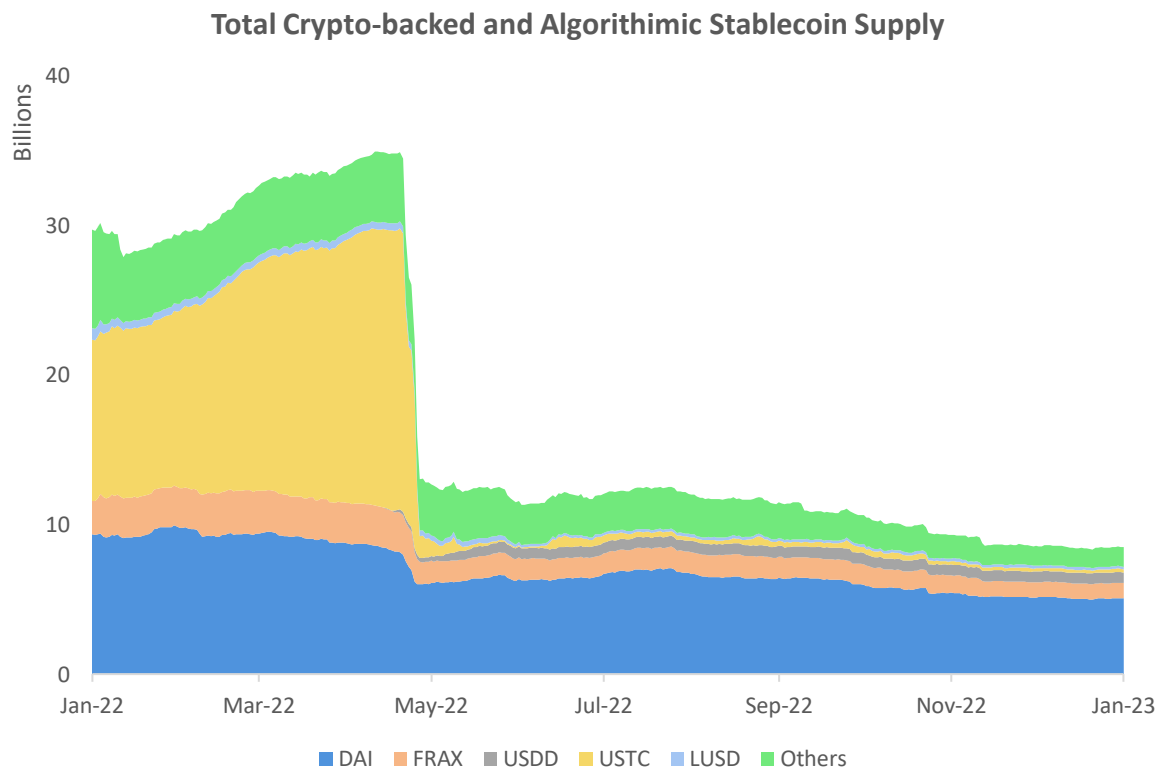
Centralized stablecoin refers to fiat-backed stablecoins across all chains tracked by DefiLlama

- In the past two weeks:
 - Total stablecoin supply decreased to US\$136.5b (-0.7%) and centralized stablecoin supply decreased to US\$128.1b (-0.8%)
 - USDC decreased 2.4% to 0.8% to 42.6b, while USDT gained slightly 0.4% to 66.5b.
- **BUSD was not always fully-backed?**
 - Binance acknowledged a report that its Binance-peg BUSD stablecoin was not always fully-backed but has since fixed the problem.
 - According to blockchain analytics, the token was at times undercollateralized in 2020 and 2021. Binance-peg BUSD is supposed to be tied to Paxos' BUSD to have a working BUSD stablecoin on other blockchains aside from Ethereum.
 - Binance noted that maintaining the peg involves many teams and resulted in operational delays. It has improved the process and enhanced discrepancy checks to ensure the peg is always 1-1.



Decentralized Stablecoin Updates

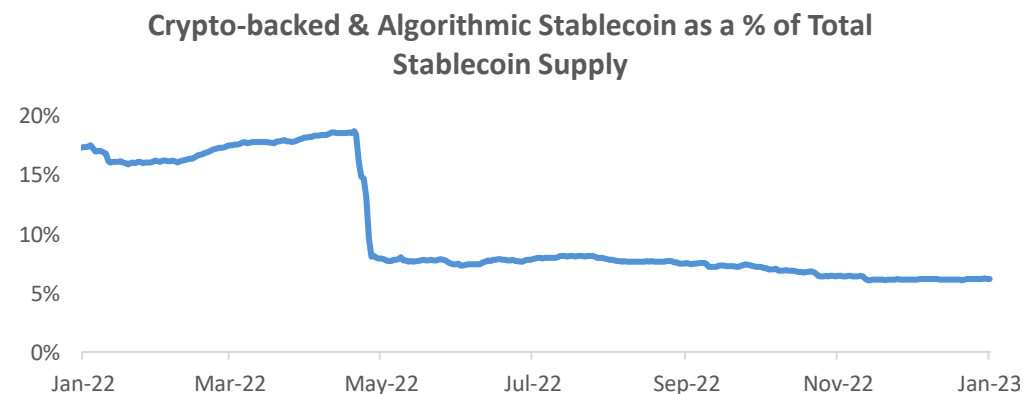
Decentralized stablecoin refers to crypto-backed and algo stablecoins across all chains tracked by DefiLlama



In the past two weeks:

- Total decentralized stablecoin supply increased 0.9% to US\$8.49b.
- DAI dominance remained strong at ~60%, a level reached since roughly November 2022.

Meanwhile, decentralized stablecoin supply as a percentage of total stablecoin supply has maintained relatively stable at 6-7% for the last few months.



DeFi Updates

DeFi Summary (5 January – 18 January 2023)

1. TVL by Chain

- Algorand TVL increased 138.2% to US\$175m, contributed by Algofi and Pact, which both saw >100% TVL gains.
- TVL of major chains grew by an average of 14% on the back of price increases in the crypto market.

2. TVL by Protocol

- All protocols increased in TVL amid market price rally
- Lido continued to outperform due to the LSD narrative; staked ETH withdrawals coming as soon as March

3. DeFi Revenue

- Blur appears on list after enabling 0.5% platform fees

4. DeFi Valuation - Uniswap and MakerDAO relatively overvalued based on P/TVL and P/Revenue respectively

5. Top DEX Pools

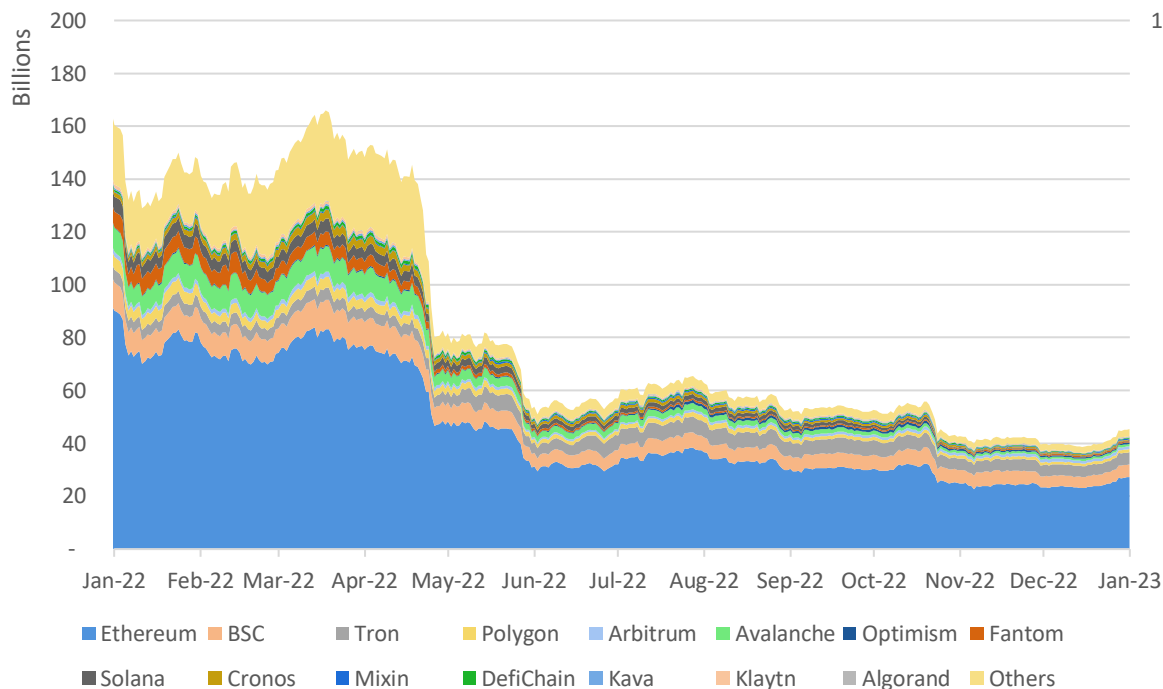
- Liquidity ticks up with the rise in token prices

6. Noteworthy DeFi Protocols

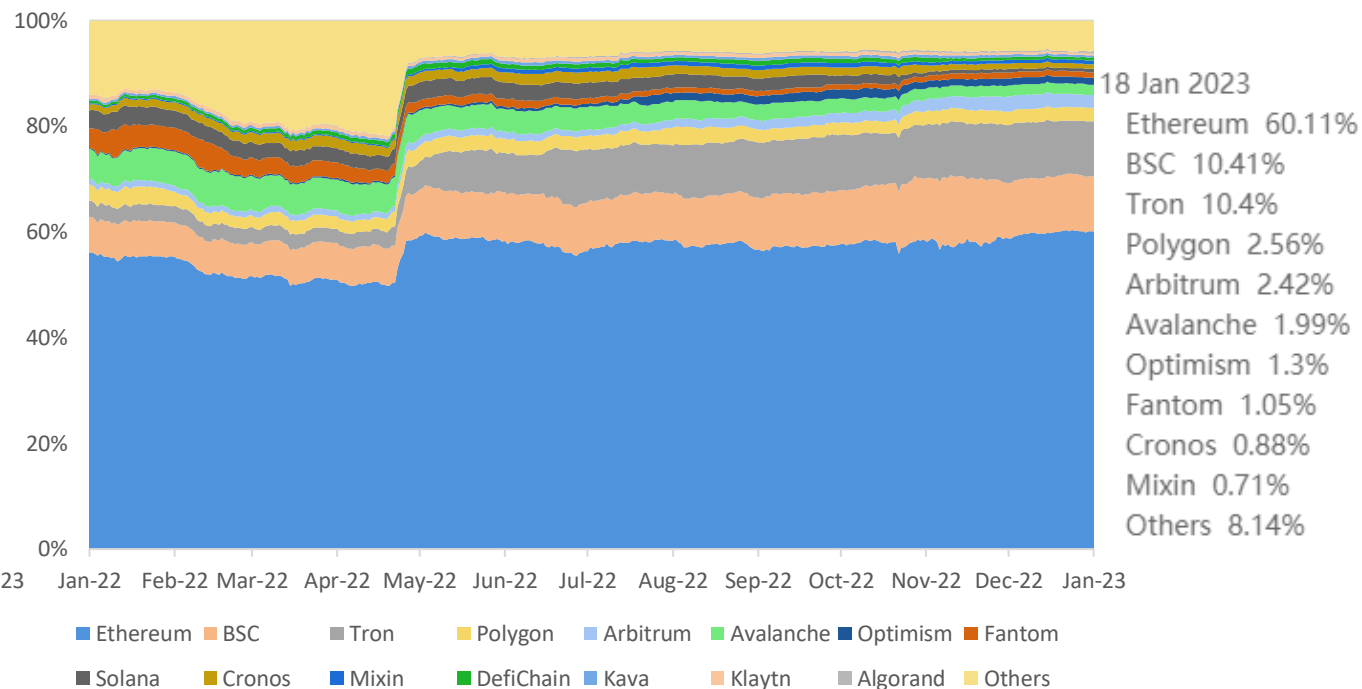
- **TraderJoe** expands to BNB Chain
- **Ondo Finance** brings US Treasuries on-chain

TVL Overview by Chain – TVL growth on most protocols slows or reverses for a slow start to 2023

TVL Trend by Chain



TVL Breakdown by Chain



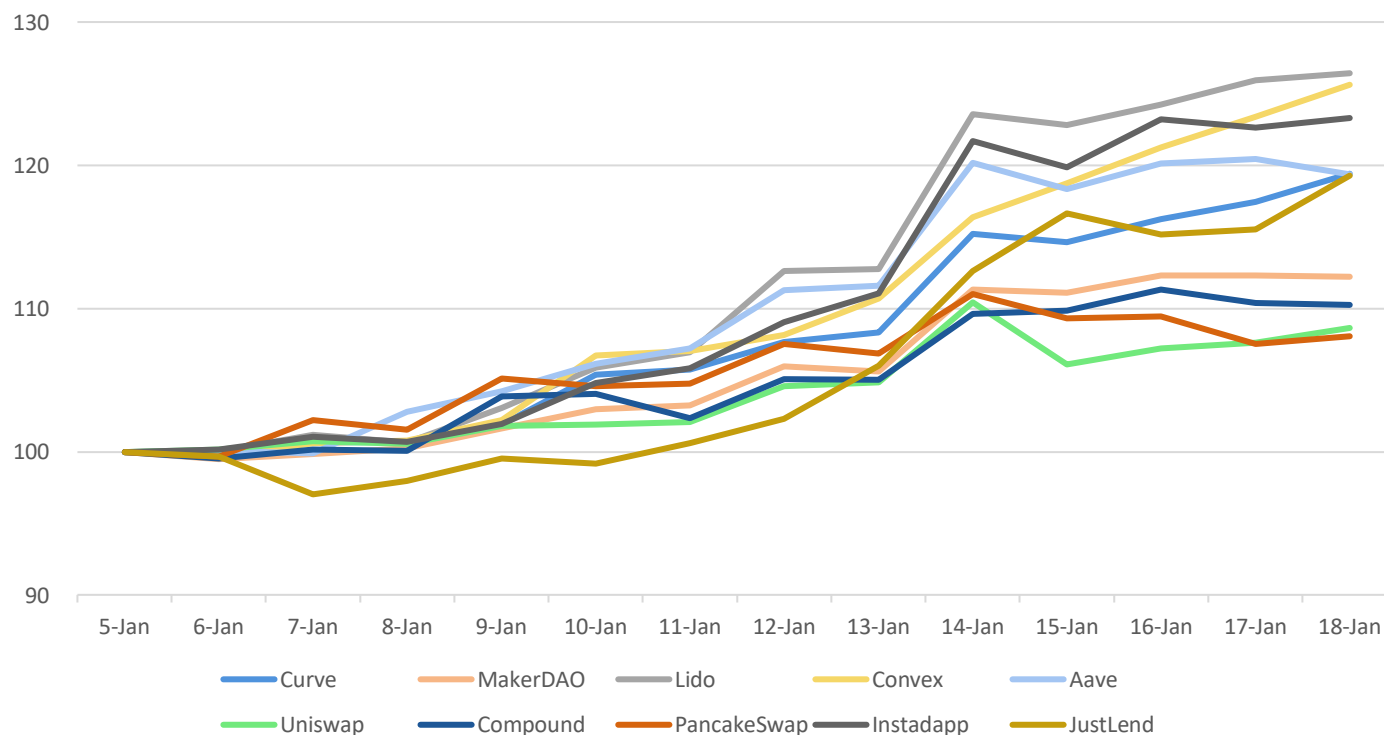
Total TVL gained 13.8% to US\$45.3b amid the broader crypto marker rally. During the period, notable winners/losers were:

- Algorand TVL increased 138.2% to US\$175m, contributed by Algofi and Pact, which both saw >100% TVL gains.
- TVL of major chains grew by an average of 14% on the back of price increases in the crypto market.

TVL Overview by Protocols

- All protocols increased in TVL amid market price rally
- Lido continued to outperform due to the LSD narrative; staked ETH withdrawals coming as soon as March

TVL of Top DeFi Protocols in Terms of TVL
(5 January 2023 = 100)

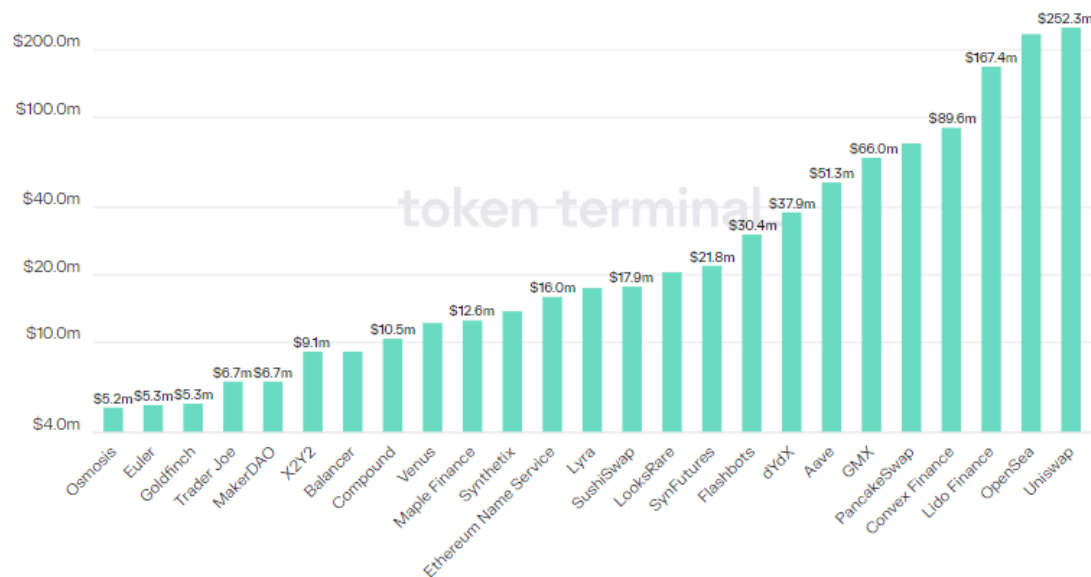


Protocol	5 Jan 23 TVL (USD)	18 Jan 23 TVL (USD)	Period Change
MakerDAO	6,256	7,020	12.2%
Uniswap	3,365	3,656	8.6%
PancakeSwap	2,230	2,410	8.1%
Compound	1,671	1,842	10.3%
Instadapp	1,632	2,013	23.3%
Lido	6,177	7,809	26.4%
Uniswap	3,365	3,656	8.6%
Curve	3,663	4,375	19.4%
Convex	3,070	3,857	25.6%
Aave	3,760	4,489	19.4%
JustLend	2,607	3,109	19.3%

DeFi Total Revenue - DeFi Protocols

- Most DEXs having a field day (week) with double-digit changes week on week
- NFT platform Blur appears on the list for the first time – despite having comparable volumes to OpenSea, royalties and fees on Blur are currently just 0.5% vs OpenSea's 2.5%.

Top dapps based on daily cumulative fees in the past 180 days.

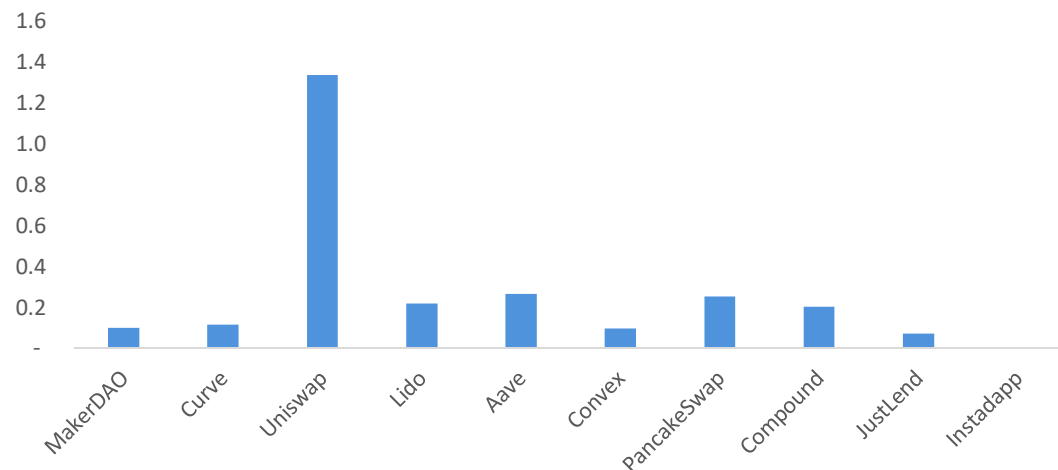


Project	Revenue 7d (US\$)	Revenue 30d (US\$)	Revenue 180d (US\$)	7d Trend	30d Trend
OpenSea	\$ 10.4m	\$ 39.1m	\$ 235.3m	-9.5%	34.4%
Lido Finance	\$ 7.8m	\$ 26.7m	\$ 167.4m	25.1%	1.1%
Uniswap	\$ 10.2m	\$ 24.2m	\$ 252.3m	68.5%	-13.1%
GMX	\$ 3.9m	\$ 10.6m	\$ 66.0m	1.5%	-15.1%
Convex Finance	\$ 3.1m	\$ 9.7m	\$ 89.6m	48.6%	-9.7%
dYdX	\$ 3.1m	\$ 6.4m	\$ 37.9m	137.6%	40.6%
PancakeSwap	\$ 2.0m	\$ 6.0m	\$ 77.1m	53.9%	-35.0%
Aave	\$ 1.3m	\$ 5.1m	\$ 51.3m	8.5%	-6.1%
Flashbots	\$ 1.6m	\$ 4.7m	\$ 30.4m	44.2%	-15.0%
SynFutures	\$ 0.9m	\$ 4.0m	\$ 21.8m	6.3%	-13.1%
Lyra	\$ 1.6m	\$ 3.5m	\$ 17.6m	121.2%	9.1%
LooksRare	\$ 0.4m	\$ 2.2m	\$ 20.6m	-5.1%	-11.4%
ENS	\$ 0.4m	\$ 1.5m	\$ 16.0m	-0.2%	9.5%
Venus	\$ 0.4m	\$ 1.4m	\$ 12.3m	25.2%	-71.4%
SushiSwap	\$ 0.6m	\$ 1.4m	\$ 17.9m	135.6%	-18.9%
Compound	\$ 0.3m	\$ 1.4m	\$ 10.5m	2.9%	-7.7%
MakerDAO	\$ 0.2m	\$ 1.0m	\$ 6.7m	5.8%	3.9%
Morpho	\$ 0.3m	\$ 1.0m	\$ 2.9m	46.3%	30.8%
Blur	\$ 0.3m	\$ 0.9m	\$ 2.3m	-34.6%	61.1%
Synthetix	\$ 0.4m	\$ 0.9m	\$ 13.8m	83.9%	-2.8%

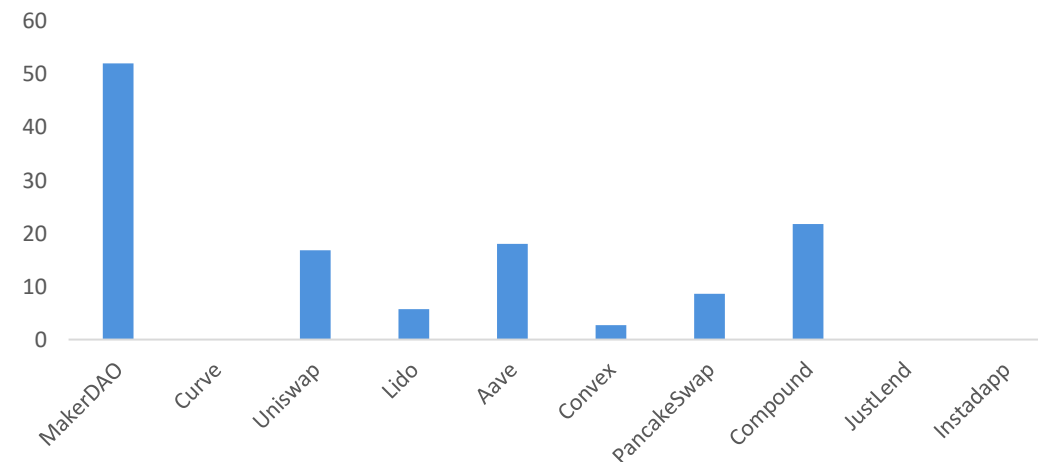
Note: As of 18 January 2022

DeFi Valuation

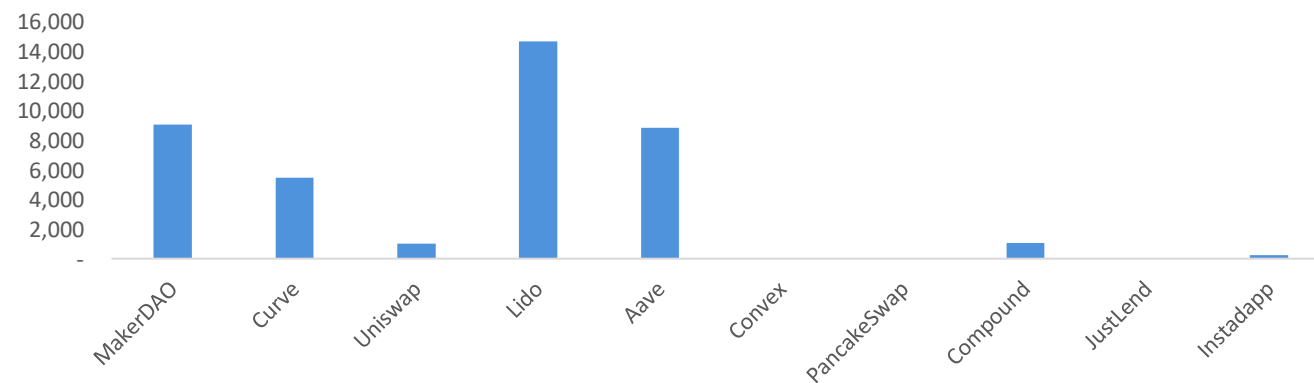
P/TVL Ratio (Top 10 Projects by TVL)



P/S Ratio (Annualized Revenue)



P/Users Ratio



Note: As of 18 January 2023. Protocols with a ratio of 0 means insufficient data.

Source: TokenTerminal, Dune Analytics, CoinMarketCap

Top DEX Pool Trends

Curve

Top Pools ?











#	Pool	Liquidity	Volume	Fees	ROL
1	 steth	\$1.14b	\$21.04m	\$5.07k	0.16%
2	 3pool	\$566.98m	\$166.14m	\$8.78k	0.56%
3	 frax	\$448.22m	\$2.1m	\$413.92	0.24%
4	 tricrypto2	\$167.49m	\$28.9m	\$3.34k	0.74%
5	 mim	\$123.56m	\$192.01k	\$267.69	0.38%
6	 susd	\$69.83m	\$23m	\$2.44k	1.25%
7	 alusd	\$56.02m	\$175.41k	\$33.34	0.10%
8	 lusd	\$53.85m	\$636.9k	\$153.29	0.60%
9	 tusd	\$35.66m	\$314.58k	\$62.99	0.35%
10	 compound	\$26.15m	\$0.000000	\$0.00	0.00%

Liquidity Provided



Uniswap

Top Pairs ?










#	Pair/Pool	Liquidity	Volume	Fees	ROL
1	 WISE - ETH	\$109.58m	\$32.98k	\$98.93	0.03%
2	 USDC - ETH	\$95.76m	\$4.98m	\$14.94k	5.69%
3	 DAI - USDC	\$36.68m	\$39.9k	\$119.70	0.12%
4	 ETH - USDT	\$34.6m	\$3.27m	\$9.82k	10.36%
5	 FNK - USDT	\$29.75m	\$42.76	\$0.13	0.00%
6	 FXS - FRAX	\$15.68m	\$5.2m	\$15.61k	36.32%
7	 DAI - ETH	\$14.69m	\$494.12k	\$1.48k	3.68%
8	 MC - ETH	\$12.94m	\$311.45k	\$934.35	2.63%
9	 ELON - ETH	\$12.63m	\$436.71k	\$1.31k	3.79%
10	 XXi - ETH	\$11.82m	\$1.25	\$0.00	0.00%

Liquidity Provided



SushiSwap

Top Pairs ?

#	Pair/Pool	Liquidity	Volume	Fees	ROL
1	 ILV - ETH	\$54.3m	\$886.9k	\$2.66k	1.79%
2	 USDC - ETH	\$41.03m	\$3.02m	\$9.07k	8.07%
3	 ETH - USDT	\$19.42m	\$1.43m	\$4.28k	8.05%
4	 WBTC - ETH	\$18.35m	\$168.56k	\$505.68	1.01%
5	 SUSHI - ETH	\$12.34m	\$1.28m	\$3.83k	11.32%
6	 YFI - ETH	\$9.27m	\$235.75k	\$707.25	2.78%
7	 PUNK - ETH	\$8.46m	\$31.9k	\$95.71	0.41%
8	 SYN - ETH	\$8.45m	\$2.6m	\$7.81k	33.73%
9	 UwU - ETH	\$7.77m	\$31.24k	\$93.71	0.44%
10	 DAI - ETH	\$7.46m	\$204.14k	\$612.41	3.00%

Liquidity Provided



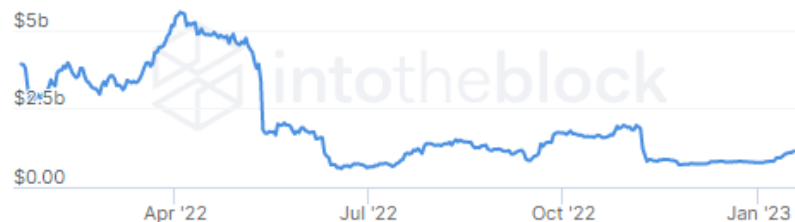
Top DEX Pool Trends – Liquidity ticks up with the rise in token prices

Curve

Top Pair Data: steth

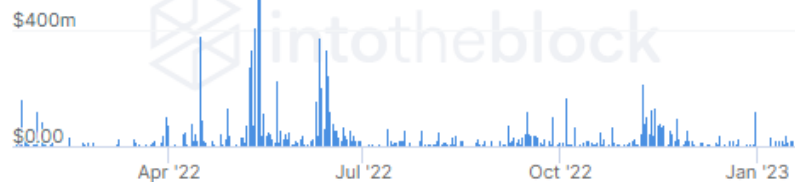
Total Liquidity, USD

\$7.5b



Volume Traded

\$800m



Fees per Liquidity

4%



Uniswap

Top Pair Data: WISE - ETH

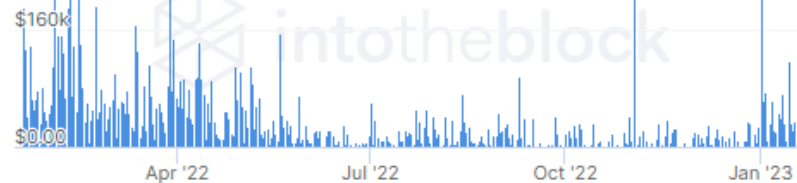
Total Liquidity, USD

300M



Volume Traded

\$320k



Fees per Liquidity

0.4%



SushiSwap

Top Pair Data: ILV - ETH

Total Liquidity, USD

400M



Volume Traded

\$12m



Fees per Liquidity

20%



Noteworthy DeFi Protocols – TraderJoe Expands to BNB Chain

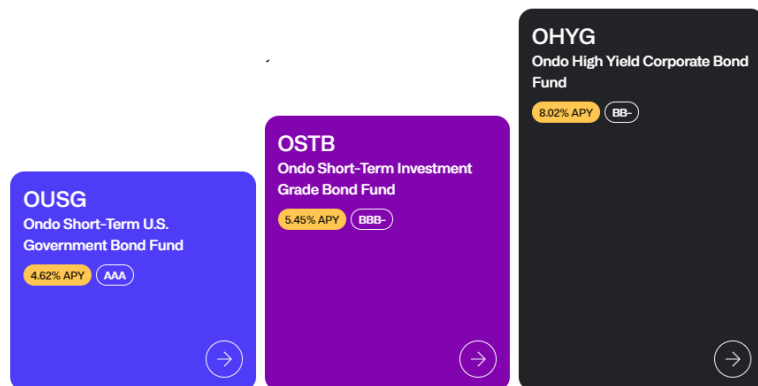
JOE 1M performance



- Avalanche-based DeFi protocol Trader Joe announced that it would **expand to BNB Chain by Q1 2023**.
- The expansion **includes the Trader Joe DEX and Joepegs NFT marketplace**, following its expansion to Ethereum L2 Arbitrum last month.
- Trader Joe has the highest trading volume across Avalanche; with a cumulative volume of ~US\$78 billion, it is higher than all remaining Avalanche protocols combined, though the dominance has dipped slightly recently due to the upsurge of GMX.
- Meanwhile, Joepegs has over 34,000 users and facilitated over US\$9.5 million in secondary sales.



Noteworthy DeFi Protocols – Ondo Finance brings US Treasuries on-chain



ETF Details

[ETF Product Page](#) ↗ [ETF Fact Sheet](#) ↗ Last updated on: Jan 9, 2023

Estimated Yield to Maturity [?]	4.62%
30 Day SEC Yield [?]	4.14%
Total Assets [?]	\$19.77b
Liquidity [?]	\$362.6m of daily trading volume
Weighted Average Maturity [?]	0.35 years
Credit Quality (S&P) [?]	32.51% • AAA Rated 67.49% • Cash and/or Derivatives
Standard Deviation (Annualized) [?]	0.39%

- Ondo Finance has launched several tokenized funds on-chain that enables stablecoin holders to invest in bonds and US Treasuries.
- The initial launch includes three funds of varying risk, including **US Government Bond Fund** (OUSG), **Short-Term Investment Grade Bond Fund** (OSTB), and **High Yield Corporate Bond Fund** (OHYG).
- These tokenized funds will allocate the most or all capital into ETFs: OUSG in SHV, OSTB in MINT, and OHYG in HYG.
- Ondo will charge a 0.15% management fee per annum, in addition to management fee for the ETFs.
- For now, the funds are available to Qualified Purchasers (those who own US\$5 million or more in investments), and KYC/AML checks will be conducted.
- The launch is particularly attractive currently given that the OUSG fund's estimated YTM is ~4.6%, much higher than holding stablecoins and lending on larger platforms (e.g., Aave with ~1.6% USDC on ETH), and lower risk in terms of default.

NFT & Metaverse

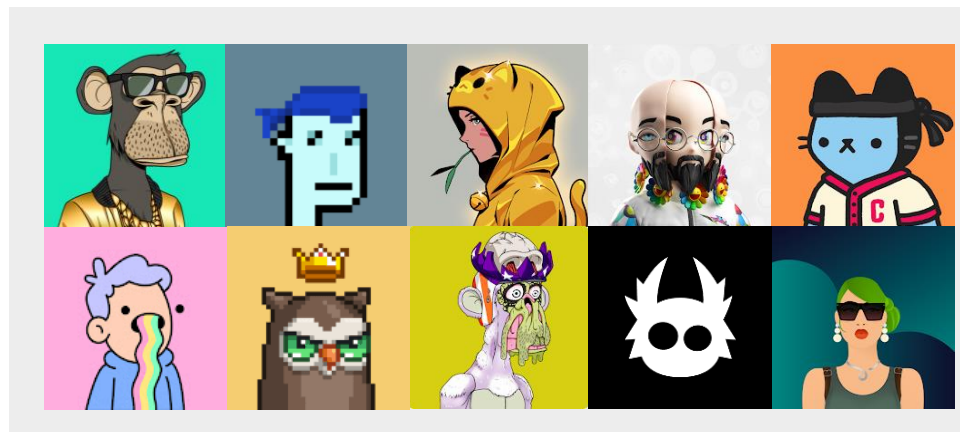
NFT & Metaverse Summary

- 1. NFT Dashboard**
Floor prices decline on average amid crypto price rally
- 2. Weekly NFT volume ends climbing streak as capital shifts to crypto instead**
- 3. Azuki announces Hilumia virtual city**
- 4. News and Headlines**

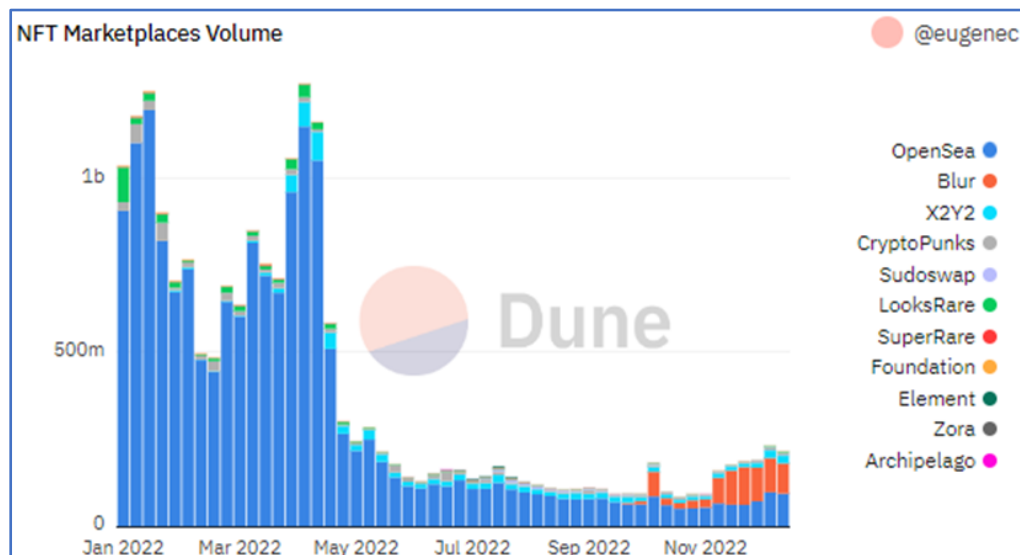
NFT Dashboard

Project	Floor Price	14D	YTD
"Blue Chip" Projects			
Bored Ape Yacht Club	68.5Ξ	-8.3%	-1.4%
CryptoPunks	66.5Ξ	0.8%	1.6%
Tier-A Projects			
Azuki	13.0Ξ	8.2%	10.4%
Clone X	5.2Ξ	-9.1%	-10.1%
Cool Cats	2.2Ξ	-23.4%	-14.9%
Doodles	7.7Ξ	15.4%	17.2%
Moonbirds	8.4Ξ	6.9%	15.8%
Mutant Ape Yacht Club	14.5Ξ	-11.0%	-8.8%
Otherdeeds	1.3Ξ	0.0%	1.7%
World of Women	1.8Ξ	-2.2%	1.3%

Top Sales of the Week*	Price	Top Collections of the Week* (by volume)	Volume (USD)
BAYC #4025	\$609.1k	Bored Ape Yacht Club	\$13.4m
BAYC #9234	\$409.8k	Mutant Ape Yacht Club	\$12.8m
CryptoPunk #6994	\$268.2k	Azuki	\$7.3m
Otherdeed #89263	\$285.3k	Bored Ape Kennel Club	\$6.8m
BAYC #3064	\$207.1k	CryptoPunks	\$5.1m
BAYC #4687	\$197.5k	Mutant Hounds	\$5.1m
CryptoPunk #7845	\$171.2k	Otherdeed	\$4.5m
BAYC #32	\$152.6k	Mutant Hound Collars	\$4.0m
BAYC #9815	\$150.8k	The Captainz	\$3.8m
BAYC #9830	\$147.1k	DeGods	\$3.5m

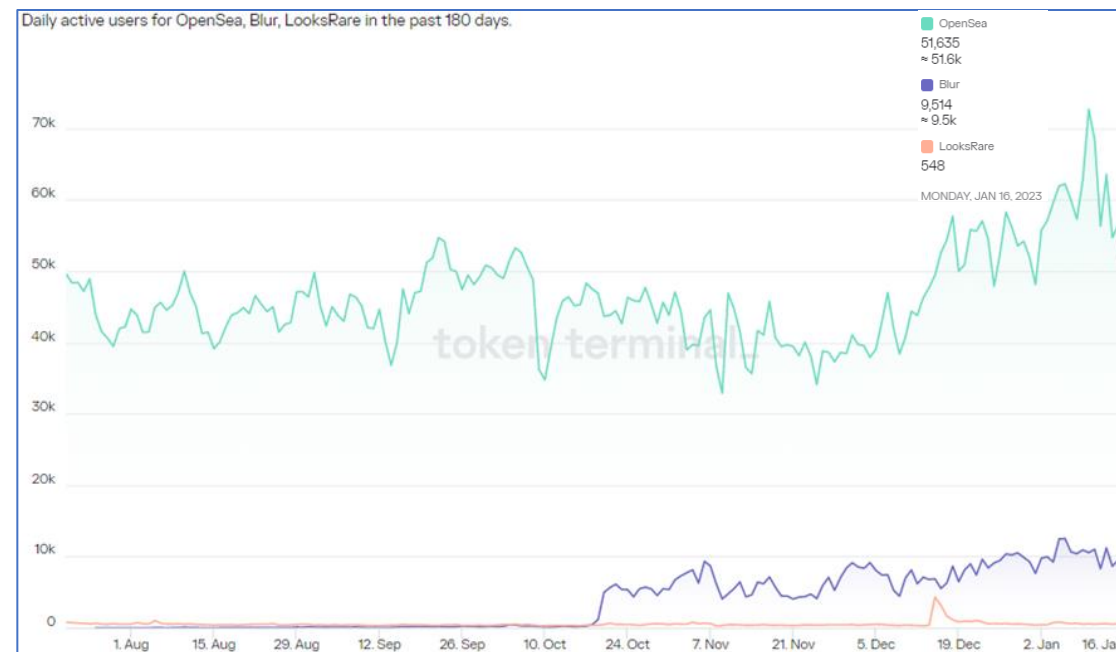


Weekly NFT volume ends climbing streak as capital shifts to crypto instead



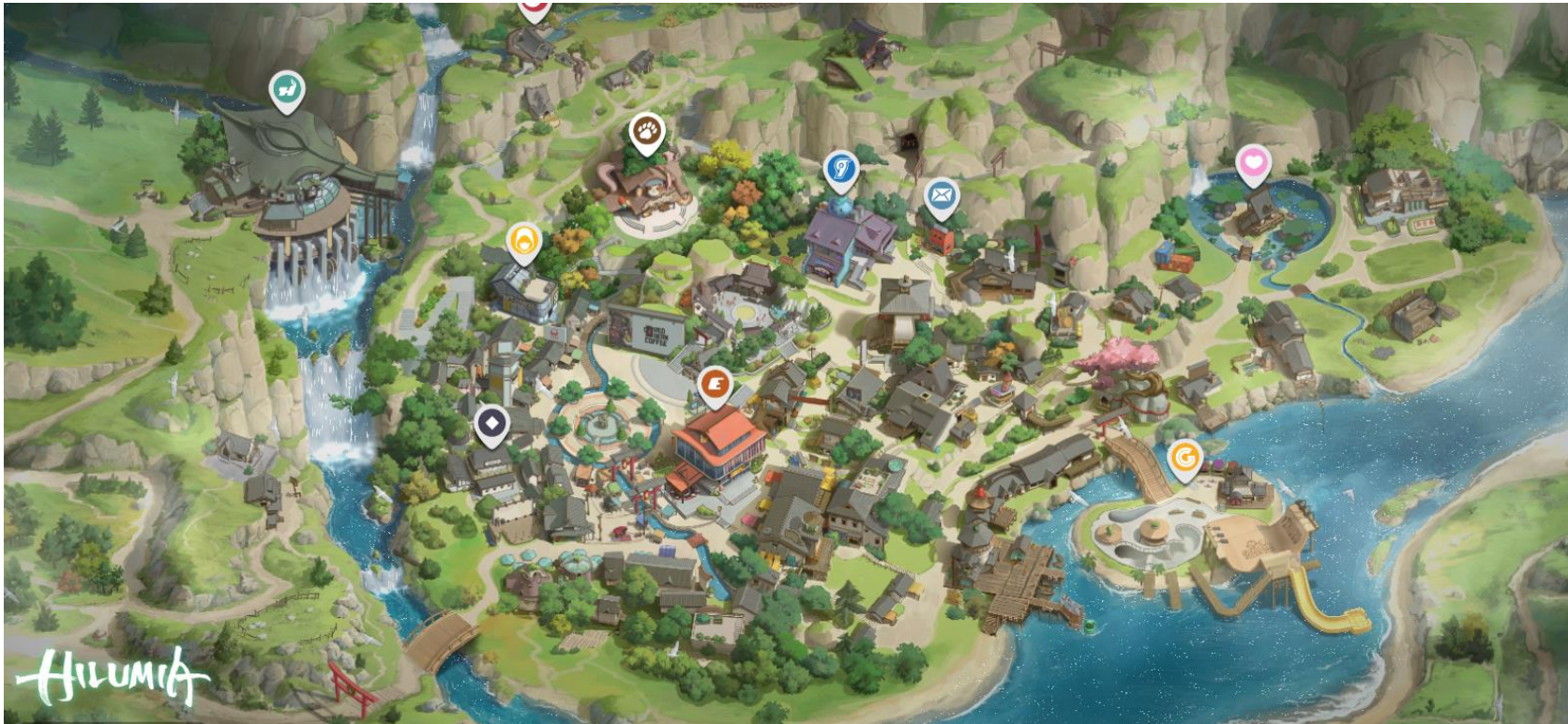
- The weekly growth in NFT volume has come to a stop amid the broader crypto rally as users shifted focus towards crypto instead of NFTs. Historically, a rally in crypto prices would be met with a decline in NFT prices on average.
- Blur airdrop phases 1-3 may be opened in February; Blur has announced a slightly delayed BLUR token launch for February 14.

Marketplace	Average Price per Trade*
OpenSea (all)	US\$61.3
MagicEden	US\$121.0



Azuki announces Hilumia virtual city

- The team behind Azuki has unveiled Hilumia, a virtual city launched to celebrate Azuki's one-year anniversary.
- The interactive virtual city features various locations such as toy store, arcade center, skate park, clothing store, art exhibition, and a “love island.” Many references to community-made artwork, projects, and memes are included in different places of the city.
- Hilumia forms Azuki's third world, after Alley and Ruins, in building out the lore of the Azuki universe.



News & Headlines

Mutant Ape Planet Creator Arrested for US\$2.9M Fraud

Authorities in New York arrested Mutant Ape Planet creator Aurelien Michel in an alleged rug pull scheme, defrauding investors of US\$2.9 million in his Mutant Ape Yacht Club knock-off. Michel earlier admitted to rug pulling after the “community went way too toxic.” [[CoinTelegraph](#)]

OpenSea Adds Support for Arbitrum Nova

OpenSea announced that it added support for Arbitrum Nova, a L2 scaling solution enabling cheaper transactions. The marketplace earlier added support for sister blockchain Arbitrum One and will group them together on the OpenSea website. [[The Block](#)]

Yuga Labs Announces Free Skill-Based NFT Mint

The team behind Bored Ape Yacht Club has announced a free mint for existing Bored Ape/Mutant Ape holders called Sewer Pass. The passes, which can be bought on the secondary market, are used to access a skill-based game called Dookey Dash. The pass will evolve according to the score earned.

[[CoinDesk](#)]

Gala Games Acquires Ember Entertainment in Mobile Push

Web3 gaming company Gala Games acquired mobile game company Ember Entertainment, a sign that it would further push into mobile web3 gaming. It is planning to move all of Ember’s games onto Gala’s blockchain, so that GALA token will be used for gas. [[@GoGalaGames](#)]

NFT Influencer Wallet Drained After Hack

NFT influencer “NFT GOD” saw his crypto wallets and NFT drained after clicking on a Google Ad containing malware rather than the official website when trying to download streaming software. NFT GOD said that every account of his was hacked and lost a life changing amount of his net worth.

[[@NFT_GOD](#)]

Policy and Regulatory

Policy & Regulatory Updates

- U.S. House Republicans announced that the House Financial Services Committee would set up a new subcommittee dedicated to digital assets, fintech, and inclusion, which will play a key role in developing bills for crypto regulation. [[Politico](#)]
- The U.K. Treasury outlined its regulatory for the crypto sector, mainly addressing (1) regulation of stablecoin to be expected to pass this April; (2) enabling the FMI Sandbox for financial market infrastructures, beginning with DLT-based securities settlement; and (3) the promotion of crypto-assets which will aim to enhance consumer protection. [[Ledger Insights](#)]
- Crypto conglomerate DCG is reportedly being investigated by the U.S. Department of Justice and the U.S. SEC with a focus on the financial transfers between DCF and subsidiary Genesis. Genesis announced in November that its lending unit would suspend withdrawals, leading to a public feud with Gemini co-founder Cameron Winklevoss that continues today. [[CoinDesk](#)]
- The U.S. SEC charged both Gemini and Genesis with unregistered offer and sale of securities to retail investors through Gemini's Earn program. The SEC noted that while Genesis was the issuer, both parties are liable for the offer and sale of securities. Gemini co-founder Tyler Winklevoss expressed disappointed in the action since Gemini and other creditors are working to recover the funds. [[The Block](#)]
- The Chief US Bankruptcy Court Judge has ruled that the US\$4 billion user deposits in Celsius' "Earn Accounts" do not belong to the customers, instead belonging to Celsius' estate. Over 600,000 accounts deposited US\$4.2 billion for yield. [[The Defiant](#)]
- Crypto.com has delisted USDT from its platform for Canadian users in accordance with instructions from the Ontario Securities Commission, as part of its registration for a restricted dealer license. Remaining USDT on the platform will be converted to USDC. [[CoinDesk](#)]
- Five U.K. associations have formed a crypto alliance aimed at establishing better policies and to further the country's ambition to becoming a crypto hub. Members of the U.K. Forum for Digital Currencies include City of London Corporation, Digital Pound Foundation, The Payments Association, and TheCityUK and UK Finance. [[CoinDesk](#)]
- The U.S. Department of Justice is charging the founder of Hong Kong-based crypto exchange Bitzlato, Anatoly Legkodymov, for allegedly processing over US\$700 million of illicit funds. The community reacted with near ridicule since the Justice Department publicly announced a crypto-enforcement act before the formal announcement, leading to the community to speculate that it would be Binance. Instead, the enforcement targeted an exchange not many had previously heard of. [[The Block](#)]

Notable Tweets

Notable Tweets

No GTX after Twitter backlash



Hsaka
@HsakaTrades

"Coinflex says new exchange with 3AC founders won't use GTX name after Twitter ridicule"

Lmaoooo

Web3 cold calling



Conor
@jconorgrogan

People are sending the FTX exploiter trace amounts of ETH along with a message on how to better launder the funds. Presumably they intend to get in touch with the exploiter and negotiate a consulting fee. They also registered a special ENS

Web3 equivalent to the cold call

How the FUD began for Huobi



Whale Shouts
@WhaleShouts

Huobi shuts down internal employee communication groups and feedback channels.

3:02 AM · Jan 6, 2023 · 151.7K Views

Working on tokenizing securities



Pendulum Flow
@PendulumFlow

On CNBC, @BlackRock CEO Larry Fink"

"I'm focused on ... blockchain for securities.

I look forward to the day when we can tokenize every stock and bond."

8:04 PM · Jan 14, 2023 · 8,836 Views

Yuga mint doesn't have batch-mint



dingaling
@dingalingts

Ok it works now but holy shit I have to mint these one by one?? 🤖

No option to multi-mint via contract directly either



9:44 AM · Jan 19, 2023 · 19.6K Views

Re: SBF's Substack



Josh Cincinnati
@acityinohio

	A	B	C	D	E	F
1						
2						
3						
4						
5						
6						
7						
8						
9		Solvent?		YES		
10						
11						
12						
13						
14						
15						

11:33 AM · Jan 18, 2023 · 3,491 Views

Snippet of the DCG – Gemini feud



Digital Currency Group
@DCGco

Replying to @cameron

This is another desperate and unconstructive publicity stunt from @cameron to deflect blame from himself and Gemini, who are solely responsible for operating Gemini Earn and marketing the program to its customers.

12:41 AM · Jan 11, 2023 · 165.1K Views

Do not scam list



219.eth
@219_eth

I'm willing to pay the nft scammers \$100 to stop sending shit to my wallet

11:00 PM · Jan 17, 2023 · 140.7K Views

IMPORTANT DISCLOSURES

Analyst Certification

We, Brian Li and Eugene Chin, hereby certify that (i) all of the views expressed in this research report reflect accurately our personal views about the subject company or companies and its or their securities; and (ii) no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed by us in this research report, nor is it tied to any specific investment banking transactions performed by AMTD Global Markets Limited.

AMTD Global Markets Limited

Address: 23/F - 25/F, Nexxus Building, 41 Connaught Road Central, Hong Kong

Tel: (852) 3163-3288 **Fax:** (852) 3163-3289

GENERAL DISCLOSURES

The research report is prepared by AMTD Global Markets Limited (“AMTD”) and is distributed to its selected clients.

This research report provides general information only and is not to be construed as an offer to sell or a solicitation of an offer to buy any security in any jurisdiction where such offer or solicitation would be illegal. It does not (i) constitute a personal advice or recommendation, including but not limited to accounting, legal or tax advice, or investment recommendations; or (ii) take into account any specific clients’ particular needs, investment objectives and financial situation. AMTD does not act as an adviser and it accepts no fiduciary responsibility or liability for any financial or other consequences. This research report should not be taken in substitution for judgment to be exercised by clients. Clients should consider if any information, advice or recommendation in this research report is suitable for their particular circumstances and seek legal or professional advice, if appropriate.

This research report is based on information from sources that we considered reliable. We do not warrant its completeness or accuracy except with respect to any disclosures relative to AMTD and/or its affiliates. The value or price of investments referred to in this research report and the return from them may fluctuate. Past performance is not reliable indicator to future performance. Future returns are not guaranteed and a loss of original capital may occur.

The facts, estimates, opinions, forecasts and any other information contained in the research report are as of the date hereof and are subject to change without prior notification. AMTD, its group companies, or any of its or their directors or employees (“AMTD Group”) do not represent or warrant, expressly or impliedly, that the information contained in the research report is correct, accurate or complete and it should not be relied upon. AMTD Group will accept no responsibilities or liabilities whatsoever for any use of or reliance upon the research report and its contents.

This research report may contain information from third parties, such as credit ratings from credit ratings agencies. The reproduction and redistribution of the third party content in any form by any means is forbidden except with prior written consent from the relevant third party. Third party content providers do not guarantee the timeliness, completeness, accuracy or availability of any information. They are not responsible for any errors or omissions, regardless of the cause, or for the results obtained from the use of such content. Third party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability of fitness for a particular purpose or use. Third party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities for investment purposes, and should not be relied on as investment advice.

To the extent allowed by relevant and applicable law and/or regulation: (i) AMTD, and/or its directors and employees may deal as principal or agent, or buy or sell, or have long or short positions in, the securities or other instruments based thereon, of issuers or securities mentioned herein; (ii) AMTD may take part or make investment in financing transactions with, or provide other services to or solicit business from issuer(s) of the securities mentioned in the research report; (iii) AMTD may make a market in the securities in respect of the issuer mentioned in the research report; (iv) AMTD may have served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this research report or may be providing, or have provided within the previous 12 months, other investment banking services, or investment services in relation to the investment concerned or a related investment.

AMTD controls information flow and manages conflicts of interest through its compliance policies and procedures (such as, Chinese Wall maintenance and staff dealing monitoring).

The research report is strictly confidential to the recipient. No part of this research report may be reproduced or redistributed in any form by any means to any other person without the prior written consent of AMTD Global Markets Limited.