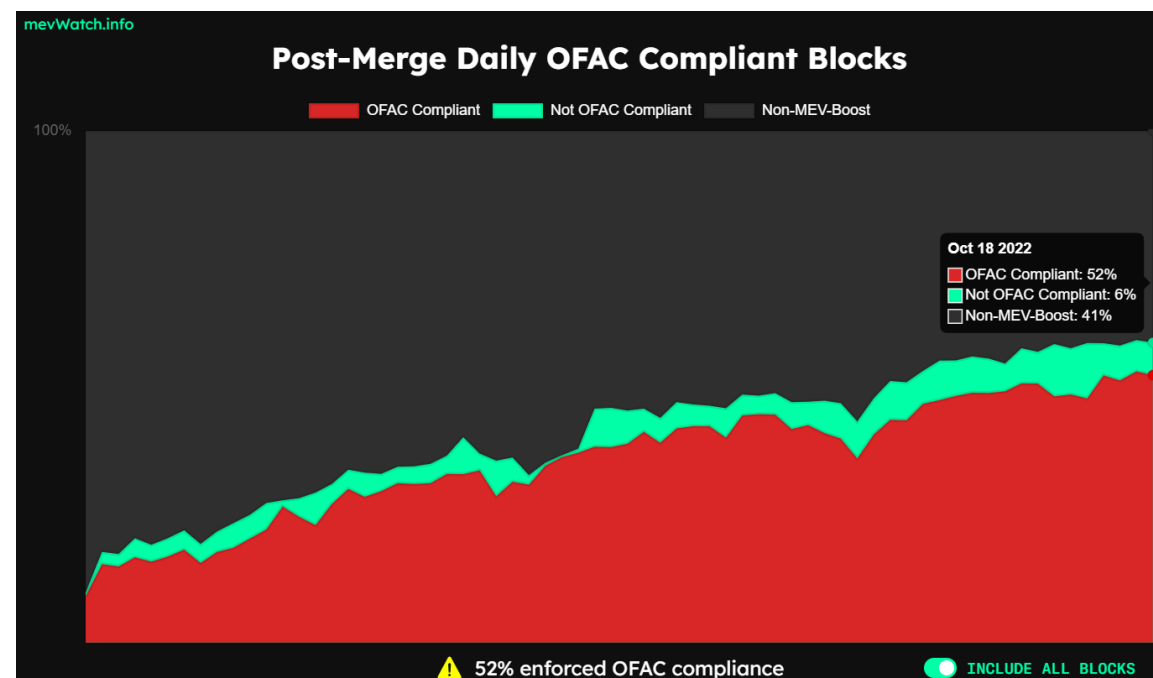
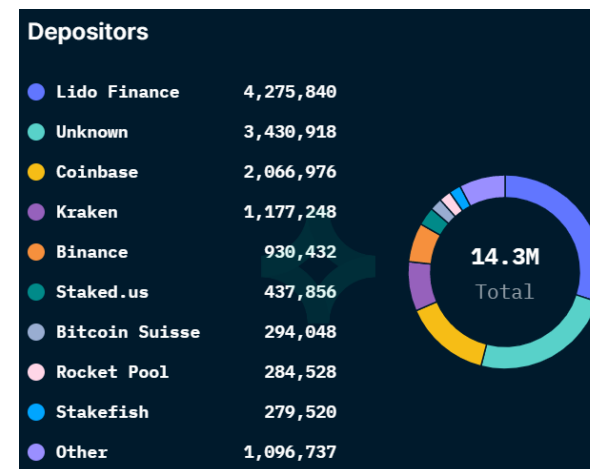


# Web3.0 Biweekly

21 October 2022 | AMTD Research

## Ethereum – Centralization and censorship

- At present, over 14 million ETH has been staked on Ethereum, with **~59% of that staked with Lido Finance, Coinbase, Kraken, and Binance.**
- The amount staked with centralized entities bring into the question of increased centralization since Ethereum moved to PoS, since these entities can ultimately decide what is or isn't included in Ethereum transactions. But with nearly 121 million supply of ETH, more ETH could be theoretically staked to negate such centralization concerns.
- However, Ethereum recently reached a new censorship milestone with 51% blocks produced following OFAC's compliance rules.
- Ethereum validators "outsource" MEV-boost relays, like Flashbots MEV-boost, to maximize revenue.
- **58% of blocks validated used MEV-boost relays, and nearly 90% of those relays enforced OFAC compliance.**



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Prices, Valuation, and Exchange Flows

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## Sector Updates

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Stablecoins — Tether eliminates commercial paper in reserves, MakerDAO invests US\$500m in traditional assets

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DeFi — Solana TVL craters after Mango Markets hack rippled across ecosystem

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NFT & Metaverse — Magic Eden makes royalties optional, Azuki launches “Physical Backed Token”

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Regulatory Updates — FASB suggests fair value accounting for crypto, HK SFC mulls letting retail invest in crypto

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Notable Tweets

# Market Performance

# Summary

## 1. Prices

- **One-Year Price Recap**
- **Layer 1 Price Recap** (6 October – 19 October 2022)
  - All major L1 tokens end the two weeks in the red despite the volatile equity markets, while crypto prices declined following the hotter-than-expected inflation data and failed to gain much traction thereafter
  - ADA led losses as it continued to lose steam following its Vasil hard fork
- **Protocol Price Recap** (6 October – 19 October 2022)
  - MKR outperformed due to various updates to its protocol, including starting its US\$500m plan to invest in real-world assets, and votes to break up the DAO into MetaDAOs
  - YGG and AXS leading losses dragged by lackluster momentum on GameFi and upcoming AXS token unlock

## 2. Valuation

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

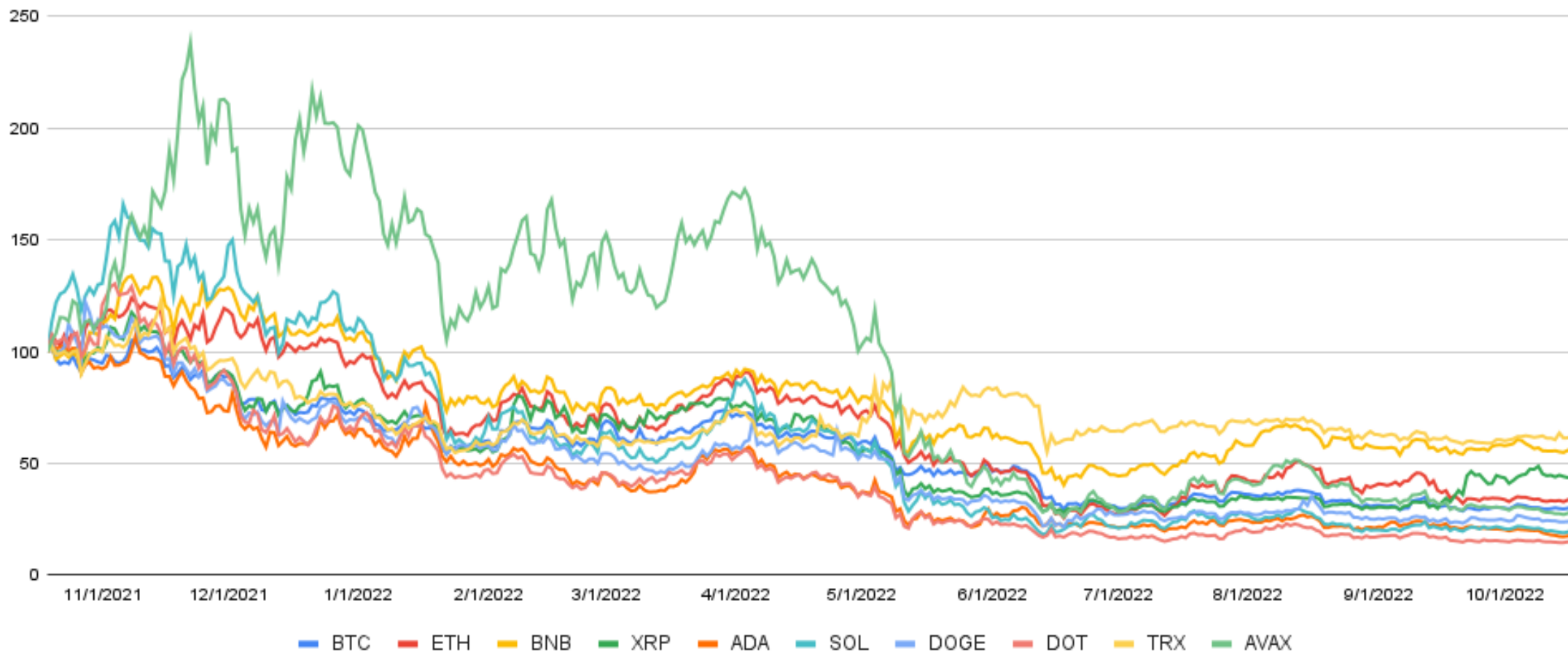
## 3. Exchange Flows

- Bitcoin - sharp increase in exchange outflows implying users are accumulating again
- Ethereum - exchange outflows increases as users move to hold amid sluggish market

## One-Year Layer-1 Price Recap

Performance of Top-Ranking Crypto (One Year)

(19 October 2021 = 100)

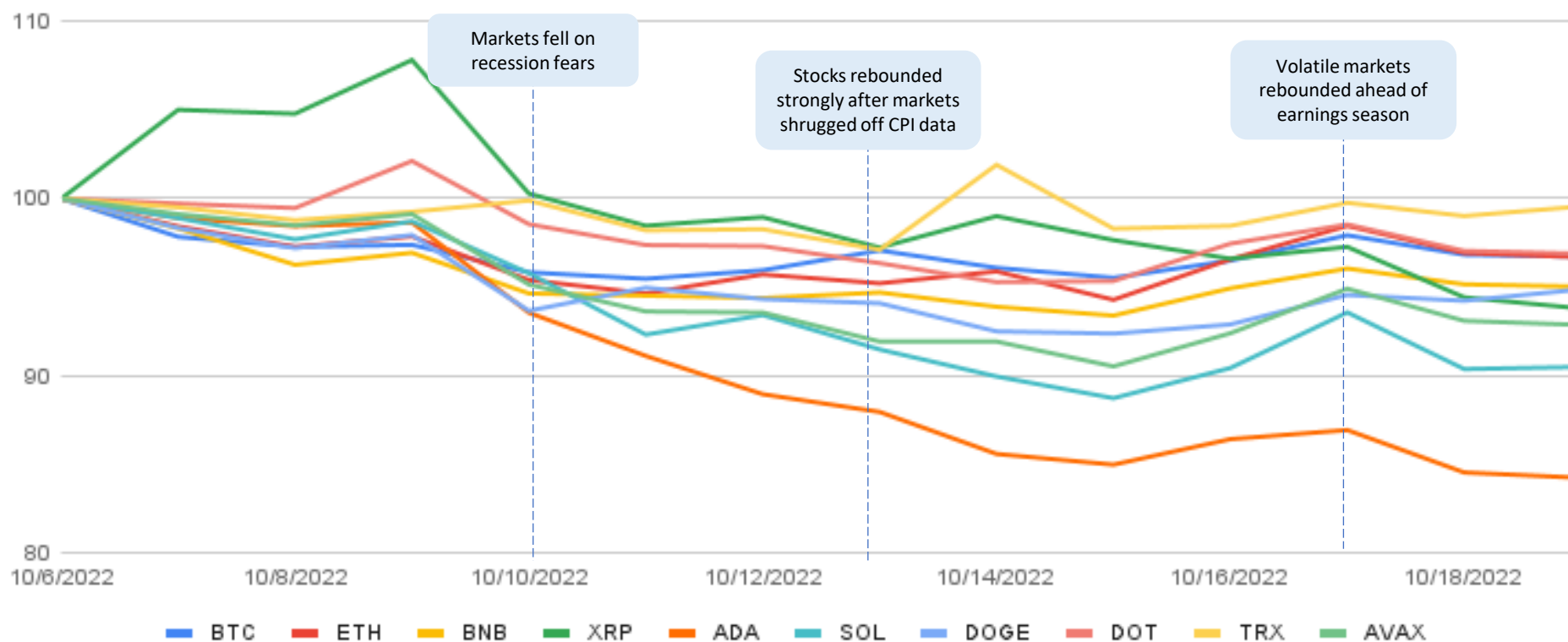


## Layer-1 Price Recap (6 October – 19 October 2022)

- All major L1 tokens end the two weeks in the red despite the volatile equity markets, while crypto prices declined following the hotter-than-expected inflation data and failed to gain much traction thereafter.
- **ADA** led losses as it continued to lose steam following its Vasil hard fork.

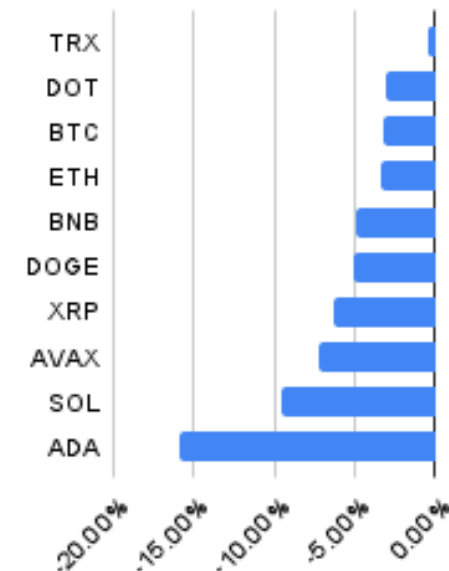
Performance of L1 Tokens (Two Weeks)

(6 October - 19 October 2022)



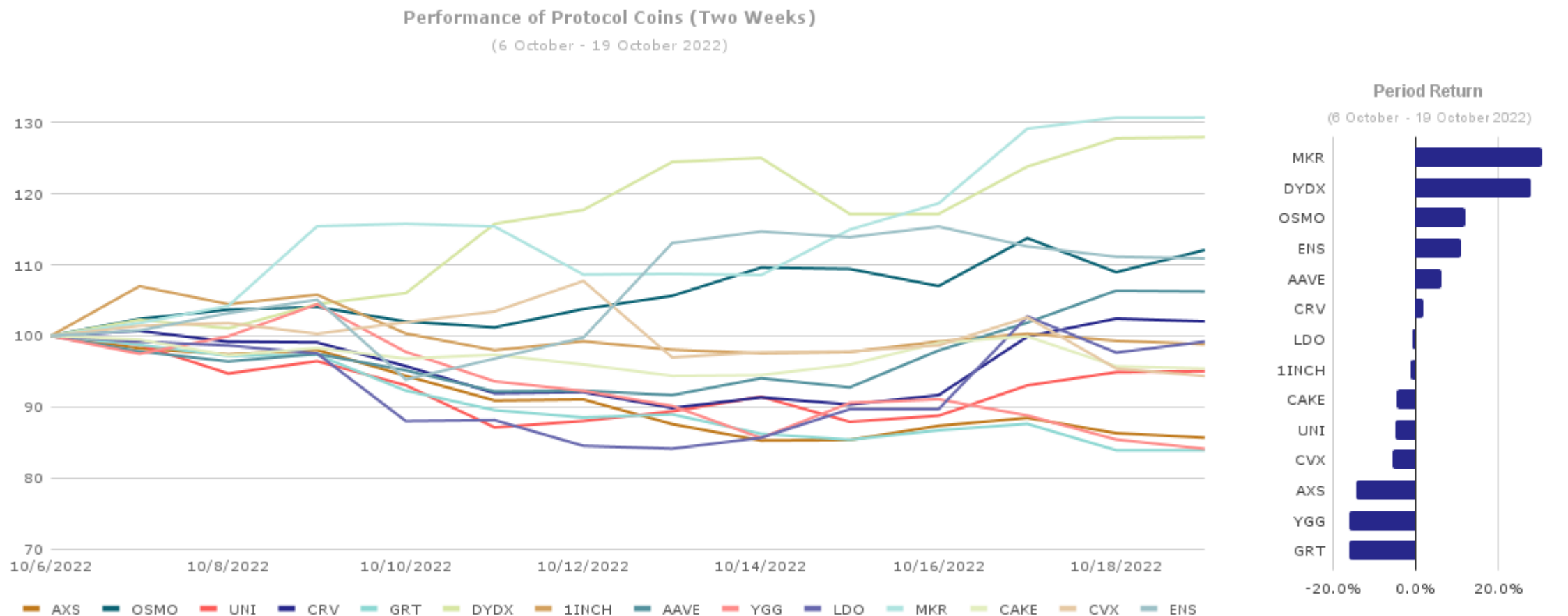
Period Return

(6 October - 19 October 2022)



## Protocol Price Recap (6 October – 19 October 2022)

- **MKR** outperformed due to various updates to its protocol, including starting its US\$500m plan to invest in real-world assets, and votes to break up the DAO into MetaDAOs
- **YGG** and **AXS** leading losses dragged by lackluster momentum on GameFi as well as upcoming unlock of early investor tokens for Axie Infinity





## Valuation – BTC and ETH Market Cap to Active Addresses

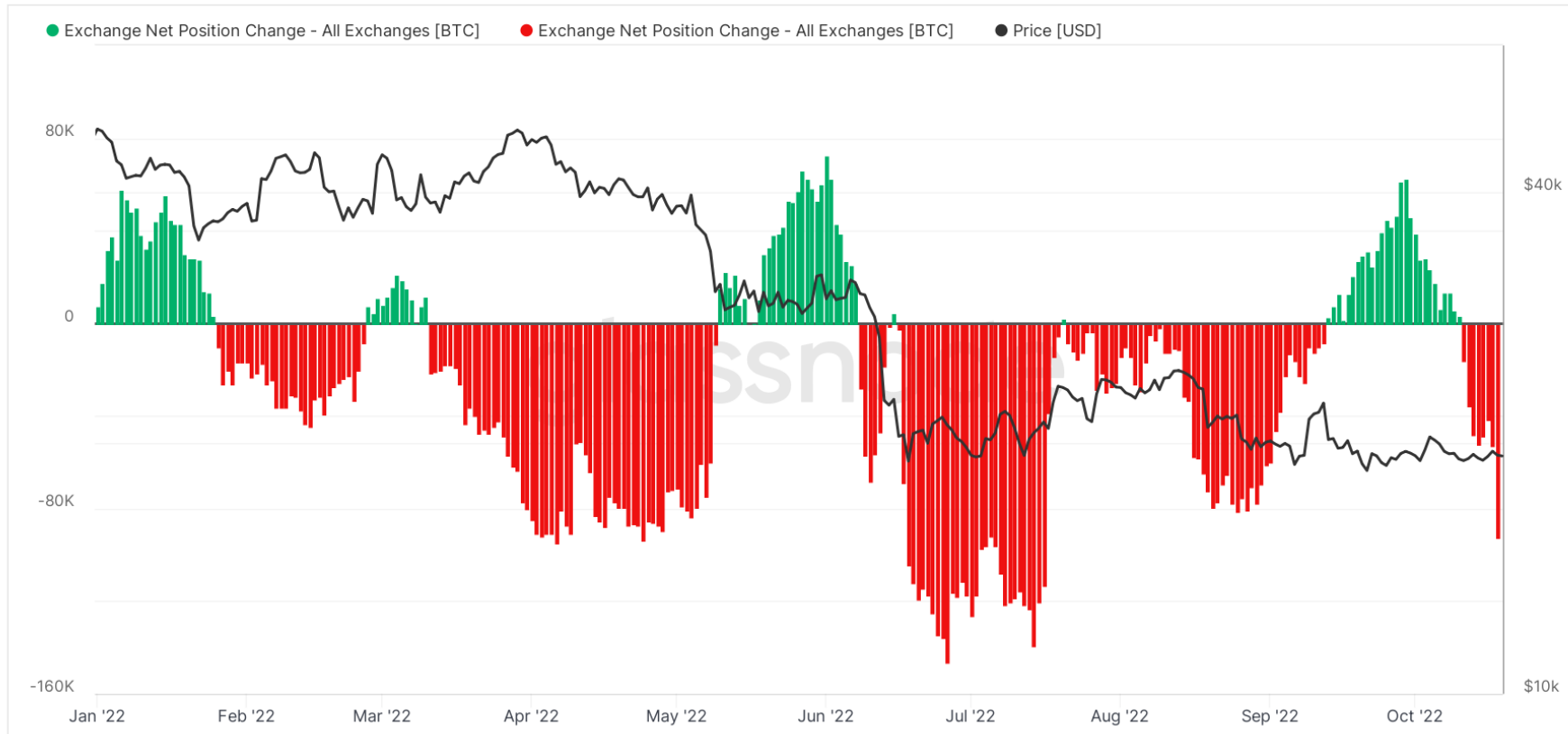


	BTC	ETH
<b>Valuation Multiple</b>		
2017-2018 Run	2.2x	7.1x
2020-2022 Run	5.6x	13.4x
<b>Network Usage</b>		
2017-2018 Run	1.3x	7.0x
2020-2022 Run	1.5x	2.8x

- 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 dropped sharply after the Merge completed.

## Bitcoin – sharp increase in exchange outflows implying users are accumulating again

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

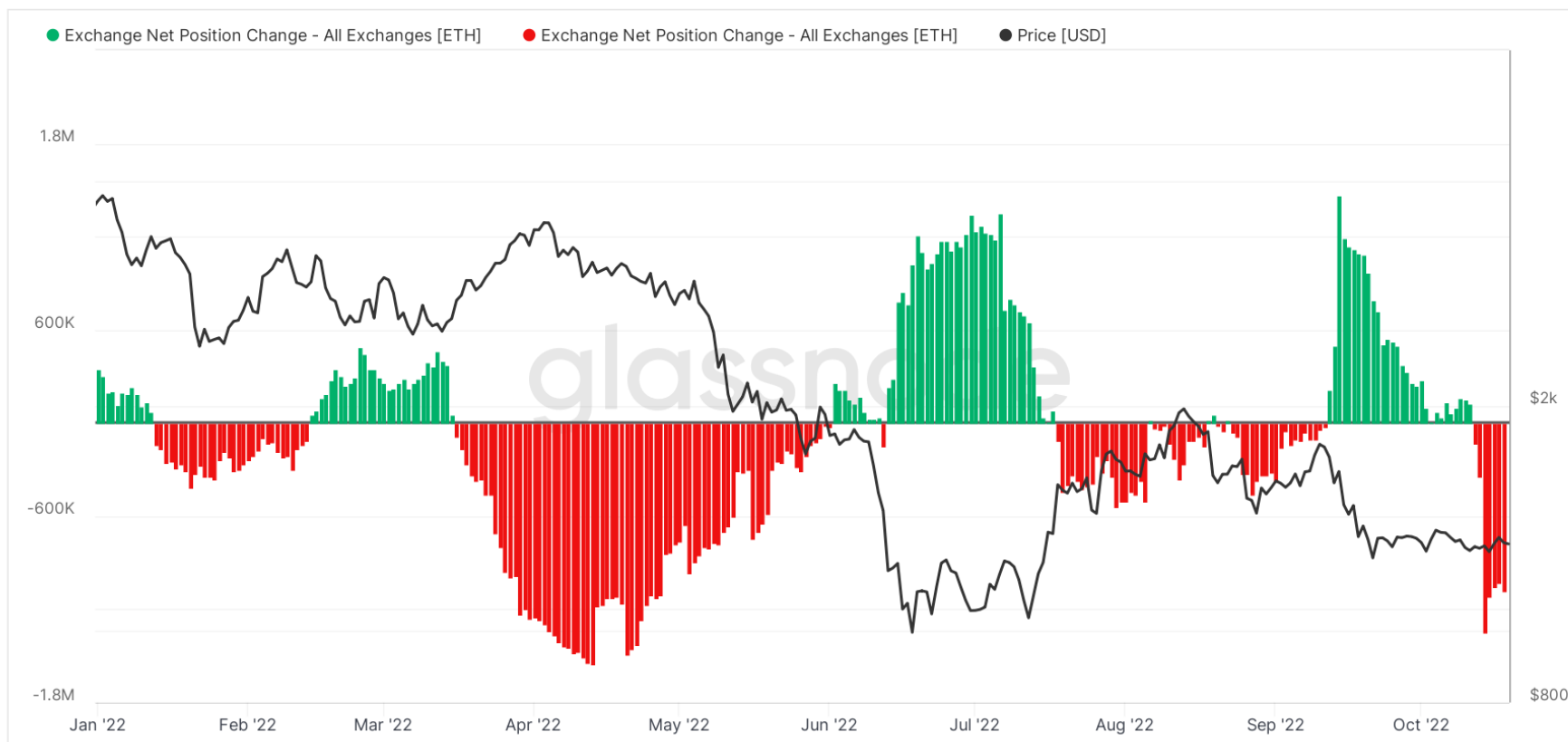


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## Ethereum – exchange outflows increases as users move to hold amid sluggish market

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



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# Layer-1 Blockchains

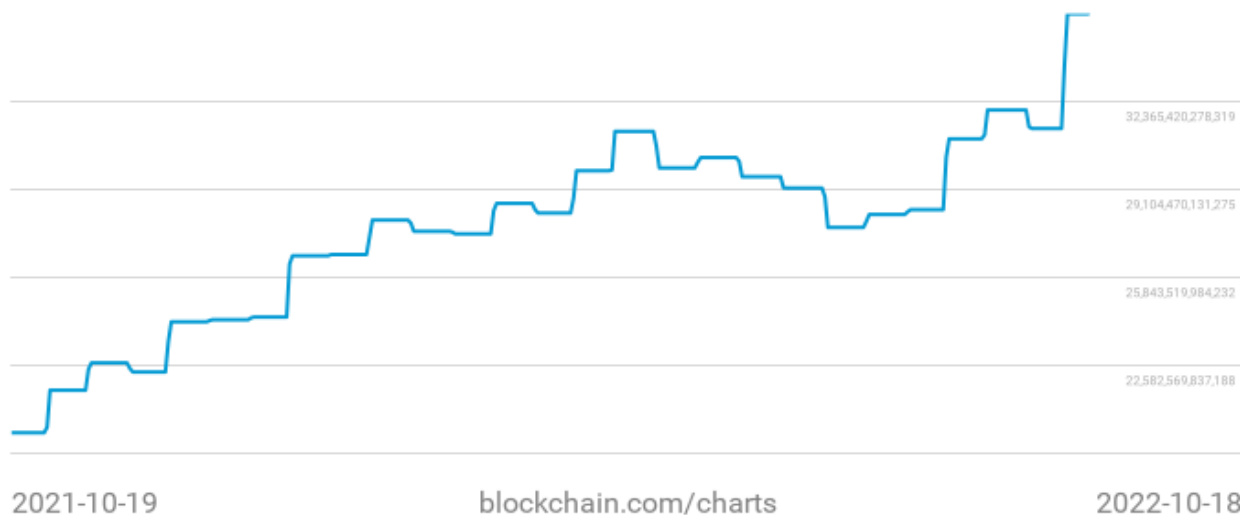
# Layer-1 Summary (6 October – 19 October 2022)

- 1. Bitcoin (2W: -3.3%)/(YTD: -59.5%)**  
Mining difficulty jumps the most in over a year
- 2. Ethereum (2W: -3.3%)/(YTD: -65.3%)**  
Turning deflationary due to XEN token
- 3. BNB (2W: -8.5%)/(YTD: -46.9%)**  
Bridge exploit hacked for US\$100 million
- 4. News and Headlines**

# Bitcoin – Mining difficulty jumps the most in over a year

Difficulty

35,610,794,164,372



- Bitcoin mining difficulty jumped 13.6% to 35.61T, a record high.
- The jump was also the largest increase since May 2021.
- Miners will suffer given low BTC prices and high energy prices. In addition, new efficient mining rigs will pit miners against each other in a more competitive environment

Miners Revenue

\$17,605,946.97



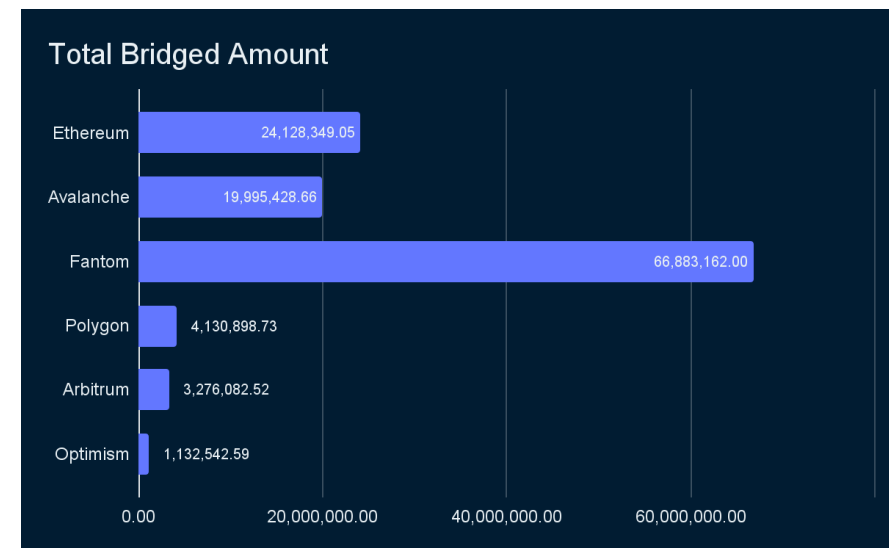
### Ethereum – Turning deflationary due to XEN token

- ETH supply peaked on October 8 and fell sharply due to a new token called XEN, which consumed over half of the Ethereum blockspace when it first caught on.
- The experimental project has complex mechanics, with the litepaper explaining that the XEN token value is “pegged to the difference between world’s inflation vs built-in distribution of the tokens.”
- The deflationary shift is due to people interacting with the XEN contract, spiking gas fees and thus ETH burned when it first launched.
- XEN remains a top 5 gas guzzler on the network, with ~5% of gas used in the last 24 hours.



# BNB Chain – Bridge exploit hacked for US\$100 million

- It's bridges again. the **BNB Chain was hacked for around US\$100 million** through a vulnerability in the BSC Token Hub bridge, which is the native cross-chain bridge between BNB Beacon Chain and the BNB Smart Chain.
- With the vulnerability, the hacker was able to issue an extra 2 million BNB tokens, worth around US\$566 million at the time of the hack.
- While the hacker began to slowly move the tokens off-chain, Binance contacted community validators (44 in total) to effectively pause the chain. As a result, the hacker was only able to make off with ~US\$90-110 million.
- The hacker then swapped to stablecoins and ETH and moved the hacked tokens to Ethereum, Fantom, and Avalanche, among other chains. During which, Tether froze ~US\$10 million of USDT.
- The BNB Chain has resumed following an urgent patch to reinstate the cross-chain functions. Meanwhile, BNB Chain also proposed several governance votes on:
  1. Whether to freeze the hacked funds;
  2. Whether to use BNB Auto-Burn to cover the remainder of hacked funds;
  3. Whitehat program to find bugs; and
  4. Bounty program to catch hackers.





# News & Headlines

### **Huobi Acquired by Hong Kong-based Fund**

Crypto exchange Huobi Global has been acquired by Hong Kong-based About Capital Management. While the deal terms were not disclosed, an earlier report suggested that founder Leon Li was looking to sell his majority stake for ~US\$1 billion. As part of the acquisition, Tron founder Justin Sun joined the exchange as an advisor. [[TechCrunch](#)]

### **Celsius Execs Cashed Out US\$17m Before Bankruptcy**

Affording to court records, Ex-CEO Alex Mashinsky and ex-CSO Daniel Leon of now-defunct crypto exchange Celsius cashed out BTC, ETH, USDC, and CEL deposits from their accounts to the tune of ~US\$17 million in May, just weeks before it halted all user withdrawals and then filing for Chapter 11 bankruptcy in July. [[CoinDesk](#)]

### **FTX Launches New Visa Debit Card**

Months after introducing the Visa debit card in the U.S., crypto exchange FTX will be launching the card in over 40 new countries across Latin America, Europe, and Asia. The FTX Card allows users to spend funds directly from their FTX accounts and is accepted at any merchant that accepts Visa cards. [[The Block](#)]

### **Google Cloud Partners with Coinbase Commerce for Payments**

Google announced that it would use Coinbase Commerce to accept crypto payments for cloud services. Google will roll out the services to a handful of customers, while Coinbase Commerce is also expected to move some data-related applications from AWS to Google Cloud. The terms of the deal were not disclosed. [[Decrypt](#)]

### **Polygon Launches zkEVM Public Testnet**

Ethereum scaling solution Polygon launched its public zkEVM testnet, a slight delay from its original plan over the summer. Existing Ethereum protocols are compatible thanks to EVM technology, and Polygon aims to launch the mainnet in 2023, earlier than what the industry expected it would be. [[CoinDesk](#)]

### **Binance Supports BTC Mining with US\$500m Project**

In order to support crypto miners under current market conditions, Binance Pool is launching a US\$500 million lending project to provide secure debt financing services to bitcoin mining and digital asset infrastructure companies globally. The loans are 18 to 24-month terms with interest rates from 5%-10%. [[Binance](#)]

### **Citi Invests in Digital Asset Manager xalts**

Citi Ventures invested in its first digital asset manager, Hong Kong-headquartered xalts. The firm is planning to release crypto-related ETFs and mutual funds, and has platforms for tokenizing structured products. [[Ledger Insights](#)]

# Stablecoins

# Stablecoins Summary (6 October – 19 October 2022)

### 1. **Centralized Stablecoins**

Tether eliminates commercial paper in reserves

### 2. **Decentralized Stablecoins**

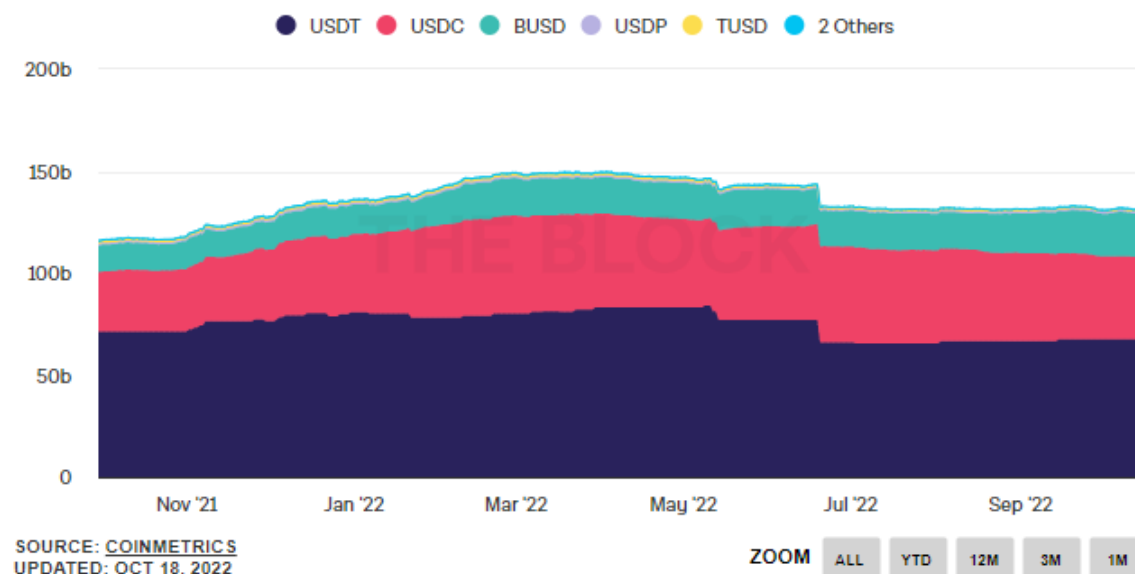
MakerDAO begins US\$500 million investment in traditional assets

## Centralized Stablecoin Updates – Tether eliminates commercial paper in reserves

- In the past two weeks:
  - Total stablecoin supply declined slightly to US\$141.1b (-1.0%) while centralized stablecoin was unchanged at US\$131b (0.0%).
  - USDT supply was unchanged at 67.5b, while USDC declined 1.2% to 40.1b.
- Tether began its goal of reducing its commercial paper investments in October 2021 and has realized it a year later by fully replacing all commercial paper with U.S. Treasury Bills in its reserves.
- **eUSD** – a new privacy-focused, fully collateralized stablecoin.
  - eUSD is backed by a basket of USDC, USDP, and TUSD. Transactions are encrypted using end-to-end zero-knowledge encryption.
  - eUSD is built on MobileCoin blockchain, which is optimized for mobile devices.
  - The privacy properties are contained within the network, for peer-to-peer transactions, while on/off-ramps have full KYC and AML.



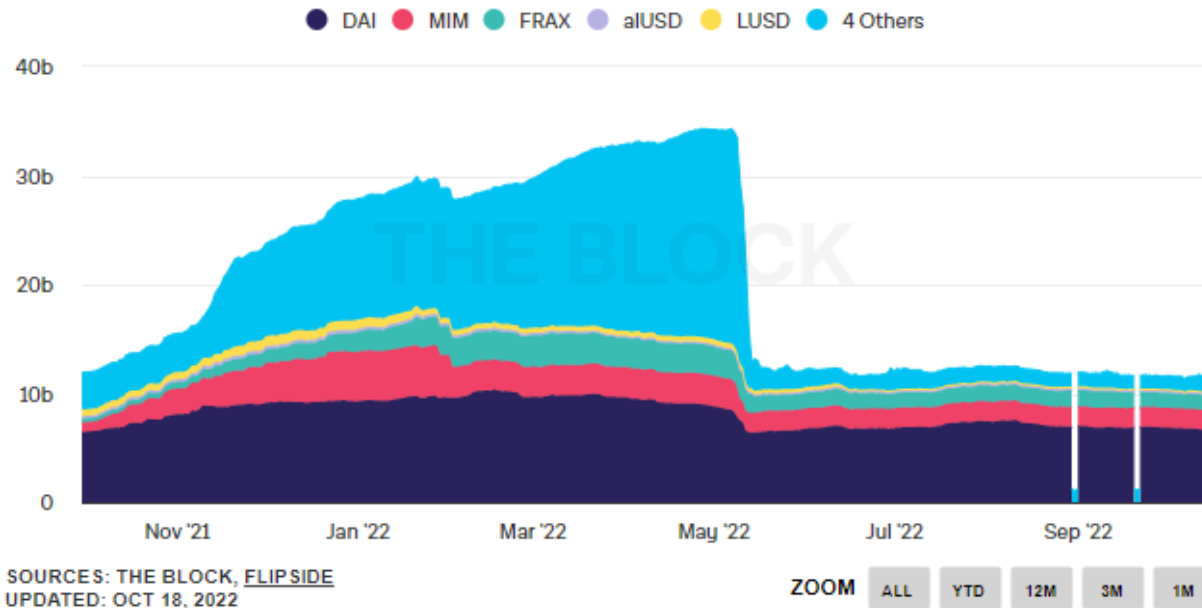
### Total Fiat-backed Stablecoin Supply



## Decentralized Stablecoin Updates – MakerDAO begins US\$500 million investment in traditional assets



### Total Crypto-backed and Algorithmic Stablecoin Supply



- MakerDAO announced that it has begun its plan to **allocate US\$500 million of its reserves** to short-term U.S. treasury bonds and investment-grade corporate bonds.
- The DAO approved a US\$1 million pilot transaction with the full investment expected coming shortly after.
- MakerDAO partnered with asset advisor firm Monetalis to help MakerDAO gain exposure to traditional assets. The reserves will be split 80-20 between short-term US treasuries and corporate bonds.

# DeFi

# DeFi Summary (6 October – 19 October 2022)

## 1. TVL by Chain

- Decline in token prices causes TVL to decline ~4%
- Solana TVL fell below US\$1b after a 30.4% drop, marking the largest loss among major chains, after the Mango Markets hack rippled across all other protocols.
- Algorand TVL soared 34.4% to US\$267m to its all-time high, triggered by a venture capital liquidity boost and quick development of DeFi protocols,

## 2. TVL by Protocol

- Most protocols saw TVL declines amid token price declines, led by Uniswap

## 3. DeFi Revenue

- MEV-boost relay Flashbots enters the top DeFi revenue list after Ethereum Merge.

## 4. DeFi Valuation – Uniswap and Curve relatively overvalued based on P/TVL and P/Revenue respectively

## 5. Top DEX Pools

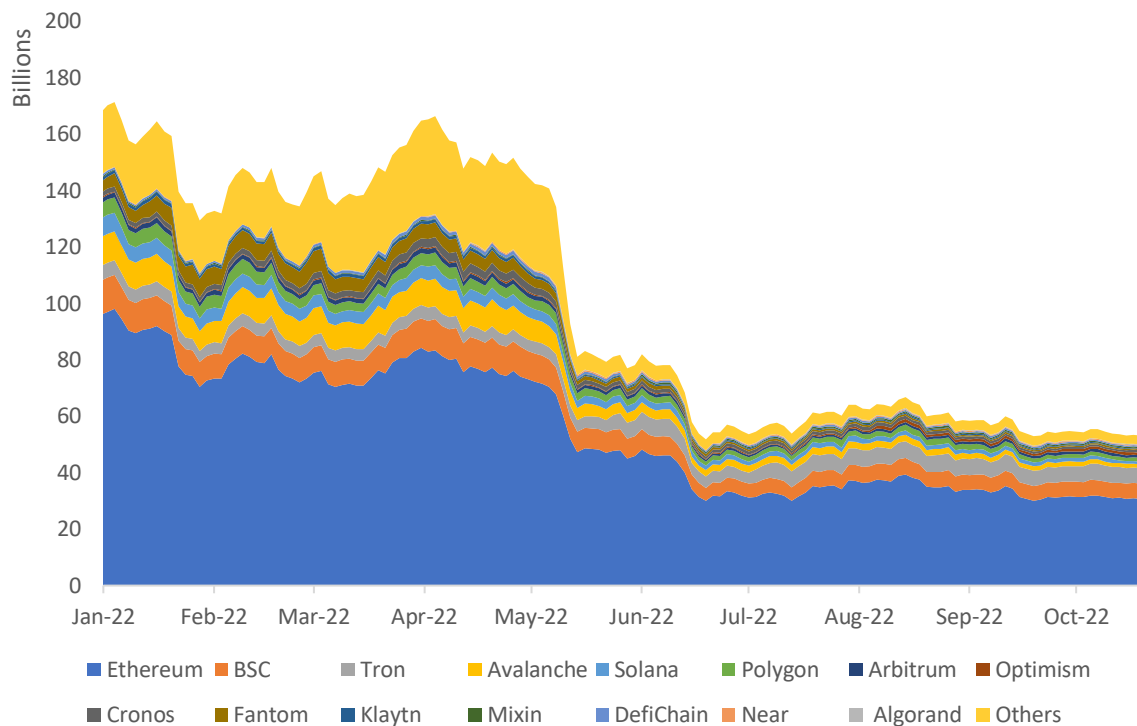
- Liquidity on Curve steth pool gradually increases as more ETH staked

## 6. Noteworthy DeFi Protocols

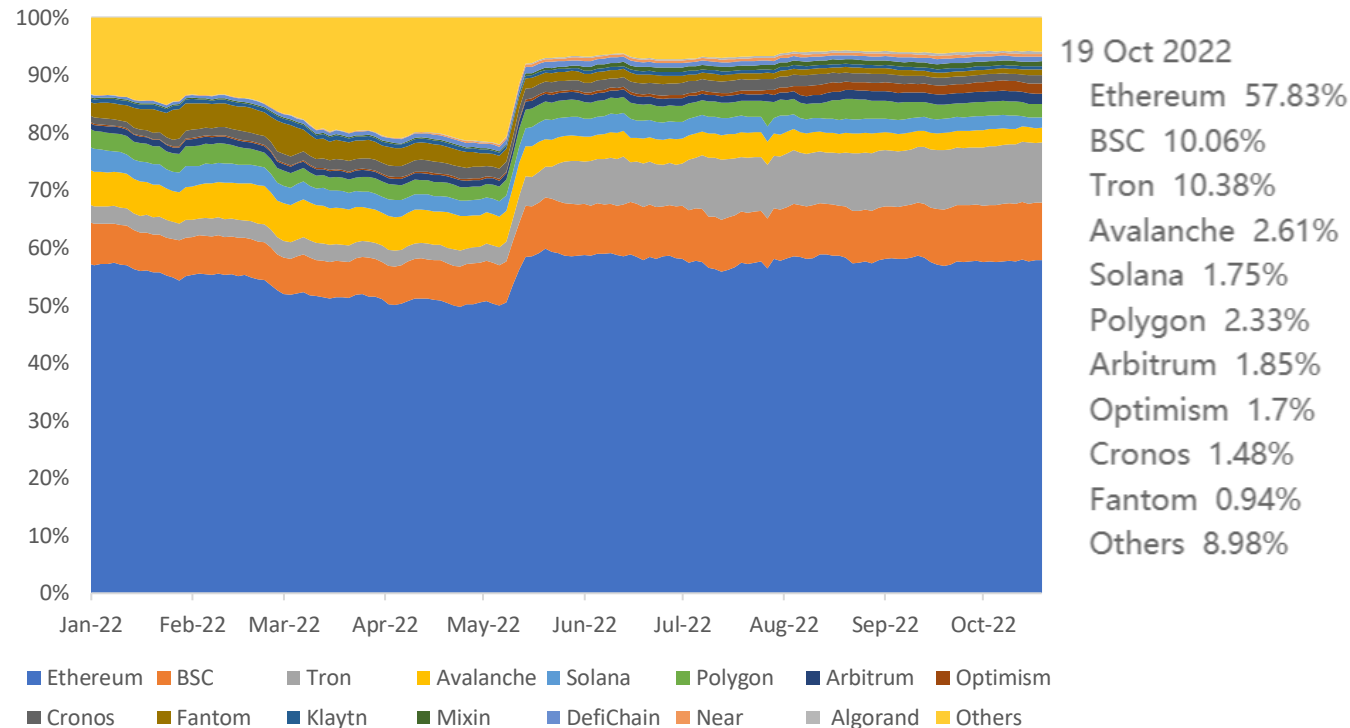
- **Mango Markets** exploited for US\$117 million
- **Lido** launches L2 incentive program in hot staked ETH market
- Binance becomes second largest voting member of **Uniswap DAO**

## TVL Overview by Chain – Decline in token prices causes TVL to decline ~4%

TVL Trend by Chain



TVL Breakdown by Chain



Total TVL dropped 4.1% to US\$53.2bn as token prices struggled to recover from macro (CPI) data. During the period, notable winners/losers were:

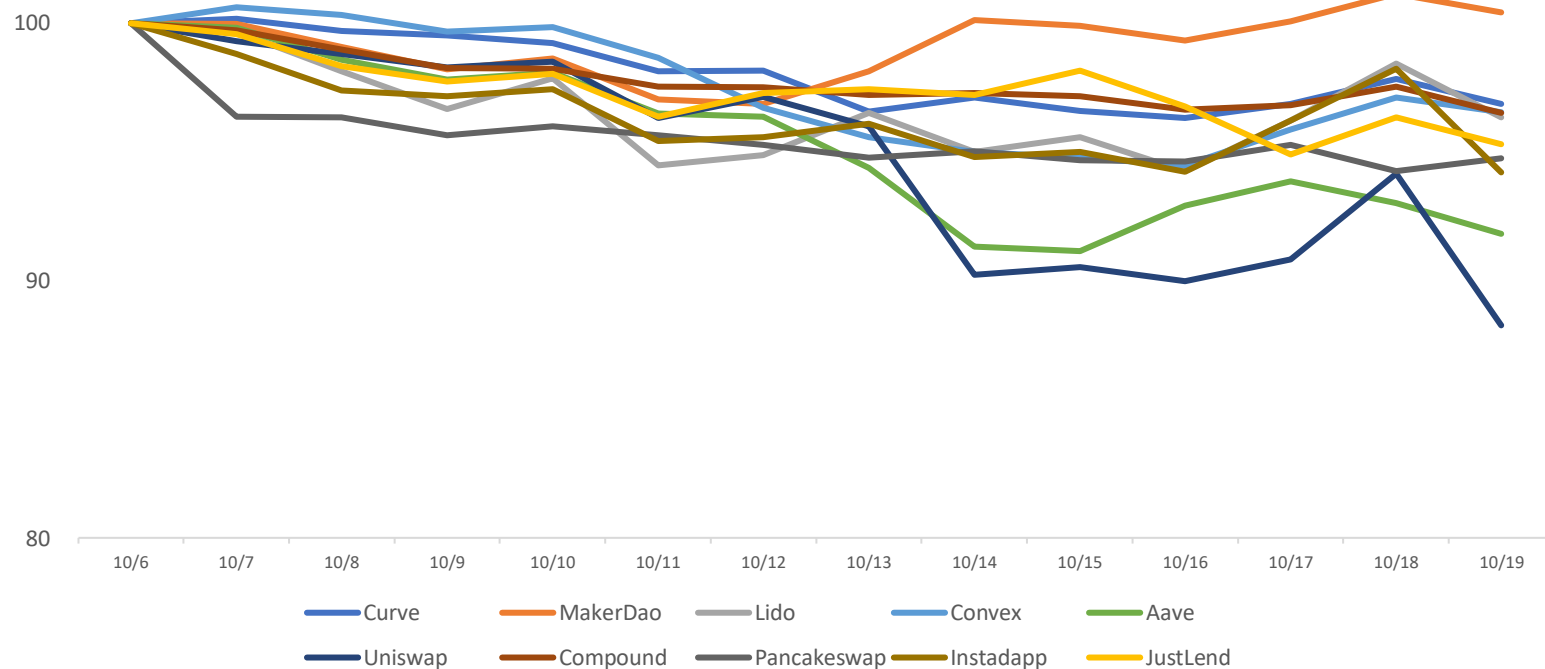
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- Algorand TVL soared 34.4% to US\$267m to its all-time high, triggered by a venture capital liquidity boost and quick development of DeFi protocols,



## TVL Overview by Protocols

- Most protocols saw TVL declines amid token price declines, led by Uniswap

TVL of Top DeFi Protocols in Terms of TVL  
(6 October 2022 = 100)



Procotol	6 Oct TVL (USD m)	19 Oct TVL (USD m)	Period Change
MakerDAO	7,752	7,784	0.4%
Uniswap	5,291	4,670	-11.7%
Pancake	2,990	2,833	-5.2%
Compound	2,265	2,186	-3.5%
Instadapp	1,796	1,692	-5.8%
Lido	6,208	5,980	-3.7%
Uniswap	4,004	3,866	-3.5%
Curve	6,042	5,852	-3.1%
Convex	4,004	3,866	-3.5%
Aave	5,551	5,097	-8.2%
JustLend	3,401	3,240	-4.7%

## DeFi Total Revenue - DeFi Protocols

- MEV-boost relay Flashbots enters the top DeFi revenue list after Ethereum Merge. ~60% of Ethereum blocks utilizes some MEV-boost relay.

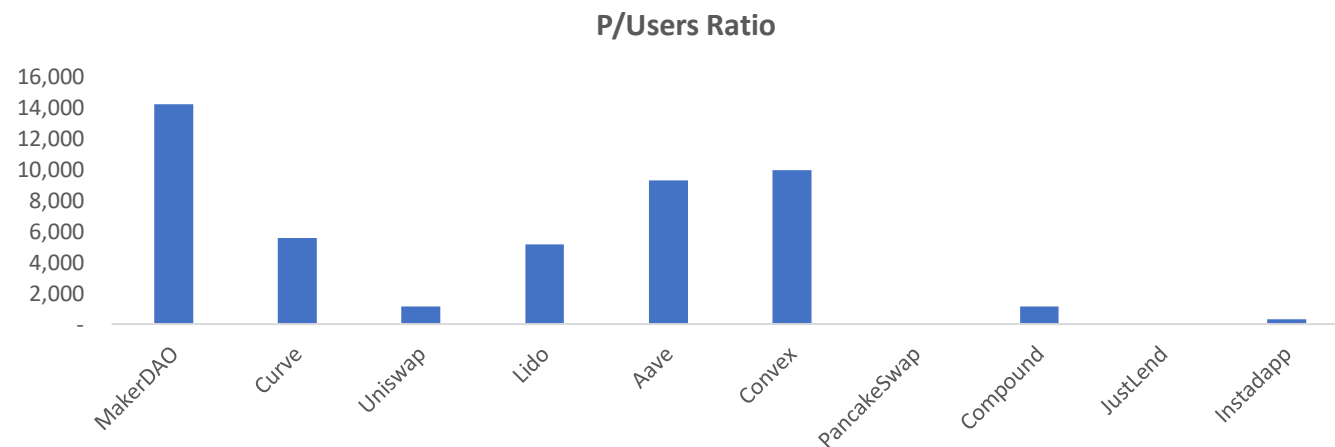
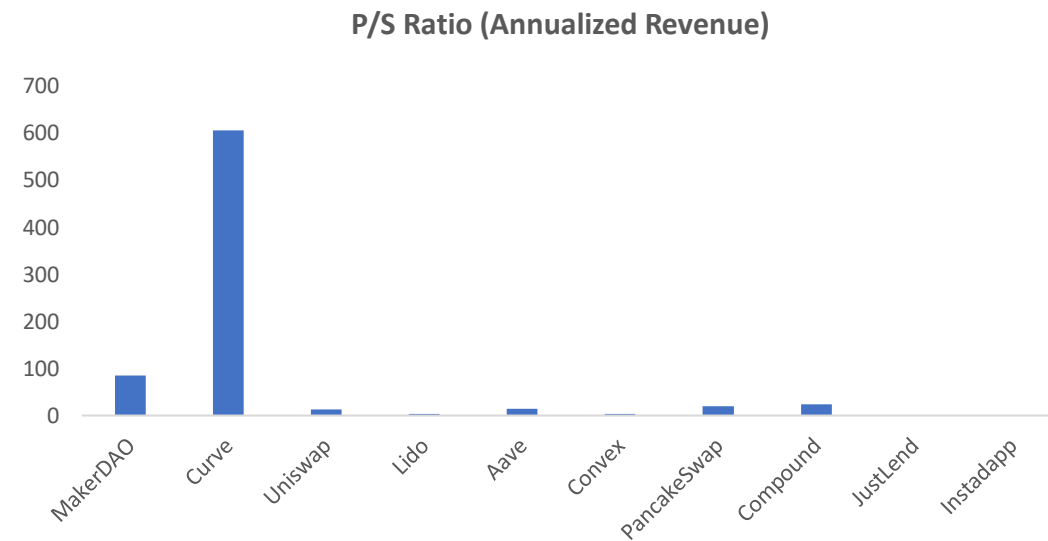
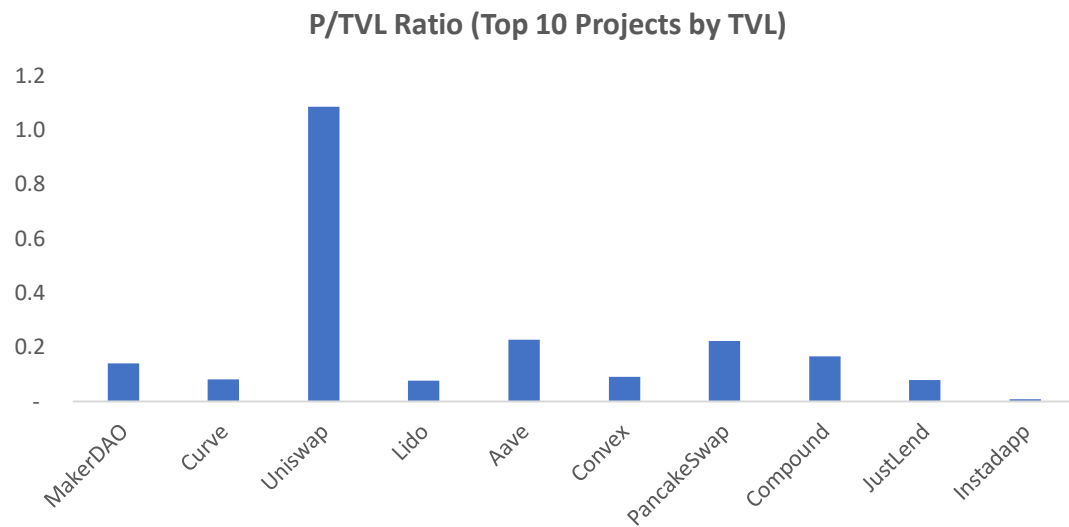
Top dapps based on cumulative fees in the past 180 days.



Project	Revenue 7d (US\$)	Revenue 30d (US\$)	Revenue 180d (US\$)	7d Change	30d Change
Uniswap	\$ 6.2m	\$ 37.2m	\$ 342.2m	-6.4%	-21.6%
OpenSea	\$ 8.2m	\$ 36.1m	\$ 521.2m	-3.9%	-14.6%
Lido Finance	\$ 6.4m	\$ 27.4m	\$ 152.6m	-2.7%	13.8%
PancakeSwap	\$ 2.7m	\$ 14.2m	\$ 134.8m	-27.3%	-16.0%
Convex Finance	\$ 2.9m	\$ 13.0m	\$ 120.7m	-5.6%	-21.1%
Flashbots	\$ 1.9m	\$ 8.6m	\$ 8.6m	-10.5%	N/A
GMX	\$ 1.3m	\$ 8.5m	\$ 48.1m	-18.9%	-33.4%
Aave	\$ 1.3m	\$ 4.8m	\$ 77.6m	-16.4%	-56.0%
dYdX	\$ 0.8m	\$ 4.6m	\$ 41.5m	1.9%	-33.8%
ENS	\$ 0.5m	\$ 3.3m	\$ 33.7m	-14.8%	-18.0%
LooksRare	\$ 0.7m	\$ 3.1m	\$ 82.9m	-3.2%	-22.8%
Lyra	\$ 0.6m	\$ 2.9m	\$ 11.3m	18.1%	35.8%
MetaMask	\$ 0.7m	\$ 2.5m	\$ 39.0m	46.5%	-25.2%
Maple Finance	\$ 0.5m	\$ 2.4m	\$ 25.6m	-61.4%	-12.1%
Compound	\$ 0.4m	\$ 1.9m	\$ 15.9m	1.4%	-2.6%
Osmosis	\$ 0.3m	\$ 1.7m	\$ 27.2m	6.6%	-35.5%
SushiSwap	\$ 0.3m	\$ 1.7m	\$ 29.7m	12.9%	-34.1%
X2Y2	\$ 0.3m	\$ 1.5m	\$ 16.3m	3.2%	-40.9%
Balancer	\$ 0.4m	\$ 1.4m	\$ 17.4m	34.1%	-38.0%
Synthetix	\$ 0.0m	\$ 1.4m	\$ 27.3m	-80.8%	-70.3%

Note: As of 19 October 2022

## DeFi Valuation



Note: As of 19 October 2022. 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	\$1.62b	\$23.24m	\$4.67k	0.10%
2	3pool	\$835.35m	\$36.3m	\$2.28k	0.10%
3	frax	\$617.57m	\$538.72k	\$459.13	0.06%
4	tricrypto2	\$193.1m	\$30.46m	\$5.14k	0.00%
5	mim	\$139.67m	\$722.91k	\$398.66	0.11%
6	tusd	\$134.88m	\$19.99k	\$3.94	0.05%
7	alusd	\$105.09m	\$0.000000	\$43.68	0.06%
8	susd	\$95.29m	\$774.45k	\$156.36	0.06%
9	compound	\$59.96m	\$0.00	\$0.01	0.00%
10	lusd	\$56.04m	\$604.21k	\$120.35	0.17%

## Liquidity Provided



## Uniswap

Top Pairs ?

#	Pair/Pool	Liquidity	Volume	Fees	ROL
1	WISE - ETH	\$93.57m	\$1.34k	\$4.03	0.00%
2	USDC - ETH	\$87.76m	\$4.91m	\$14.73k	6.13%
3	DAI - USDC	\$49.29m	\$13.1k	\$39.31	0.03%
4	FNK - USDT	\$29.81m	\$33.78	\$0.10	0.00%
5	ETH - USDT	\$29.47m	\$2.44m	\$7.33k	9.08%
6	MC - ETH	\$19.58m	\$82.26k	\$246.77	0.46%
7	FXS - FRAX	\$18.63m	\$5.08m	\$15.24k	29.87%
8	UNI - ETH	\$18.43m	\$690.45k	\$2.07k	4.10%
9	PAXG - ETH	\$17.99m	\$434.13k	\$1.3k	2.64%
10	USDC - USDT	\$13.64m	\$164.85k	\$494.55	1.32%

## Liquidity Provided



## SushiSwap

Top Pairs ?

#	Pair/Pool	Liquidity	Volume	Fees	ROL
1	ILV - ETH	\$59.51m	\$323.97k	\$971.90	0.60%
2	USDC - ETH	\$54.96m	\$2.92m	\$8.75k	5.81%
3	ETH - USDT	\$24.37m	\$820.37k	\$2.46k	3.69%
4	WBTC - ETH	\$16.7m	\$102.43k	\$307.30	0.67%
5	SYN - ETH	\$10.5m	\$405.59k	\$1.22k	4.23%
6	SUSHI - ETH	\$9.35m	\$1.39m	\$4.16k	16.21%
7	DAI - ETH	\$7.68m	\$238.63k	\$715.88	3.40%
8	WXP - ETH	\$7.48m	\$175.32k	\$525.95	2.57%
9	TOKE - ETH	\$7.2m	\$456.39k	\$1.37k	6.95%
10	PUNK - ETH	\$6.91m	\$0.000000	\$0.00	0.00%

## Liquidity Provided



## Top DEX Pool Trends – Liquidity on Curve steth pool gradually increases as more ETH staked

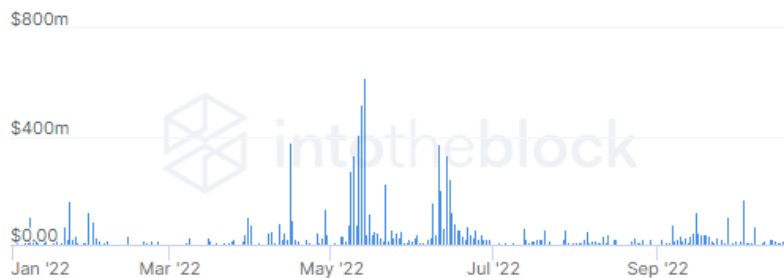
### Curve

**Top Pair Data:** steth

Total Liquidity, USD



Volume Traded



Fees per Liquidity



### Uniswap

**Top Pair Data:** WISE - ETH

Total Liquidity, USD



Volume Traded



Fees per Liquidity



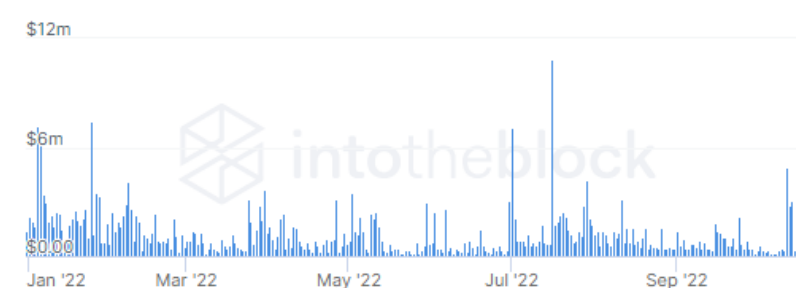
### SushiSwap

**Top Pair Data:** ILV - ETH

Total Liquidity, USD



Volume Traded



Fees per Liquidity



## Noteworthy DeFi Protocols – Mango Markets exploited for US\$117 million

MNGO 1M performance



Avraham Eisenberg  
@avi\_eisen

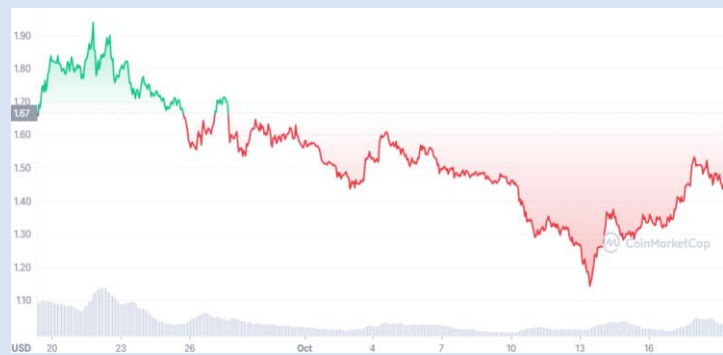
I believe all of our actions were legal open market actions, using the protocol as designed, even if the development team did not fully anticipate all the consequences of setting parameters the way they are.

12:48 AM · Oct 16, 2022 · Twitter Web App

- Solana-based crypto trading platform **Mango Markets** was exploited and drained for **over US\$117 million**.
- The hacker used futures positions to manipulate the thinly-traded MNGO price upwards, artificially driving up the value of the collateral and then taking out loans from the Mango treasury, effectively draining the protocol.
- After the hacker drained funds, used the votes he obtained the exploit to submit a favorable proposal on the DAO, and then doxxed by users on Twitter, he eventually came clean as Avraham Eisenberg.
- Eisenberg stated that he believed his “trading strategy” were “legal open market actions” as it used the protocol as designed. He noted his attempt to remedy the situation to allow users to access their funds.
- Eisenberg subsequently returned US\$67 million to the Mango DAO, thus effectively retaining a ~US\$50 million bounty. The DAO will then vote to decide how to split the returned funds among members.

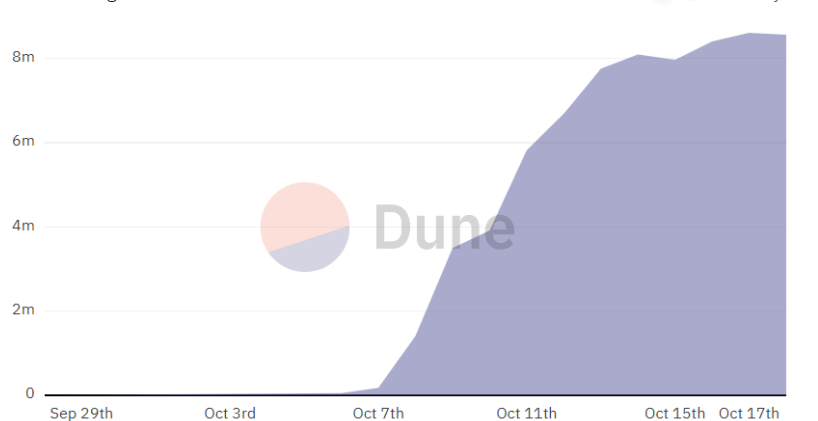
## Noteworthy DeFi Protocols – Lido launches L2 incentive program in hot staked ETH market

### LDO 1M performance

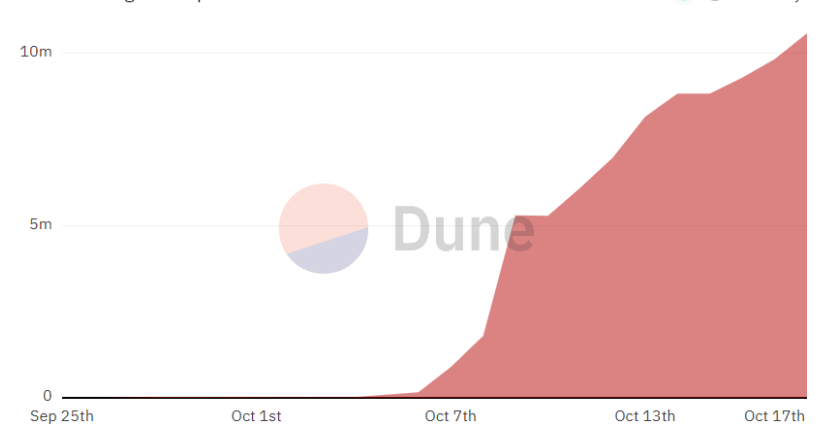


- Ethereum staking giant is taking on its staked ETH competitors by **launching staked ETH on Arbitrum and Optimism**.
- Lido, despite still being the largest ETH staker with >30% of the market, is attempting to claw back market share after losing some to centralized parties like Coinbase and decentralized competitors like Rocket Pool.
- Lido is offering incentives to users who provide wstETH liquidity on Arbitrum and Optimism. wstETH (wrapped stETH) can be used in a broader range of DeFi protocols.
- Over US\$8.5 million and US\$10.6 million worth of wstETH has been bridged to Arbitrum and Optimism respectively.

### TVL wstETH bridged on Arbitrum



### TVL wstETH bridged on Optimism



## Noteworthy DeFi Protocols – Binance becomes second largest voting member of Uniswap DAO

UNI 1M performance



- It was revealed by the creator of Uniswap that **Binance recently delegated ~13 million UNI it holds.**
- Binance is **accused of using its users' UNI tokens** to amass the large amount of voting power, and it is still unclear how Binance would engage with the DAO. However, Binance has clarified that it will not vote with its users' tokens and has been a misunderstanding during large wallet transfers.
- With 5.92% of the voting power, Binance is now second to a16z, which has 6.17%. Binance has yet to vote on any proposals; meanwhile a16z voted 14 times.
- Key protocol decisions for Uniswap are governed by the Uniswap DAO, so users and interested stakeholders can vote according to the amount of UNI tokens they have.



hayden.eth @haydenzadams · 20h

Replying to @haydenzadams

Normally more gov participation = good, however it's unclear how binance intends to engage

Binance users would prob prefer to keep these gov rights (similar to what compound has done with cUNI)

In the spirit of transparency would love to hear from @cz\_binance on their plans

Uni Delegates UNI

@eugenec

Rank	Clear Name	Votes in Million	Voting Power	# of Proposal Votes
1	a16z	15.00	6.71%	14
2	binance	13.24	5.92%	



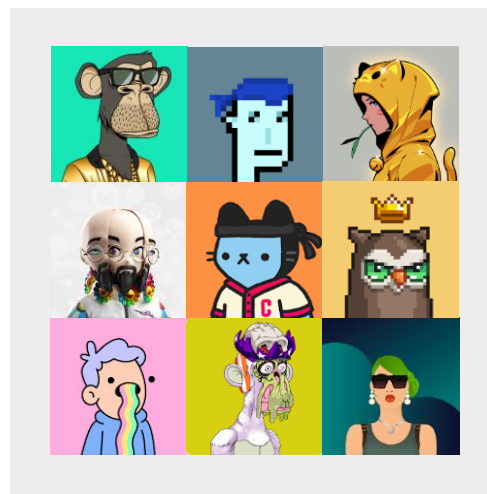
# NFT & Metaverse

## NFT & Metaverse Summary

1. **NFT Dashboard** – Multiple top Azuki sales with the launch of Physical Backed Token and “Proof of Skate” event
2. **NFT volume declining ever so slightly in uneventful market**
3. **Magic Eden DAU lead over OpenSea lessens following shift to optional royalties**
4. **Azuki launches Physical Backed Token, connecting physical to digital**
5. **GameFi & Play-to-Earn**  
Is Decentraland empty?
6. **News & Headlines**

## NFT Dashboard

Project	Floor Price	14D	YTD
<b>"Blue Chip" Projects</b>			
Bored Ape Yacht Club	74.0Ξ	-4.9%	16.3%
CryptoPunks	65.5Ξ	-1.8%	1.4%
<b>Tier-A Projects</b>			
Azuki	11.3Ξ	15.3%	222.9%
Clone X	8.1Ξ	12.5%	103.1%
Cool Cats	2.9Ξ	3.2%	-78.7%
Doodles	7.5Ξ	-5.3%	13.3%
Moonbirds	9.5Ξ	-4.5%	-25.0%
Mutant Ape Yacht Club	13.8Ξ	-6.8%	18.2%
Otherdeeds	1.7Ξ	-2.4%	-75.7%
World of Women	2.4Ξ	-2.1%	15.5%



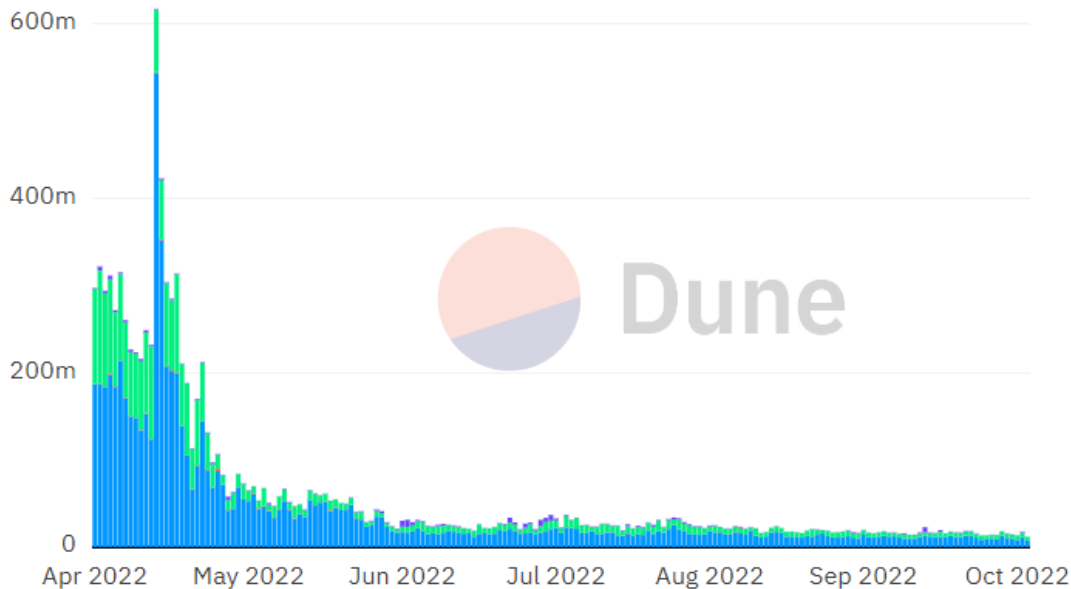
Top Sales of the Week*	Price
CryptoPunk #9476	\$487.8k
Azuki #5558	\$257.5k
Azuki #1582	\$199.2k
CryptoPunk #4298	\$185.0k
BAYC #3942	\$184.5k
CryptoPunk #1922	\$165.3k
Fidenza #206	\$161.9k
BAYC #8477	\$157.5k
Azuki #9290	\$154.2k
BAYC #3429	\$151.7k

Top Collections of the Week* (by volume)	Volume (USD)
Bored Ape Yacht Club	\$6.4m
Azuki	\$5.5m
Gods Unchained	\$5.2m
Mutant Ape Yacht Club	\$3.9m
CryptoPunks	\$3.6m
Otherdeed	\$3.0m
Art Blocks	\$2.6m
ENS	\$2.5m
DeGods	\$2.2m
CloneX	\$1.8m

## NFT volume declining ever so slightly in uneventful market

### NFTs - USD Volume

Daily, per Platform

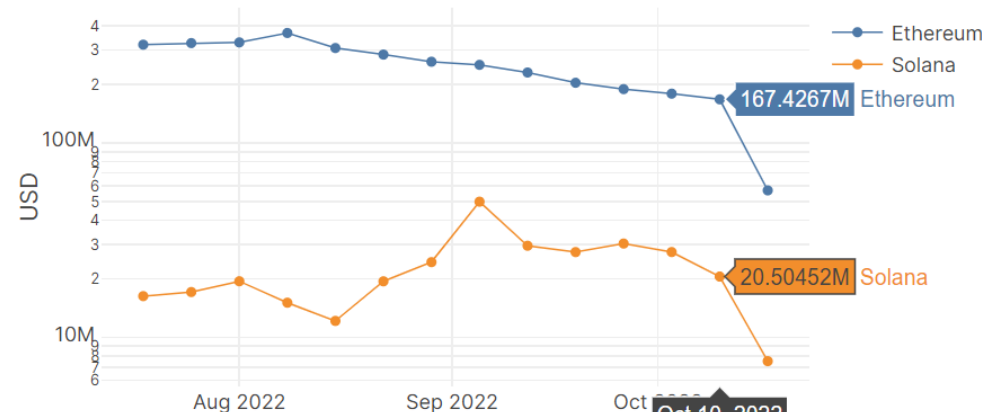


@hildobby

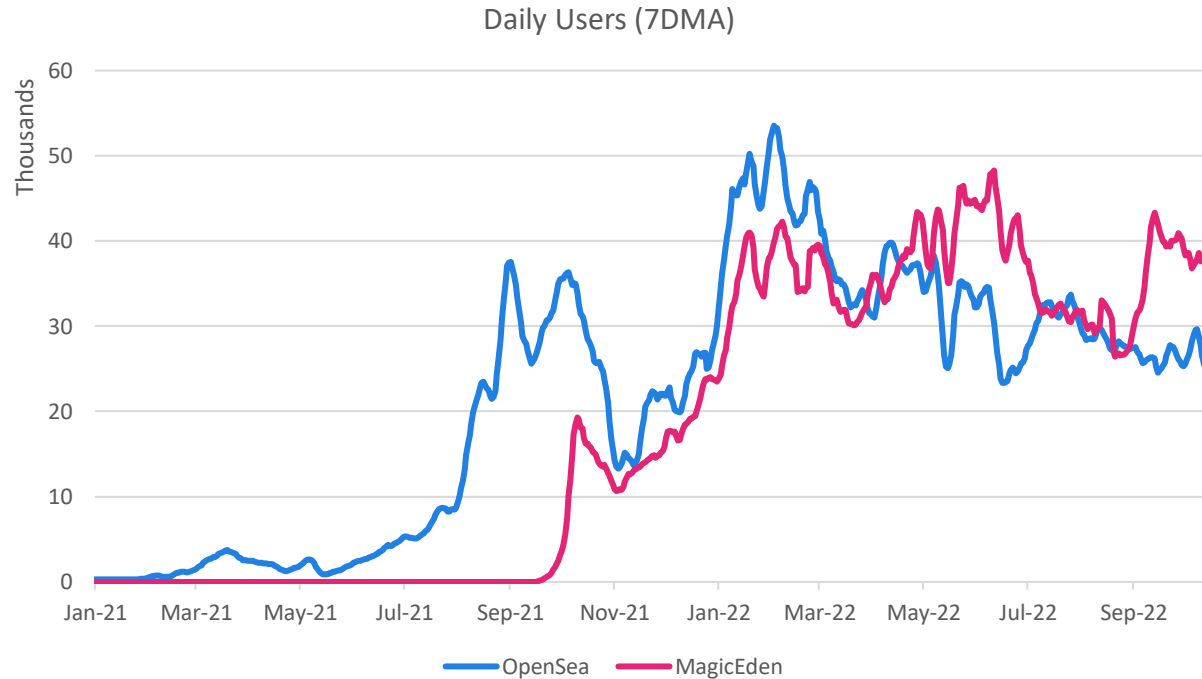
- Daily NFT volume in ETH continues the previous trend in prior periods. **OpenSea NFT volume has been relatively level at ~US\$10 million per day** in recent weeks.
- In terms of weekly volume by blockchain, both Ethereum and Solana have seen slight decline in recent weeks. Ethereum volume have been on a steady decline since early August.

### → NFT Trading Volume by Blockchain

Last Updated: 19/10/2022, 16:39



## Magic Eden DAU lead over OpenSea lessens following shift to optional royalties



- The number of **daily active users on Magic Eden continues to lead OpenSea**, though the gap has closed slightly after Magic Eden made royalties optional.
- The move, in addition to a promotional waiver of platform fees, is an attempt to win back users after several other platforms like Yawww, Solanart, and Hadeswap kickstarted the trend of optional royalties for Solana NFTs.
- For OpenSea, its DAU struggled to gain much despite the inclusion of new chains like Avalanche, Klaytn, and Optimism.

Marketplace	Average Price per Trade*
OpenSea	US\$370.0
MagicEden	US\$53.8

Note: \*7 days

Source: DappRadar, Decrypt, Dune Analytics, AMTD Research

# Azuki launches Physical Backed Token, connecting physical to digital

- Azuki announced its open-source token standard, the Physical Backed Token (PBT), which can tie a physical item to a digital token on the Ethereum blockchain.
- Its first implementation of PBT will use the BEAN Chip, which is a physical cryptographic chip that self-generates an asymmetric key pair.
- When the physical item gets sold or gifted, the new owner can then “scan-to-own” the physical item, which transfers the PBT from the previous owner to the new owner.
- The PBT aids in decentralized authentication and tracking of the ownership lineage of physical items.
- This helps to link an NFT to a physical item, such that the NFT can now proxy as the physical item. Previously, the launch of an NFT and physical good is treated as a separate piece.
- Azuki will debut the BEACN Chip on its upcoming Proof of Skate auction, which will auction off eight 24K gold-plated limited-edition skateboards.



**PUBLIC KEY**

0x038cc4baa10fcbce5a3a70c321b231b26dd4c9404



**PRIVATE KEY**

0x01a2f7b0f95a0f9e0b0f0a0c036a0371a032b0b904

## GameFi & Play-to-Earn

### Is Decentraland empty?

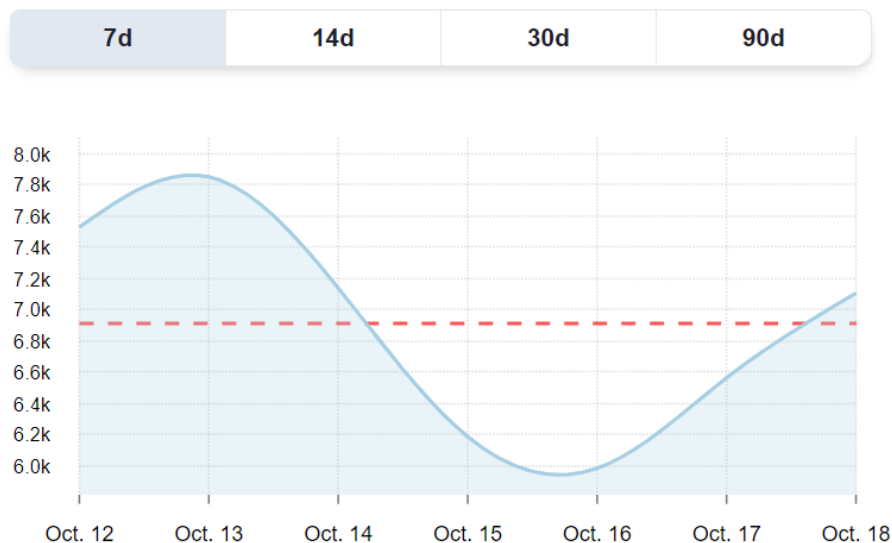
- News reports saying that Decentraland had 259 unique users (unique interacting wallets) in the past week, according to DappRadar, drew heated debate in the community since the metaverse platform is valued at over US\$1 billion.
- However, a Decentraland metrics dashboard showed that over 6,900 users visited Decentraland in the last week.
- Representatives from Decentraland explained that Dappradar only measures users that have interacted with Decentraland contracts (e.g., buying/selling NFT), and not all users would do so every day. Some log in to interact with others or attend events.

### Unique Visitors

i **6910**

Unique visitors per day in the last period

Oct. 12 - Oct. 18



### News & Headlines

#### **Meta's Metaverse Too Buggy**

Meta's flagship VR metaverse app, Horizon Worlds, is apparently so unusable that even the internal teams are not using it. According to internal memos, Meta's VP of metaverse is pushing for teams to use it at least once a week. [[The Verge](#)]

#### **Mythical Games Forms Web3 Gaming Foundation**

Blockchain gaming studio Mythical Games, which had been accused of "not being web3 enough," announced a foundation and token to bring decentralization to web3 gaming. Members of the foundation include Ubisoft and Kakao Games, esports giants like FaZe Clan, and web3 players like Animoca Brands, among others. [[Decrypt](#)]

#### **Cool Cats and Animoca Brands Partner Up**

Long-time NFT collection Cool Cats has closed a strategic investment from Animoca Brands. The Cool Cats brand will leverage Animoca Brands' gaming expertise for new immersive experiences. [[The Defiant](#)]

#### **Three Arrows Capital NFTs to be Liquidated**

The NFT investment fund owned by Three Arrows Capital will begin to liquidate its NFT portfolio after the NFTs were transferred to 3AC's liquidators. It is estimated that the fund spent around US\$35 million on NFTs in 2021, while it is valued at less than US\$1 million currently. [[Blockworks](#)]

#### **OpenSea Adds Avalanche Support**

OpenSea has officially added support for Avalanche NFTs, meaning that it now supports seven different blockchains on its platform. The benefit on OpenSea remains to be seen, since competing Avalanche NFTs marketplaces sees just a few hundred unique daily users. [[Decrypt](#)]

#### **Microsoft and Meta Partners for Work Metaverse**

Microsoft is bringing Mesh for Microsoft Teams to Meta Quest Devices, which will help people to connect and collaborate. It will also bring Microsoft 365 apps to Meta Quest devices for enhanced productivity, and is exploring ways to bring Xbox gaming to the Meta Quest platform. [[Microsoft](#)]



# Regulatory Updates

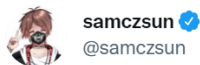
# Regulatory Updates

- The Financial Accounting Standards Board (FASB) said that companies should use fair-value accounting for measuring crypto assets, a positive sign to clear up uncertainty over how to report such asset holdings and paving the way for a specific accounting standard for such assets.
- The EU has enacted a sweeping ban on providing crypto services to Russians, tightening sanctions on the country following the secession votes in the four Ukrainian regions. The ban, previously limited to 10,000 euros, completely prohibits all crypto-asset wallets, accounts, or custody services regardless of the amount.
- The Hong Kong Securities and Futures Commission (SFC) is considering allowing retail investors to invest directly in crypto assets. Licensed centralized exchanges may only provide services to professional investors currently.
- The South Korean Ministry of Foreign Affairs announced that it would invalidate the passport of Do Kwon, Terra's founder, following an Interpol Red Notice. Do Kwon has stated that he was not on the run and the investigation against him highly politicized.
- The Hong Kong SFC stated that NFTs used to raise funds are under the scope of regulated activities, and as such must obtain a license from the regulator. NFT collectibles like artworks and red wine are exempted from this.
- Yuga Labs, the creator of the Bored Ape Yacht Club collection, is facing a probe by the U.S. SEC into whether its sales or offerings violated federal law. It is looking into whether some assets could be treated like stocks, as well as the distribution of APE coin.
- The Monetary Authority of Singapore granted Coinbase in-principle approval to provide regulated services. The city-state will be its first expansion to the Asia-Pacific region.
- Blockchain network Tron has signed an agreement with Dominica to make Tron-native tokens authorized digital currency. Tokens including TRX, BTT, JST, NFT, USDD, USDT, and TUSD are now accepted in Dominica.

# Notable Tweets

## Notable Tweets

### How did BNB Chain get hacked?



samczsun  
@samczsun

I'm gonna need so many tweets to explain this one

6:55 AM · Oct 7, 2022 · Twitter Web App

### Can crypto crash the entire US economy?



unusual\_whales  
@unusual\_whales · Oct 10

US Treasury's financial stability watchdog has said that cryptocurrencies could threaten the safety of the entire U.S. economy, per CNBC.

397 470 2,062



Cobie  
@cobie

Replying to @unusual\_whales

Seems like a slight exaggeration tbh

9:05 AM · Oct 10, 2022 · Twitter Web App

2 Retweets 1 Quote Tweet 512 Likes

### Celsius' court filings doxxed user's funds



chortly  
@charlestrussel

holy moly

How much did you lose with Celsius Network?

Full legal name

Check

Leaderboard

#	Name	Lost
1	Jacob Benjamin Fite	\$40,488,920.35
2	Hirokado Kobi	\$38,197,902.37
3	Russell Garm Stewart	\$26,400,806.68
4	Keri David Talano	\$21,422,982.40
5	Bradley James Downs	\$19,542,886.52
6	Christopher Villinger	\$19,018,929.01
7	Zarv Dentzel	\$15,520,474.38
8	Nicholas Farr	\$14,692,100.43
9	Covario Ag	\$12,886,200.43
10	Carolyn Margaret Vincent	\$12,050,481.21

See more

7:53 AM · Oct 10, 2022 · Twitter Web App

### Re: the hacker's proposal on Mango



state  
@statelayer

translating the hacker's proposal:

Look guys, I was borrowing against my mango tokens at the current fair market price, along predetermined LTV levels

I'm a good guy so willing to give some of my sick GAINZ back to yall if you agree we cool



10:38 AM · Oct 12, 2022 · Twitter Web App

### Is market manipulation legal?



Clark  
@CanteringClark

The \$Mango thing is funny because it really isn't a criminal act, it was someone taking advantage of a shitty game and making away with all the chips.

7:56 PM · Oct 12, 2022 · Twitter Web App

### The hacker reckons it is legal



Avraham Eisenberg  
@avi\_eisen

I believe all of our actions were legal open market actions, using the protocol as designed, even if the development team did not fully anticipate all the consequences of setting parameters the way they are.

12:48 AM · Oct 16, 2022 · Twitter Web App

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